



DÍOSPÓIREACHTAÍ PARLAIMINTE
PARLIAMENTARY DEBATES

DÁIL ÉIREANN

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

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DÁIL ÉIREANN

Dé Máirt, 9 Deireadh Fómhair 2018

Tuesday, 9 October 2018

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

Paidir.

Prayer.

Financial Resolutions 2019

Budget Statement 2019

Minister for Finance (Deputy Paschal Donohoe): Today I present my second budget to the House and to the Irish people as Minister for Finance and Public Expenditure and Reform.

INTRODUCTION

A decade on from the financial and economic crisis that wrought havoc on the lives and aspirations of so many of our citizens, I can report that our economy is again growing strongly and sustainably. A record number of people have jobs and many of our citizens who left in the wake of the economic crisis are returning home. Our public finances are balanced. The policies pursued by this Government and its predecessor have facilitated this. This has enabled us to invest record levels of funding into our key public services, including health and education. The shared progress we have made is real.

The risks and the challenges we now face, however, are equally real. We are working hard to deliver enough housing to provide secure and affordable homes for all our people. Brexit, the outcome of which is still unclear, edges closer each day. Increasing trade barriers are raising the spectre of protectionism, and the international tax landscape is changing rapidly.

For these reasons we must continue to maintain a broad and stable tax base and ensure that our spending is efficient and sustainable and that our economy is as resilient in bad times as it is dynamic in good times. I will run a budgetary policy that will see a budget balanced and will be designed on the basis of what is right for the economy at each stage of our economic cycle.

At this point I want to acknowledge the input of all colleagues in government in preparing this budget and of course the constructive engagement of the main Opposition party in the context of the confidence and supply agreement.

The budget I am setting out to the House will further develop the strength and resilience of our economy. We will manage our public finances responsibly; provide significant additional capital investment to enhance the growth potential of our economy and to improve the quality of life for our people; protect the most vulnerable in our society and promote real and sustainable increases in living standards for all; and of course prepare the economy for the many challenges of Brexit, the best preparation for which is responsible budgetary policy.

PREPARING FOR BREXIT

Brexit is the political, economic and diplomatic challenge of our generation. The Government has been clear on our objectives, robust in our negotiations and thorough in our planning. We will remain at the heart of the European Union and open to the world. We will protect our hard-won peace. We will implement responsible but ambitious policies for the future of our country.

The most important next step is to conclude the negotiations on the withdrawal agreement, including the backstop to ensure no hard border in Ireland, and the political declaration on the future relationship between the EU and the UK. Once that is concluded, the transition period will be in place until the end of 2020 and negotiations on the future relationship can move ahead. Of course, in these negotiations we acknowledge our unique shared past and our social, economic and cultural links. This is why Ireland will press for the closest possible relationship across the UK.

Across the Government the necessary measures to prepare for Brexit are being put in place. These plans are based on a central case that there will be agreement in the coming weeks. However, the possibility of a no-deal Brexit has influenced decisions we have made on our finances, balancing our books and investing in our capital infrastructure.

In addition to this, further decisions I will outline later today include the launch of a human capital initiative worth €300 million; the launch of a future growth loan scheme for small and medium-sized enterprises, SMEs, and the agricultural and food sector; the provision of over €110 million for Brexit measures across many Government Departments; and increasing funding for the PEACE programme.

As we look forward to 2019, this budget will help to ensure that Ireland is in the best possible position to respond to the challenges - and indeed even some opportunities - that Brexit will bring. We face the year of Brexit with a balanced budget, more people at work than ever before and a strong platform for future growth.

ECONOMIC PROGRESS IN 2018

I can confirm to the House that our economy is growing at a healthy pace. GDP growth of 7.5% is now forecast for this year, an upward revision of nearly two percentage points relative to our forecasts in the April stability programme update, supported by stronger than expected growth in the first half of this year. Next year, gross domestic product is forecast to increase by 4.2%. Domestic demand has increased by 6% in the first half of the year, and with exports increasing by just under 9% our growth is broadly based and supported by many sectors. We now have record employment. There are over 380,000 more people at work today than there were at the low point in 2011 and the rate of unemployment is at its lowest level in a decade. Our policies are working.

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Reflecting this broad-based recovery, tax revenues are largely in line with forecasts for this year with €37 billion collected by the end of September, an annual increase of 5.2%. We expect to meet our target of €55.1 billion by the end of the year.

BUILDING STRENGTH AND RESILIENCE FOR THE FUTURE

However, as a small open economy, we are disproportionately impacted by changes in the international economy. Historically, our economic performance has been less stable than that of other small open economies in the EU. In the future, our ability to withstand economic shocks needs to be stronger. It needs to be rebuilt. This is why I am establishing a rainy day fund to increase the State's resilience to larger economic shocks. The fund will be capitalised with €1.5 billion from the Ireland Strategic Investment Fund, ISIF, and supplemented with an annual contribution of €500 million from the Exchequer starting from 2019. Some of the historically high levels of corporation tax will be set aside for the purpose of capitalising the fund.

Due to the strength of our economy, our public finances have improved. While the summer economic statement forecast a headline deficit of 0.2% this year and 0.1% in 2019, the progress we have made means that we will reduce our deficit to 0.1% in 2018. Building on this progress, I am pleased to announce that next year I will balance the budget for the first time since 2007. It is my intention to run surpluses into the future if the economy continues to perform well and to use them, in turn, to reduce our national debt. We will continue to be careful in the management of our public finances. The need for this was set out in a recent report by my Department which shows that our public debt level amounts to €42,000 for every person resident in the State, one of the highest in the developed world. We will continue to reduce our national debt as a percentage of our national income. Having stood at 111% of GNI* in 2017, this is forecast to reduce further to 105% in 2018 and 101% in 2019.

SUSTAINABLE EXPENDITURE

Within this framework, we have scope to increase expenditure for next year. Total voted expenditure in 2019 will be €66.5 billion. This amounts to €13,571 for every person living in Ireland. Next year, I am allocating €59.2 billion to current expenditure, a 4% increase. This will be seen in every classroom, hospital and Garda station across our country. The quality services and jobs supported through this investment are a vital part of what makes our country function each day. The Government will continue to incrementally improve the delivery of public services. The public has demanded this and we will deliver.

Importantly, the increase in current expenditure I am committing to today is lower than the rate of economic growth forecast for next year. This is consistent with my view that current expenditure growth should not exceed growth in national income. In addition, the 20% increase in current expenditure between 2014 and 2019 is significantly lower than the 57% increase between 2004 and 2009, a comparable point in the economic cycle. This underlines my commitment to responsible management of expenditure and our public finances. This allows me to allocate an additional €1.4 billion for schools, universities, public transport and other important infrastructure projects in 2019, bringing total capital expenditure next year to €7.3 billion.

This is an increase of 24% and means that investment next year will be 3.5% of GNI* compared to an EU average in recent years of 2.7% of GDP. This should place Ireland in the top ten European countries for levels of public investment in this area. We are making this significant domestic investment at a time of external uncertainty when the impacts and consequences of

Brexit are unclear.

The Government has made the clear national choice in Project Ireland 2040 to prioritise increases in capital spending to address the infrastructural deficits that emerged during the recession. Project Ireland 2040 foresees population growth of 1 million supported by massive planned investment in our national infrastructure. This means we will build more houses, hospitals and schools, climate-proof our economy and invest in our energy and communications networks.

Added to this, the Dublin Airport Authority, DAA, is investing €320 million to enhance capacity at Dublin Airport and €587 million will be invested in the ports of Dublin, Cork and Shannon-Foynes to enhance our national and international connectivity. Crucially, Project Ireland 2040 also includes a comprehensive programme of investment in cross-Border and all-island projects which will be of huge significance in protecting and growing prosperity in the Border region. I believe the steps we are taking will benefit our country for years to come.

BUDGETARY MEASURES

In the summer economic statement, I stated that €3.4 billion of additional resources were available for 2019. Of this, €2.6 billion has been pre-committed to expenditure measures leaving €800 million to be allocated. To enhance these resources, I am raising additional revenues in the order of €700 million. This will allow us to spend €66.5 billion in total in 2019. Of this, €59.2 billion will go to current expenditure and €7.3 billion to capital expenditure. I am also introducing a personal tax package worth €291 million in 2019.

HOUSING

I am allocating a total of €2.3 billion to the housing programme for next year. When added to the additional €93 million in local authority funding for housing next year, this represents an increase of over €470 million or 26% on 2018. This means that over four years to the end of 2019, €6.6 billion will have been provided to accelerate the delivery of housing supports. This funding reflects our determination to do more to rise to the challenge of providing shelter and homes for our people. I acknowledge that where we find ourselves today is not where we want to be. There is much work to be done to reduce the level of homelessness, find permanent solutions for those in temporary and emergency accommodation and to improve affordability for those on low and middle incomes.

However, from a point where housebuilding was close to a standstill a number of years ago, the Government has made, and is continuing to make, progress. In the past 12 months, 5,000 households have exited homelessness.

Deputy Paul Murphy: How many have entered homelessness?

Deputy Paschal Donohoe: The housing needs of over 25,000 of our people will be met this year alone and by the end of 2018, over 70,000 housing solutions will have been delivered under the Rebuilding Ireland programme. Of these, just under 12,000 will be delivered through building, over 5,000 through acquisitions and 3,600 through leasing. A further 49,700 have been delivered through the housing assistance payment and the rental accommodation scheme.

More new homes will be provided this year than in any year in the past decade. To support a continued increase in supply, the Land Development Agency, LDA, has been established to

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better co-ordinate State lands for regeneration and development. The Government has already identified a number of sites through which the LDA can deliver approximately 3,000 homes and we are in discussions with various State bodies regarding land that could deliver another 7,000 homes.

Social and Affordable Housing

I am allocating €1.25 billion for the delivery of 10,000 new social homes in 2019. These will be delivered through a combination of construction, acquisition and leasing and will bring to 30,700 the number of new social housing homes provided under Rebuilding Ireland since 2016.

I am also allocating an extra €121 million for the housing assistance payment in 2019 to provide an additional 16,760 tenancies next year. This support is providing a critical exit mechanism for families and individuals in emergency accommodation or at risk of homelessness.

Recognising the challenges of our citizens faced with homelessness, I am allocating €60 million extra in capital funding for this year, much of which will fund additional emergency accommodation so that no one has to sleep rough this winter and for additional family hubs.

Added to this, €30 million is being provided next year for homelessness services, bringing the total allocation for such supports to €146 million in 2019.

Affordability

The affordability of housing remains a priority and I continue to work with my colleagues in government and the main Opposition party on this matter. We have established a €100 million serviced sites fund to support local authorities in bringing forward lands for subsidised, more affordable housing. I intend to increase the level of this fund to €310 million over three years. In 2019 alone, I am increasing the planned funding from €20 million to €89 million, which will bring the planned investment to over €100 million next year. This will facilitate the delivery of approximately 6,000 affordable homes over the lifetime of the fund.

The infrastructural funding available per subsidised home is also being increased from €40,000 up to a maximum of €50,000, supporting the delivery of homes at up to 40% below market prices. Funding for the first sites will be announced later this month.

Income eligibility limits of €50,000 for a single applicant and €75,000 for dual applicant households will apply and these will be kept under regular review to ensure they remain appropriate.

Rental Sector

In the rental sector, I am bringing forward the full removal of the restriction on the amount of interest that may be deducted by landlords in respect of loans used to purchase, improve or repair their residential property.

Deputy Jan O’Sullivan: Who does that benefit?

Deputy Paul Murphy: Landlords will be happy.

Deputy Paschal Donohoe: The rate was due to be 100% by 2021 but will now be effective from 1 January 2019.

Local Property Tax

I announced a review of the local property tax, LPT, earlier this year, together with a broad consultation process. I understand that the recent changes in property values have caused concern about future liabilities, particularly among vulnerable members of our society. I want to restate my commitment that any future changes will be moderate and affordable. The review group's report will be published in due course.

BUILDING A MODERN HEALTH SERVICE

The human need for safe and affordable housing is as important as the need for quality healthcare and a modern country requires healthcare services that are easy to access and that respond to the needs of all people.

Spending on our health service is already at record levels. In 2017, OECD data placed Ireland fifth in terms of spend per capita among the EU 28. During my tenure as Minister for Public Expenditure and Reform, I have made the resourcing of healthcare a key priority.

This year I will allocate an additional €700 million by way of a Supplementary Estimate, bringing the total additional 2018 investment to €1.2 billion.

Deputy Mattie McGrath: It is a black hole.

Deputy Paschal Donohoe: I am announcing a further increase of €1.05 billion in health funding for next year. This brings the health budget to €17 billion. Taken together, the additional investment in health in the past two years comes to €2.25 billion or an increase of 15%, the highest point in our history.

Deputy Finian McGrath: Hear, hear.

Deputy Paschal Donohoe: The allocation I am announcing today will facilitate a range of additional services, including initiatives proposed under Sláintecare. These include a €25 increase in the weekly income threshold for GP visit cards; a 50 cent reduction in prescription charges from €2 to €1.50 for all medical card holders over the age of 70; and a €10 reduction in the monthly drugs payment scheme threshold from €134 to €124.

An additional €84 million will be provided for mental health services in 2019, bringing the total available funding for mental health to €1 billion. This is an increase of 9%.

Total available funding for the National Treatment Purchase Fund will be €75 million in 2019. The extra €20 million I am making available today represents a substantial 36% increase on last year's allocation.

I am also providing €150 million more for disability services next year to bring total funding in this area to almost €2 billion.

Deputy Finian McGrath: Hear, hear.

Deputy Paschal Donohoe: With regard to the 2019 capital envelope for health, €174 million has been provided, bringing the total capital allocation to €670 million for next year.

Tobacco

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I am increasing excise duty on a pack of 20 cigarettes by 50 cent, with a *pro rata* increase on other tobacco products. This will bring the price of cigarettes in the most popular price category to €12.70.

I am also increasing the minimum excise duty on tobacco products so that all cigarettes sold below €11 will have the same excise applied as cigarettes sold at €11.

Accountability

I will continue to look at choices that we have to make in healthcare regarding how we can accompany all-time high levels of investment with improved governance, accountability, effectiveness and value for money. *SOCIAL WELFARE*

I will now turn to social welfare. Last year, I was in a position to increase all weekly social welfare payments and I am pleased to announce that I can do so again in 2019. In addition to a €5 per week increase in all weekly social welfare payments from next March, I am also pleased to be able to fully restore the 100% Christmas bonus payment to all social welfare recipients this year.

Deputy Finian McGrath: Hear, hear.

Deputy Paschal Donohoe: A new paid parental leave scheme will be introduced in November 2019 to provide two extra weeks' leave to every parent of a child in their first year. I intend to increase that to seven extra weeks over time.

To support working families and to ensure that work pays, next March, I will increase the earnings disregard for the one-parent family payment and introduce a maintenance disregard for the working family payment.

I am also introducing a set of measures that focus on increasing the living standards of the most vulnerable in our community. This includes increases to the qualified child payment of €2.20 per week in respect of under 12s and €5.20 per week in respect of over 12s, as well as a €25 increase in both back-to-school clothing and footwear allowance rates. These supports aim to ensure that national economic growth translates into rising living standards and falling poverty, especially for our children.

EDUCATION

Education also offers an important avenue to enhanced living standards, delivering benefits for individuals and for society. Uncertainty around Brexit and other risks to the economy underscore the need for us to continue to invest in our people.

That is why I am allocating €10.8 billion to the Department of Education and Skills in 2019. That is a 6.7% increase on 2018 and includes funding of €66 million to meet our changing demographics. That will allow for almost 1,300 additional posts in schools in 2019. The Government is also increasing the standard capitation rate per pupil by 5%.

The Government is investing more than €1.8 billion to support children with special educational needs. That will allow for up to an additional 950 special needs assistants to be recruited in 2019, bringing the total number to more than 15,900.

In last year's budget, I announced a 0.1% increase in the national training fund, NTF, levy

and I indicated that I would consider further incremental changes. I am satisfied that further modest increases of 0.1% in both 2019 and 2020 are appropriate.

That enables me to provide more targeted investment to meet the skills and education needs of our people with more than 15,000 new places in the higher education and further education and training sectors, including more than 1,200 craft and earn-as-you-learn places; 1,100 traineeships; more than 8,000 places through Skillnet Ireland and Springboard; and 5,000 new lifelong and flexible learning opportunities.

That investment, along with the almost 3,500 additional undergraduate places being funded in 2019, represents a significant response to the global uncertainties facing the economy, including Brexit.

In response to the recommendations of the independent review of the NTF, the Government will use part of the surplus in the fund to establish a multi-annual, ring-fenced human capital initiative of €300 million over the period 2020 to 2024, which includes the period of Brexit. The initiative will increase investment in higher education courses throughout the country.

I am allocating an additional €196 million for capital in education in 2019. This will support the creation of up to 18,000 additional permanent school places and 5,000 replacement places; facilitate the further upgrade of ICT infrastructure in schools; and provide €150 million for investment in higher education, further education and training, and research.

The long-term focus on investing in education has allowed Ireland to attract and develop world leading businesses across a range of sectors. That is needed because of Brexit but it also provides us with new opportunities to attract and to create new businesses.

SUPPORTING BUSINESS AND SMES

To support that, I am allocating funding of €950 million to the Department of Business, Enterprise and Innovation in 2019, which is an increase of 9% on last year. That is because SMEs provide most of our employment and additional Government support for this sector is crucial in light of Brexit.

I am, therefore, pleased to announce the launch of a future growth loan scheme for SMEs and the agriculture and food sector. The Government will bring in new legislation to implement this scheme, which will provide up to €300 million. That builds on the €300 million invested through the Brexit loan scheme last year and forms an important part of the Government's Brexit initiative.

I am also providing more than €110 million for Brexit measures across a number of Departments, including funding for essential customs requirements and other targeted measures.

As part of the national development plan, NDP, I have established a disruptive technologies innovation fund, which makes €500 million available for co-funded projects including enterprise and research partners over the period to 2027.

Key Employee Engagement Programme

The key employee engagement programme, KEEP, came into effect on 1 January this year to help SMEs to attract and retain employees in our highly competitive labour market. I am aware that take-up has been less than expected and I have decided to take early action now.

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I am increasing the ceiling on the maximum annual market value of share options that may be granted to 100% of salary. I am also replacing the three-year limit with a lifetime limit and increasing the overall value of options that may be awarded per employee from €250,000 to €300,000. Those changes will help support SMEs to compete for skilled staff.

Employment and Investment Incentive

Following on from the review of the employment and investment incentive, I intend to bring forward a priority package of measures in the finance Bill to address the main problems identified and to increase its efficiency and effectiveness.

The measures provide certainty for businesses to enable them to plan for the future. Another way in which certainty will be provided to businesses is through a consistent approach to corporation tax policy.

CORPORATION TAX

Our long-standing 12.5% rate will not change. Corporation tax revenue has been growing strongly and a significant part of the growth for this year is due to changes in international accounting standards, IFRS 15. Approximately €700 million of the 2018 over-performance is estimated as one-off. As these receipts are not expected to repeat next year, they do not feature in projecting receipts for 2019.

We must be aware of the risks associated with the concentration of these revenues. That is why I am setting aside some of this revenue for the rainy day fund. This means the risk of permanent expenditure on the basis of transient receipts is reduced.

Ireland's corporation tax roadmap, which I published in September, takes stock and recognises the changing international tax environment, outlines what Ireland has done and further actions we will take. This is a time of significant global change for business and my focus is on maintaining a competitive, outward-facing business environment while ensuring our tax regime is transparent, sustainable and legitimate.

I will introduce new controlled foreign company rules, in line with the Anti-Tax Avoidance Directive, ATAD, in the finance Bill 2018. This will apply for accounting periods beginning on or after 1 January 2019. I am also moving to introduce a new ATAD compliant exit tax regime to come into effect from midnight tonight. The exit tax will apply at a rate of 12.5% on any unrealised gains arising where a company migrates or transfers assets offshore, such that they leave the scope of Irish taxation.

The process of global tax reform is ongoing, and in addition to last year's measures, the corporation tax roadmap sets out a comprehensive plan of future actions on corporate tax reform. I have also committed to a review and update of Ireland's transfer pricing provisions in 2019 to ensure our tax system is in line with international best practice.

TRANSPORT

In budget 2018, I allocated an additional €1.26 billion in capital investment from 2018 to 2021 to the Department of Transport, Tourism and Sport. Today, I am announcing that €286 million of this will be made available next year and will facilitate investment in new transport infrastructure such as the N4 Collooney to Castlebaldwin and the Dunkettle interchange; completion of the runway overlay project at Knock Airport; and design, planning and implementa-

tion of cycling and walking projects around the country.

We are also improving and expanding our public transport infrastructure through the provision of projects such as BusConnects, extended trams on the Luas and by increasing the funding available to retrofit older parts of our public transport infrastructure. I am also providing additional moneys to maintain and renew existing infrastructure, including an additional €40 million for pavement repair and rehabilitation works on regional and local roads. These changes are needed and will support the continued growth in our economy in the years to come.

TOURISM AND HOSPITALITY

The tourism and hospitality sector also plays a key role in our economy, providing balanced regional growth and supporting nearly 240,000 jobs. This Government has played its part in supporting the sector when it most needed it and since the introduction of the reduced VAT rate in 2011, overseas visitor numbers have increased by more than 3.4 million and tourism employment has increased significantly. The tens of thousands of additional jobs created means the sector has never supported more employment than it does today.

A Government's decision to provide stimulus to the economy is often an easy one to make and in the case of the tourism sector in 2011, the application of a reduced 9% VAT rate was justified. Judging when it is appropriate to withdraw stimulus measures is always more challenging.

I gave a commitment in last year's Finance Bill to undertake an economic analysis of the rate. The review found that the reduced rate had done its job. I believe that, in a new economic reality where the economy is strong, growth is broadly balanced and full employment is within sight, it is appropriate to increase the rate of VAT in the tourism sector to 13.5% from January 2019.

This measure will raise €466 million next year and allows me to achieve a number of priorities. First, it allows me to reduce our reliance on increases in other tax heads, such as corporation tax. This is something I have consistently said that I would do. In addition, it underlines my commitment to responsibly manage our finances and maintain a broad tax base. Second, the additional revenues raised through this measure will allow reprioritisation and new expenditure in a number of key areas. It will allow us to provide more housing, invest in education and childcare and contribute to the balancing of our books at a moment of national risk. This is responsible policy-making. It is appropriate for our economy and will overall benefit our society.

I am conscious, of course, that these changes will present a challenge to the tourism and hospitality sector. This is why I am allocating €35 million to the Department of Transport, Tourism and Sport to provide more targeted supports for the sector, including €4.5 million for regional initiatives such as Ireland's Hidden Heartlands and the Wild Atlantic Way, and almost €10 million for the further development of our greenways.

OTHER TAX MEASURES

I am also introducing a number of other tax measures today.

Capital Acquisitions Tax

I recognise that there are concerns about the potential tax burden, in particular on the inheritance of the family home. I have, therefore, decided to increase the lifetime group A tax-free threshold that broadly applies to transfers between parents-----

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Deputy Mattie McGrath: What happened to grannies?

Deputy Niall Collins: And grandads.

Deputy Mick Barry: The landlords are getting all excited.

An Ceann Comhairle: I ask Members to behave. Have some respect for the Minister addressing the House.

Deputy Paschal Donohoe: -----and their children from €310,000 to €320,000.

Film Corporation Tax Credit

To support the continued growth of the film industry in Ireland, I am legislating to extend the film corporation tax credit beyond the current end date of 2020 until December 2024. To ensure all areas of our country can benefit from the film industry, I am also introducing a new, time-limited regional uplift of up to an additional 5% that will taper out over four years. Full details of the relief will be set out in the finance Bill next week.

Tax Appeals Commission

Today I am publishing an independent review of the operations and resources of the Tax Appeals Commission, which I commissioned earlier this year. I fully support the recommendations of the review, which include the sanctioning of additional staffing resources at all levels and additional funding for improved IT systems, so that the commission can adequately address its caseload and remit.

Tax Relief for Start-up Companies

This Government recognises the value of SMEs to the economy and to job creation. In light of this, I am legislating to extend the three-year tax relief for certain start-up companies until the end of 2021.

Availability of credit is a key consideration for all businesses, and I am aware of the growth of crowdfunding. With appropriate regulation, I believe that crowdfunding can play an important role in broadening competition in the SME finance market. My Department will begin work, in conjunction with the Central Bank, on the regulation of crowdfunding in Ireland. As part of this process, we will review the withholding tax obligations for peer-to-peer lending companies with a view to their amendment, as appropriate, following the introduction of legislation.

Publications

I am retaining the 9% VAT rate for newspaper publications and I also propose to reduce the rate for electronic publications from 23% to 9%. This will assist national and regional newspapers to remain competitive and meet the challenges of the modern media landscape.

Betting

In the area of betting, the Government's priority has been to level the playing field by extending the tax to remote bookmakers and betting exchanges. This was achieved in 2015 and I believe it is timely to increase the tax from 1% to 2% on amounts wagered in the State. In addition, betting duty on the commission earned by betting intermediaries or exchanges will

increase from 15% to 25%.

Deputy Finian McGrath: Well done to Minister of State, Deputy John Halligan.

Deputy Paschal Donohoe: These increases will take effect from 1 January 2019 and generate an additional €40 million in 2019 and €52 million in a full year.

Climate Change

Budget 2019 builds on the new commitments made in the national development plan which represents a step-change in funding commitments for climate action. Of every €5 in Exchequer investment in the plan, €1 will be devoted to addressing climate change. This will provide a significant reduction in carbon emissions up to 2030.

Deputy Eamon Ryan: No, it will not. Shame on Fine Gael.

Deputy Paschal Donohoe: In 2019, the Department of Communication, Climate Action and Environment will invest over €164 million in targeted measures to achieve Ireland's energy efficiency and renewable energy objectives in line with the Government's national mitigation plan. Additional climate related measures across other Departments in 2019 include: €103.5 million for improvements in grant and premium rates for planting forests; the introduction of a beef environmental efficiency pilot to further improve the carbon efficiency of beef production-----

Deputy Timmy Dooley: What is that?

A Deputy: More money for farmers.

Deputy Paschal Donohoe: -----€70 million for the targeted agricultural modernisation scheme; and additional funding of €70 million for the environment and waste management programme.

Deputy Catherine Martin: Did the Minister read the IPCC report?

Deputy Paschal Donohoe: In relation to tax measures, I am extending the VRT relief for hybrid vehicles until the end of 2019. I will then review these reliefs in the context of the overall changes to VRT brought about by the new emissions measurement system, namely, the WLTP. The new system will increase the amount of VRT payable on many new cars. The measures were introduced on a transitional basis this September when it was estimated that there would be an increase of some 7% in emissions. This will rise to 20% with effect from 2020 when the transitional arrangements no longer apply. In line with several other EU member states and in support of climate and public health policy, I am providing for a 1% surcharge for diesel vehicles to apply across all VRT bands.

Carbon Tax

I welcome the ESRI report as a first step in better understanding the environmental, social and economic impact of carbon tax. It is my intention to put in place a long-term trajectory for carbon tax increases out to 2030 in line with the recommendations of the Climate Change Advisory Council and the special Oireachtas committee examining changes in climate.

Gas Propelled Vehicles and Refuelling Equipment

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I will be introducing a new accelerated capital allowances scheme for gas-propelled vehicles and refuelling equipment. This is designed to encourage the uptake of gas-propelled commercial vehicles as an economical and environmentally-friendly alternative to diesel.

The green public transport fund was established to support the uptake of low-carbon, energy efficient technologies within the public transport sector and, as set out in the national development plan, Ireland will no longer purchase diesel-only buses for the urban public service obligation fleets after July 2019.

Green Budgeting and Green Finance

The publication of a special report from the UN's International Panel on Climate Change underscores the need for resolute action to meet our commitments under the Paris Agreement.

In support of this, I am committing Ireland to joining the Paris collaborative on green budgeting. Under this initiative, we will develop new and innovative ways of embedding climate change in the budgetary process. As a first step, my Department will publish a list of all Exchequer climate-related expenditure in this year's Revised Estimates Volume.

The National Treasury Management Agency, NTMA, will also issue shortly Ireland's first ever green bond. The bond will broaden the funding base for Ireland's debt and, in future, may even allow the financing of climate related expenditure at a lower rate of interest than other expenditures.

AGRICULTURE AND RURAL IRELAND

I turn now to agriculture which, of course, makes a significant contribution to our economy and society.

Deputy Timmy Dooley: And climate change.

Deputy Paschal Donohoe: However, it is also a part of our society which faces a number of threats with Brexit posing specific challenges. To support the sector and, in particular, disadvantaged farmers, I am allocating an additional €57 million of current expenditure to the Department of Agriculture, Food and the Marine in 2019.

A sum of €60 million in current and capital Brexit-related supports will be provided to improve resilience in the farm sector along with supporting productivity improvements in the food sector. As well as making provision for the initial staffing and ICT needs to meet the regulatory requirements of Brexit, agencies will be allocated additional resources to promote new markets and retain competitiveness.

I am also doing this because I recognise that 2018 was a difficult year for our farming community. With that in mind, I am renewing the existing stock relief measures for a further three years. To help support more farmers to cope with the problem of income volatility, I am extending income averaging to farms with off-farm trading income.

I also intend to provide for a three year extension of the young trained farmer stamp duty relief, which was due to expire at the end of this year.

RURAL AND COMMUNITY DEVELOPMENT

The Government is fully committed to supporting the sustainable development of Ireland

through the Department of Rural and Community Development. Therefore, I am allocating an additional €53 million in capital next year to fund the first round of projects under the new rural regeneration and development fund. This represents an unprecedented commitment by this Government to strengthen our rural economies and communities. In the context of Brexit, I am also pleased to provide increased funding for the PEACE programme to support economic and social stability in the Border region at this particularly important time.

TACKLING CRIME

I turn now to policing. We saw three weeks ago saw the publication of the report of the Commission on the Future of Policing in Ireland. I compliment the commission on its excellent report which lays the groundwork for the transformation that is needed. Reflecting my commitment to this transformation, I am increasing next year's budget for An Garda Síochána by €60 million, or 3.5%. This increase will allow for the recruitment of up to 800 gardaí and will support Commissioner Harris to drive the reforms our citizens deserve. The years ahead offer many opportunities for policing in Ireland. I am allocating, therefore, an additional €60 million in current expenditure to the broader justice sector to: provide additional asylum accommodation; widen the Magdalen scheme; fund reforms within the Department of Justice and Equality and the Courts Service; address pressures on criminal legal aid and in prisons, and respond to the demands faced by the Office of the Data Protection Commissioner in its EU-wide role.

2 o'clock

The 2019 capital allocation of €220 million includes construction of the forensic science laboratory; investment in Garda ICT and the purchase of Garda vehicles; and works on Limerick Prison.

DEFENCE

In the defence sector, €29 million will be provided for additional major investment projects for next year.

This will fund a programme of equipment replacement and infrastructural development across the Army, Air Corps and Naval Service.

These investments will make a significant contribution to the security of our nation as well as the expansion of Ireland's international presence.

OUR GLOBAL FOOTPRINT AND ODA

As part of our Brexit strategy, we are opening new markets for our businesses and promoting our international profile through our Global Ireland 2025 strategy, all of which aim to double Ireland's global footprint.

Investing in our international presence in this way will enable Ireland to be more ambitious in advancing our strategic international objectives, promoting our values and exerting our influence, both within and beyond the European Union.

The strategy has already realised significant commitments, including the opening a new embassy in Wellington, New Zealand, and a new consulate in Vancouver, Canada, as well as strengthening existing missions.

9 October 2018

In addition, today's budget also includes the most significant increase in our international development co-operation budget for many years, with our overseas aid set to increase by almost €110 million in comparison with figures in budget 2018.

This brings our overseas development assistance to its highest level in decades. At 0.31% of GNI*, this level of assistance represents a clear statement that this Government and the Irish people will not be found wanting in addressing some of the major humanitarian crises and development challenges that our planet faces.

SPORT

Investment in sport remains a priority and I am committing €126 million across a range of sporting initiatives next year.

Our continued spending in sport means that we are making progress towards doubling our investment in this key area, a commitment of our national sports policy.

I am providing over €41 million next year for investment in sports projects to benefit clubs and organisations in every county in Ireland.

I am retaining the 9% VAT rate for sporting facilities.

CULTURE

To the Department of Culture, Heritage and the Gaeltacht, I am allocating an additional €15 million in current funding and €21 million in capital funding.

This increased funding is tangible evidence of the importance attached to our cultural and creative heritage under Project Ireland 2040. This will put spending in that sector on a trajectory that will see funding doubled by 2025.

It will facilitate the planning and early-stage implementation of the Department's ten-year capital plan; increase support for arts and artists via the Arts Council and Creative Ireland; and provide additional restoration and development works across our built and natural heritage portfolios.

A FOCUS ON CHILDREN

I am pleased to announce an additional €127 million for the Department of Children and Youth Affairs next year. This funding will facilitate our children and young people in reaching their potential. It will support the protection of our most vulnerable children and will assist hard-pressed families in accessing childcare.

Funding for Tusla will increase by over €30 million to just over €786 million, while funding for early learning and childcare will increase by just under €90 million to €574 million. Acknowledging the importance of early intervention in the lives of children, this funding supports the ECCE preschool programme and the ongoing development of the affordable childcare scheme.

I am also pleased to announce that the income thresholds for the affordable childcare scheme will increase next year. In net terms, the base income threshold is being raised from €22,700 to €26,000; the maximum income threshold will go from €47,500 to €60,000; and the multiple child deduction will increase from €3,800 to €4,300.

This scheme makes a real difference to the lives of thousands of families and their children not only in terms of accessing childcare but also in terms of encouraging people back into the workplace.

INCENTIVISING WORK

Turning to work, the income tax system has been transformed since 2008. It is now broadly based and stable and I am committed to ensuring this remains the case. I will not be drawn into unrealistic promises that risk repeating past mistakes and undermining the stability of tax receipts.

Instead, I will continue to make targeted changes to the income tax code within available resources to reduce the tax burden on low and middle-income earners.

INCOME TAX REFORM

This Government believes that workers enter the higher rate of income tax at too low a level of income. We cannot hope to remain competitive if someone who is on a relatively low income and works overtime has nearly half that extra money taken in tax.

To ease the burden facing low and middle-income earners, I am again increasing the entry point to the higher rate of income tax for all earners by €750, raising it from €34,550 to €35,300 in the case of a single worker.

I will also be reducing the third rate of the universal social charge, USC, from 4.75% to 4.5% to give further targeted benefit to low and middle-level incomes.

The impact of these changes means that the top marginal rate on incomes up to €70,000 will be reduced to 48.5%, and fewer people on incomes around the national average will have any income subject to the 40% rate of income tax.

I am making some modest changes to give a particular support to minimum wage workers, all of which will take place from 1 January next year: the hourly minimum wage will be increased to €9.80 following the recommendation of the Low Pay Commission; the ceiling of the second USC rate band will be increased from €19,372 to €19,874 to ensure that the salary of a full-time worker on the minimum wage will remain outside the top rates of USC; and the weekly threshold for the higher rate of employer's PRSI will be increased from €376 to €386 to ensure there is no incentive to reduce working hours for a full-time minimum wage worker.

Other targeted measures are being introduced to help working families and the self-employed.

For the 80,000 families with one spouse working primarily in the home to care for children or other dependants, I am happy to announce an increase to the home carer credit of €30,000. It is €300. Excuse me. An increase of €30,000 would have been a bit too much for one budget. The increase brings the value of the credit to €1,500 per year.

Deputy Mattie McGrath: What happened the grannies?

Deputy Paschal Donohoe: For the 150,000 self-employed workers who make up an important part of our economy, the earned income credit will be increased by a further €200 to €1,350.

The income tax changes I am making today are responsible - they are targeted. They pro-

vide targeted relief for those on lower and middle incomes. They do not erode our tax base and they are affordable.

PUBLIC SERVICE PAY AND NEW ENTRANT PAY

Another area where the Government is providing sustainable improvements is in public service pay. We are now entering the second year of the public service stability agreement, through which the Government is committed to providing €1.2 billion to increase pay for public servants over the period 2018 to 2021. This benefits different income groups by between 6.2% and 10% over that three year period.

These increases are in line with general wage developments in our economy and provide a negotiated pathway for the dismantling of the financial emergency legislation. This was a core commitment of the programme for Government.

We have also delivered on the establishment of the Public Service Pay Commission which recently published its second report on recruitment and retention in the health service. While the commission found that there were no general recruitment and retention difficulties for nursing and midwifery, it recommended a targeted €20 million increase in certain allowances.

The Government accepts the findings and recommendations of the pay commission. Resources have been allocated to implement this recommendation from March 2019, subject to acceptance by the relevant unions.

On the issue of new entrant pay, the measures recently agreed with the Irish Congress of Trade Unions, ICTU, make good on this Government's commitment to provide certainty. The agreement equalises the length of time both new and existing members of staff will take to reach the end point of their salary scales.

This will cost approximately €200 million out to 2025 but will benefit over 61,500 new entrants, including 16,000 teachers, 5,000 special needs assistants and almost 10,000 nurses. As with all elements of Government expenditure, ensuring value for money from this investment is hugely important.

EXPENDITURE REFORM

To support the value for money initiative across the Government, my Department is engaged in a multi-annual spending review process to promote the development of better policy options. Today I am releasing additional spending review papers, which brings to 50 the number of analyses produced for the spending review over the past two years.

Furthermore, my Department will publish an additional 15 papers today which will focus on areas such as social impact assessment and prevention and early intervention. This work informs many of the decisions I have announced today.

The Government believes the public has a right to know how and why decisions are made and the impacts that these decisions will have. Through the Open Data initiative, public service performance reporting and the national economic dialogue, we have made much progress on delivering increased transparency.

Just a number of weeks ago my Department published, for the first time, an interactive, user-friendly capital projects tracker as part of the national development plan. It provides

details of costs, timelines, locations and many other useful indicators across 270 projects and programmes. It is a template for a more open approach to government.

I will be working with my ministerial colleagues to extend this framework to more areas of expenditure over time. This type of transparency also extends to how we prepare our budgets.

A good example of this can be seen through the introduction of equality and gender budgeting, which is bringing greater awareness to the impacts of budgetary decisions and greater transparency to the areas which need attention.

Having successfully piloted the initiative across six programme areas in 2018, next year I am expanding the initiative to broaden its scope to other dimensions of equality, including poverty, socioeconomic inequality and disability. This expansion is being supported by an equality budgeting expert advisory group, which will bring expert knowledge on how best to progress this important work.

CONCLUSION

Budget 2019 further secures the shared progress we have made. It provides record levels of funding to continue to improve our public services. It helps those on low and middle incomes. It increases living standards for the less well off in our society. It balances our books. It provides significant investment to build resilience in our economy and support its long-term growth.

It aims to make us Brexit ready by providing sufficient flexibility to deal with the risk of a more disorderly outcome. This will be done by balancing our books while allowing us to invest €1.5 billion in our country's future, including measures such as: the human capital initiative; the future growth loan scheme; over €110 million for Brexit measures across a number of Departments; and additional Exchequer and semi-State capital across a range of sectors.

This is responsible, sensible and is consistent with maintaining stability in the public finances.

Most importantly this is a caring budget. It recognises the real social needs our citizens face and provides the sustainable funding and effective policies to address them. It is about securing our future and renewing the centre. It addresses the risks we face both domestically and internationally.

Deputy Timmy Dooley: What about the climate risk?

Deputy Paschal Donohoe: The budget I have announced today is a progressive budget with an emphasis on strengthening our national finances. It is a responsible budget for a modern and caring Ireland that aims to be at the centre of a changing world.

I commend the budget to the House.

An Ceann Comhairle: The Minister exceeded the allocated time so I will try to be equally flexible with the Opposition speakers should the need arise. I call Deputy Michael McGrath, who is sharing time with Deputy Cowen.

Deputy Michael McGrath: Having somewhere to call home and having access to a public health system when one needs it are among the most basic needs of a citizen. For any society

that regards itself as modern, decent and compassionate, meeting these needs is the foundation on which the rest of society is built. This budget will ultimately be judged on whether it takes policy on housing and health in a new direction and helps to deliver better outcomes.

In truth, the Government has failed to get to grips with the housing crisis. The Government has executive authority, it controls the Department of Housing, Planning and Local Government and it is responsible for addressing the housing crisis. It must accept that its performance on housing has not been good enough.

Budget day helps to set the direction of policy and at its simplest level provides the money. It is the day-to-day management of government business that delivers on the ground and this is where the Government is failing in respect of housing. We have not been short of big launches and public relations, PR, events but we have been short of homes being built. Policies are being announced and launched and then re-announced and re-launched, but are not implemented in practice. There has been no follow through. Outside the bubble of Leinster House the daily grind of getting things done is what matters to the people we all represent. This Government needs to get back to the politics of getting things done when it comes to housing.

Deputy Mattie McGrath: Hear, hear.

Deputy Michael McGrath: With regard to the housing crisis, the overall message to the Government is to cut the obsession with PR and spin, and focus on delivery.

At the front line of the crisis, the number of people sleeping in emergency accommodation is a national scandal and a scar on our nation. The Government gave its word to those living in this nightmare that nobody would be in hotel accommodation on an emergency basis by July 2017. The Government did not just miss this target by a few weeks or even a few months; 15 months on the number of people in emergency accommodation has hardly moved. One would need a heart of stone not to have been moved by the story of the girl named Amanda on “Morning Ireland” last Friday who has spent two years living in a hotel room with her family. The reality is that there are many more in the same situation. Almost 3,700 children are homeless and will sleep in emergency accommodation throughout our country tonight. This can never be regarded as the norm or as acceptable. The State must lead from the front in tackling the crisis by getting back to building public housing in a sustained and ambitious manner.

Fianna Fáil welcomes the additional funding allocated to homelessness and the increased allocation for the construction of social housing. It is a step in the right direction. Under this Government’s watch, home ownership has become a distant dream for more of our people. Home ownership rates are falling rapidly under Fine Gael. That is the record. Fianna Fáil makes no apologies for insisting on a major focus on affordable housing in this budget. Today’s announcement in this regard is a breakthrough. It must now be put into effect.

Deputy Barry Cowen: Hear, hear.

Deputy Michael McGrath: We have secured a €300 million affordable housing package over the next three years, including more than €200 million in new Exchequer funding. This will provide thousands of homes which will be made available to eligible first-time buyers. These homes can be sold at up to €50,000 below the cost of construction, subject to an overall maximum discount of 40% of market value.

On health, we need to know that what we have before us today is an honest health budget.

Fianna Fáil has not been privy to the toing and froing over recent weeks between the HSE and the Departments of Public Expenditure and Reform and Health but one gets the distinct impression the process was chaotic and, as always, very late in the day. I have no hesitation in saying that this was the most difficult area in our negotiations in terms of getting feedback about specific measures or the overall allocation for health for 2019. I do not suggest the Minister held anything back as I do not believe he did. It seems that the process of not only running the health service but agreeing the health budget is crisis driven. In the coming months, a Supplementary Estimate of €700 million will be required for health. This year, the Government has been bailed out by an unexpected corporation tax windfall but this is not a sustainable basis for funding our health service. Fianna Fáil has consistently argued for the need for a credible multi-annual budget for health. We have secured an additional €20 million for 2019 to tackle waiting lists through the National Treatment Purchase Fund, NTPF. The scandal of children with special needs waiting up to three years for an assessment of need must be tackled and the additional funding on which Fianna Fáil insisted is welcome in this regard. On the current expenditure side, the health budget for 2019 is €1.5 billion more than what was originally allocated for 2018, for which people will expect to see better access and better services across our health system. We need accountability in health and the Minister needs to ensure this money delivers on the key priorities.

Almost two and a half years ago, Fianna Fáil made the historic decision to enter into a confidence and supply arrangement to ensure this country had a Government. In May 2016, there was no shortage of predictions that we would cut and run at the first opportunity and that we would not honour the commitment we gave. I am not going to say it has been an easy or comfortable position to be in, because it has not, but despite constant provocation from most quarters in this House, we have stood our ground and kept the word we gave to the Irish people.

Deputies: Hear, hear.

Deputy Michael McGrath: From opposition, we have sought to influence budgetary policy and to move it in a more progressive direction. We have provided the political stability necessary for Ireland's economy to grow. We have brought about a noticeable shift in the make-up of budgets with an overall emphasis on investment in public services and increased capital investment. This was the platform on which we campaigned in 2016.

This is the third budget under the agreement. I am not here to say that we got everything we wanted. We are not in government, there are no Ministers on this side of the House and we are not in charge of any Departments but we have had some influence on some measures at least in this budget and on the overall mix between expenditure and taxation. Rather than be a spectator, Fianna Fáil sought to use its influence to positive effect. In today's budget, we have made progress on a number of crucial policy areas on behalf of the people. The increased investment in services and vital infrastructure is about four times greater than the money allocated to tax cuts. Capital investment in our economy will increase by a quarter next year. We welcome that the overall general government deficit will broadly be balanced next year. I note that there will still be a structural deficit of approximately 0.7% and I understand the technical reasons for it in terms of the output gap and the calculations but, nonetheless, it is disappointing that we will again miss the medium-term objective of a structural deficit of not greater than 0.5%.

The income tax package announced is modest. To make no change to our income tax system, as suggested by some, would result in people paying more tax next year. Fianna Fáil would not have supported a €3.5 billion budget package that made people worse off. We gave

a commitment that we would secure reductions in the universal social charge, with an emphasis on low and middle incomes. Inclusive of the cut in today's budget, we have secured reductions over the past three budgets in the three USC rates, with the 1% rate cut to 0.5%, the 3% rate cut to 2% and the 5.5% rate cut to 4.5%. Some USC bands have also been widened. We believe these gradual reductions have reduced the burden of the USC in fair and sustainable way.

On income tax, we support the increase in the entry point to the 40% marginal rate of tax by €750. Fianna Fáil believes that people in Ireland enter the higher rate at too low a level of income and this is an important step forward. Had no change been made to the tax system, next year more than 64,000 taxpayers would have moved up to the higher rate of tax and many more would pay more of their income at the higher rate. As incomes rise, a static tax system means people pay more tax. This is a reality and so some changes were necessary in this budget. Fianna Fáil defends and supports this decision. The combined effect of these income tax changes is that an individual or a couple with an income of €45,000 per annum gain the most as a percentage of net income at 0.7%.

In the budget negotiations, Fianna Fáil pushed for an increase in the home carer tax credit. This is a credit given to married couples or civil partners who are jointly assessed for tax where one spouse or civil partner works in the home caring for a dependent person, including children and persons with a disability. For many of them, the €300 increase in the tax credit is €300 into their pockets. This will be of benefit to couples where one spouse or partner stays at home to mind children or someone with a disability. It is my experience that many people entitled to this credit are not claiming it. I urge couples who largely rely on one income to check whether they benefit from this relief.

Last Friday, the Minister announced that Ireland is set to receive an extra €1.1 billion in corporation tax this year. No doubt this is a positive development but the increasing reliance on corporation tax and on a small number of companies is a key risk facing the economy and our public finances. While on this occasion the announcement was a billion euro extra had it been an announcement of an unexpected €1 billion shortfall in receipts, we would be in a very different environment in terms of this budget. If we cannot predict corporation tax receipts with any degree of certainty, there is a real exposure. In 2011, corporation tax receipts stood at €3.5 billion. In 2018, we are set to receive €9.6 billion under this tax heading. Corporation tax receipts account for more than 17% of the total expected tax take for 2018, 40% of which is paid by ten companies. Another even more startling way of putting this is that approximately 7% of all tax we collect in the country comes from ten multinational companies. It will be great while it lasts, but we have to face up to the fact that this is a risk for Ireland. Corporation tax is a volatile revenue stream. The UK and the US are lowering their headline rates. The European Union is stepping up its efforts to bring in a common consolidated corporate tax base and some form of digital taxation. The OECD's base erosion and profit shifting programme is ongoing. This all means that the global corporate tax environment is changing rapidly and if just a handful of companies change their tax structures, Ireland could stand to lose billions of euro.

All this underlines the importance, from our point of view as a party, of making a start to putting some money away as a contingency, or a rainy day, fund, which we proposed in 2015 and negotiated in the confidence and supply agreement. This fund is set to be established next year and is supported by a whole range of international and domestic bodies as an important fiscal buffer. The European authorities have been very positive on this initiative. The easy part is saying we have learned the lessons from the past. The hard part is making policy changes that give effect to that in a tangible way. Some future Minister for Finance in a future Government

will be glad that this initiative was taken because in the future it may well allow our country to avoid the type of tax increases and spending cuts that had to be implemented when the last crisis struck. We need to protect ourselves in the event of a fiscal shock. Against the backdrop of a balanced general Government budget, the establishment of this fund is an important reform and one we fully support.

The dependence on corporation tax receipts from multinationals is also a warning to Government of the need to place a greater focus on the thousands of small medium enterprises, SMEs, operating in the domestic economy. SMEs in Ireland employ in the region of 900,000 people and are the real backbone of our economy. Despite the strong economic rebound, life is tough for many of them. Insurance is an enormous problem for a growing number of firms, something our party has highlighted in this House on countless occasions. Other costs and emerging labour shortages make trading conditions difficult for many of them. In the budget discussions we highlighted the need to improve the taxation environment for SMEs and entrepreneurs. We are disappointed that no specific changes have been announced today on the employment and investment incentive scheme but I note the Minister's words about the finance Bill and we will engage with him on that. This scheme can provide vital early stage funding for businesses. The Minister has an Indecon report making recommendations as to how it can be improved. A good place to start would be to streamline the application and approval process and give the Revenue the resources it needs to improve turnaround times. We also shared with the Minister the feedback we have received on the share based remuneration scheme - the key employee engagement programme, KEEP. The uptake on KEEP has been weaker than expected and we welcome the changes the Minister is providing for in this budget. We also welcome the extension of the three year start-up relief for a further three years and the extension of film relief. The time limited regional uplift in the film relief is an important initiative.

Our capital gains tax, CGT, regime for businesses and enterprises needs major reform, as it is currently uncompetitive when set against the jurisdictions with which we compete. CGT is simply too high for people wanting to invest or start their own company. We had asked that consideration be given to increase the €1 million lifetime limit in the CGT entrepreneur relief but this was not possible or the Government did not decide to do so on this occasion. We, as a party, commit ourselves to improving the CGT environment for SMEs and entrepreneurs into the future. We look forward to discussing a number of these enterprise tax schemes with the Minister and others during the debate on the finance Bill.

One area on which I believe a greater focus is needed within the domestic economy is the retail sector. Irish retailers employ around 220,000 employees across 45,000 businesses. While many of them are competing effectively in the online space, many more are struggling to keep pace with the surge in online shopping. The Government needs to improve the supports available to them under the digital trading voucher scheme. Just as Enterprise Ireland assists firms developing export markets for their goods, internationally focused retailers now need help and increased supports to take on the global consumer market. If we do not step up our efforts in this area, more and more Irish businesses will fall victim and fail to keep pace with the surge in online shopping and they will be unable to compete in that space.

We acknowledge the decision to raise the 9% VAT rate in the tourism and hospitality sector to 13.5% was a difficult call for the Government to make. While the 9% rate was successful, it was always designed as a temporary crutch until the sector repaired itself. There is little doubt that many businesses, particularly in the food sector, will not be able to absorb the increase and will have no option but to pass it on to consumers. The tourism and hospitality sector has had

the benefit of the reduced rate for seven years. In line with the obligations on us under the confidence and supply agreement, Fianna Fáil will be abstaining on the vote on this in the House tonight. As the 9% rate comes to an end, it is worth remembering today how it was funded in those early years following 2011. A staggering €2.5 billion was taken from the private pension savings of hundreds of thousands of workers and pensioners across the country by the last Government. This raid has had a lasting effect and has resulted in the pensions of many thousands of current pensioners and future pensioners being reduced forever and that issue needs to be borne in mind when the VAT decision is being debated.

The confidence and supply agreement provides for a supportive tax regime for the self-employed and the introduction of a PRSI scheme for them. The further increase in the earned income tax credit is to be welcomed and Fianna Fáil recommits itself to the policy of bringing this credit up to €1,650 to match the PAYE credit at the earliest opportunity. The extension of jobseekers benefit to the self-employed is also an important reform and will provide an important safety net for self-employed people whose business gets into difficulty.

Brexit is the dark cloud that is hanging over this budget. This budget and a whole lot more could unravel very quickly if Brexit goes badly wrong. On 29 March next year, just over five months from now, the UK is set to leave the European Union. Negotiations are continuing and we have little clarity on what the future relationship will be between the UK and the EU, including Ireland. Brexit remains the most serious political and economic challenge facing this island in many decades and the potential impact on people's lives both North and South should not be underestimated. The Good Friday Agreement was signed 20 years ago. The agreement and the peace it underpins should never be taken for granted or put at risk. The majority of people in Northern Ireland, from all sides, voted to remain in the European Union. We cannot accept the return of a hard border on our island in any shape or form. The consequences would be far more profound than the obvious economic effects. We have had various predictions of the effect of a no deal Brexit and I do not need to restate them in this House today but they are clearly severe and profound. Fianna Fáil continues to believe that Northern Ireland should be given the status of a special economic zone and that there should, under no circumstances, be a hard border.

While we support the Government in negotiations, Fianna Fáil has deep concerns about the lack of readiness here in Ireland for all eventualities. In that regard, I note from today's budget booklet that provision is being made for some 270 extra Revenue staff, presumably customs officials. We were told in July that the Government had approved the hiring of up to 1,000 customs officials and veterinary inspectors. The provision in today's budget appears to be for 270 customs staff and I do not see a separate provision under the Department of Agriculture, Food and the Marine Vote so perhaps that can be clarified. More importantly, in a parliamentary question reply to Fianna Fáil just last week, the Minister confirmed that Revenue will require an additional 600 staff because of Brexit "based on a scenario of a transition period after March 2019 and a future trade agreement between the EU and UK." The Minister also confirmed that Revenue aims to have 200 customs officers in place by the end of March 2019. In other words, if everything goes well and there is an agreement with a transition and a future trade deal, Revenue will need 600 customs officials but by March 2019, it will have 200 and there is no certainty on the how the negotiations will stand as of March 2019. There is a clear gap and real exposure for our country in that regard. If we have a cliff edge Brexit, which none of us wants or perhaps expects to see, Ireland will not be ready despite the Government having had two years notice of the March 2019 date. In the context of well over €1 billion of trade over and back across the Irish Sea every week, this is a worrying prospect.

It is crucial that every possible support is given to businesses to prepare for Brexit. As we all know, the farming and agrifood sector is particularly exposed and needs special supports. On budget day last year, a €25 million Brexit loan scheme for the agrifood sector was announced. It never happened in practice. There is now a suggestion that it will open up in early 2019 perhaps, having been announced in October 2017. Given the industry's vulnerability this is simply not good enough and speaks volumes at the lack of delivery on this area.

SMEs also need extra support. Last year, the SME Brexit loan scheme was announced. It was a €300 million fund, which was finally launched in March 2018, some six months after the budget. According to the latest statistics to the end of June, ten SMEs have progressed to the finance provider approval stage with less than 1% of the €300 million pot actually lent to businesses at that stage. Only 127 companies out of almost 2,700 have received the Be Prepared for Brexit grants from Enterprise Ireland. These are very identifiable, tangible measures where we are not delivering the type of supports and the safety nets that are needed.

I will make one final point on Brexit. Given what is at stake, it is understandable the focus has been on defending what we have, which is no border on the island of Ireland, and the need for free trade, North, South, east and west to continue unimpeded. Brexit also opens up huge opportunities for Ireland. The message that must go out consistently from all of us and from Government to the international audience is that Ireland is very much open for business and extra investment when the UK leaves the European Union in March 2019. The Government needs to focus on this aspect, as well as dealing with the immediate priority of defending the here and now and what we have. One issue I picked up on in the budget booklet is the assumption the exchange rate will remain at €1 for 89p sterling right the way through 2019. One might say that is based on the central scenario of a deal and a transition period but that could go very much the other way. There could be a very significant fall in the value of sterling through 2019, which would have a real, immediate and severe effect on the capacity of export businesses in this country.

As we enter into a critical period of Brexit negotiations, everyone in Fianna Fáil and, I am sure, everyone in the House wishes the Government, the Irish officials and the EU negotiating team every success in the coming weeks as they seek to get the best deal possible for the European Union and our country. It is important to put on the record, apart from Brexit and the dependence on corporation tax, some of the other risks that are emerging in a very evidential way in our economy. There is a significant risk of overheating and a loss of competitiveness. We experienced it before. Real capacity constraints are emerging. We are seeing labour shortages, particularly in construction. Our competitiveness ranking is something of which we must be very conscious and on which we must keep a clear and focused eye. The housing crisis, the lack of progress on the provision of broadband, transport blockages and the cost of doing business are all concerns for Ireland's competitiveness and the risk of overheating. Making good-quality broadband available nationwide would be transformative for parts of Ireland. Faith in the ability of the Government to deliver the national broadband plan is ebbing away at an accelerating rate. Delivering this plan is vital to our national interests and essential if we are to bring about any degree of balanced regional development. People want to know if it will happen and when it will happen.

The cost of living is rising. While the headline figures may show prices broadly stable, when one delves deep into the CSO statistics, one finds that all the costs that families and individuals cannot avoid such as transport costs, energy costs, interest rates and rent costs are rising at rates well above the headline consumer price index, CPI, inflation rate. The cost of motor

insurance premiums, petrol and diesel and so on are rising. It is a key risk and it is also a major issue affecting families on a day-to-day basis.

As we all know, we are facing the threat of ever-escalating tensions surrounding trade. As a small open economy we are acutely vulnerable to global trade disputes and growing protectionist policies. With the Trump Presidency, the risk of an all-out trade war cannot be completely discounted. While we have not been significantly affected to date, higher tariffs on more goods will have an impact on us sooner or later if there is not a change in direction. Fianna Fáil, as a party, believes in free trade. We believe that breaking down trade barriers can benefit more people and the evidence resoundingly supports this. There are difficulties with free trade but the benefits very much outweigh the costs.

Among the remaining legacies of the financial crash is Ireland's large national debt, which stands at over €200 billion, which is around €43,000 per person. On a *per capita* basis, it is the third highest in the developed world. Fortunately for now we are living in an era of very low interest rates but it will not last forever. In 2014 the interest on Irish Government debt was predicted to stand at €8.5 billion in 2018. In fact, as a result of the direction of interest rates and ECB interventions and so on, it will be about €5.5 billion. That means the interest on debt will be €3 billion less this year than what was forecast for this year a number of years ago. Inevitably this will come to an end at some point. The ECB is eager to return to normal monetary policies, to unwind its quantitative easing programme and to start to increase interest rates, perhaps as early as the latter half of 2019. This will mean we will pay more on our debt, which will have a significant impact on future budgetary decisions.

I highlight all of these issues to lay down a marker. When one looks at all these risks, it is hard to escape the conclusion that one or more or a combination of these risks will materialise over the period ahead. Economic conditions have been very favourable for Ireland over the past number of years. As a result the economic rebound has been stronger and faster than most predicted. It has been stronger and faster than the Government predicted and stronger and faster than independent economists and analysts predicted. When one examines the profile of the risks we are facing as a country, we would be very naive to believe this will last forever. This makes it all the more important we engage in better long-term planning and forecasting.

Fianna Fáil supports the reforms in the budgetary process; it was a feature of the confidence and supply agreement. We now have a resourced Parliamentary Budget Office and it is a fantastic resource for all Members of the House and particularly for the Committee on Budgetary Oversight. We, as a party, called for the Government to provide five-year forecasts as part of today's economic and fiscal outlook and they are now set out within the booklet with forecasts right up to 2023. It is an important measure.

With regard to climate change, the latest report from the UN's climate change advisory group makes for very grim reading. It paints an appalling vista. While the focus today will be on the Government's decision not to increase carbon tax or excise on diesel, we need to see a greater focus on the positive measures needed on the climate change agenda. There is an urgent need for more investment in sustainable transport initiatives. We need to see better grants for retrofitting buildings. We need to support renewable energy in a meaningful way and we need to put consistent policies in place. I will give one example on that front. Local authorities right around the country are grappling with planning applications for solar farms and, despite asking for the past number of years, they have not yet been provided with a national policy or national guidelines to guide how they are to assess and deal with those applications. It is symptomatic

of a lack of a co-ordinated national policy on climate change. In May 2018, the Environmental Protection Agency, EPA, stated that Ireland will achieve a 1% reduction on 2005 emission levels by 2020, instead of the target of 20%. This is an appalling performance and one that will cost us dearly, both financially and from an environmental perspective.

The Fianna Fáil Party entered into discussions on this budget with a focus on the issues that really matter to people in their everyday lives. They are housing, health, education, cost of living, improving the tax environment and other issues. We campaigned in 2016 on the promise of an Ireland for all. We did not win the election but we gained some influence through the agreement we entered into. Even from Opposition, we have to date done our best to give effect to our policies. We can point to a range of specific measures we have delivered, while at the same time providing the political stability most people in this country desire. I look forward to working with the Minister, other Opposition spokespersons and all Deputies on the detailed scrutiny of the finance Bill in the weeks ahead.

Deputy Barry Cowen: As has been alluded to, today's budget is the third from this Government. It is the final budget of three provided for in the confidence and supply agreement. Many believed there would only be one and that Fianna Fáil would have used the precarious and perilous state of uncertainty for political gain and that we would have been opportunistic. It could not have been further from the truth and today proves that to be a fact. Like a tide going out revealing who was swimming naked, the aftermath of the February 2016 election revealed the true character of many parties in the House. Many who have criticised today's budget took a ten-week holiday and went on manoeuvres while others tried to form a Government and provide leadership. At a time when the centre ground was under threat from all sides and at a time when the outcome of an election led everyone to believe that instability was the order of the day, Fianna Fáil put country before opportunism. It would have been truly opportunistic to walk away as some did in this Chamber. They did not show up and did not take any responsibility.

Deputy Aengus Ó Snodaigh: The Deputy refused to meet.

Deputy Barry Cowen: While we were not successful in forming a Government it was crystal clear that the public had soundly rejected Fine Gael's notion that the recovery was being felt nationally. The public categorically rejected the Tory-style tax cuts for the rich, and it was in this context that Fianna Fáil negotiated the confidence and supply agreement to underpin a new Government. Fianna Fáil wanted Ireland to have a stable, functioning Government. The reason for that was a deeper sense of that responsibility to ensure the State provides for its citizens. In these deeply uncertain times around the globe parties of the centre ground have a duty to work for the common good. The confidence and supply agreement for all its frustrations, has provided stability during a period when our closest trading partners in the UK and US are mired in political crisis. It is in that spirit too that we approached this budget.

As Deputy Michael McGrath has alluded to, we have kept faith with the agreement, often in difficult circumstances and with messy compromises, to maintain the centre ground in Irish politics. We have worked for the ordinary citizens who want their Government to work for them. Other parties have been content to sit on their hands. In Brendan Behan's words, they are "like eunuchs in a [brothel]; they know how it's done, they've seen it done every day, but they're unable to do it themselves". It is in this context that Fianna Fáil honoured the agreement to secure three budgets.

At the core of the confidence and supply agreement is the principle that there must be a min-

imum of a 2:1 split in favour of investment in vital public services over tax cuts. In reality, for the last two budgets it has been more like 3:1, moving to 4:1 in this budget. It is worth remembering what a sea change this has been. In the budget before the 2016 election, Fine Gael and the Labour Party settled for a 50:50 split, ensuring that it was regressive in nature. That budget was opportunistic and was designed to buy the electorate. In a country which was crying out for investment in public services Fine Gael and the Labour Party chose excessive tax cuts.

Our agreement has delivered a rainy day fund that will help finances when the next downturn occurs. It has delivered successive cuts in USC directed at low and middle-income earners, has secured a €15 increase in the old age pension, a €15 increase in the carer's and disability allowances, and a €15 increase in unemployment benefit. It has delivered on increasing the home carer's and earned income tax credit, and on decreasing capital gains tax for entrepreneurs. It has delivered on restoring pay to our public servants, bringing an end to pay inequality.

In education it has delivered on reducing the pupil-teacher ratio, providing for 500 new guidance councillors, restoring postgraduate grants for low-income students and boosting third level funding. In health, it has delivered on the reactivation of the National Treatment Purchase Fund. Funding for mental health has also been addressed, as has the issue of retrospective pay for section 39 health workers.

We fought for the extension of mortgage interest relief for more than 400,000 homeowners, increases in rent supplements and housing support payments, the reopening of the CLÁR programme and local improvement scheme and an extra 1,600 gardaí on our streets. The agreement also finally brought an end to water charges.

As we face into the deep uncertainty of Brexit the arrangement has provided stability. Preparing our State for Brexit runs through our approach to this budget like a seam of rock. By honouring the confidence and supply agreement Fianna Fáil has delivered for people across Ireland.

As has been alluded to, housing is the key test for this budget and this Government. It is a fight for the right to have a safe and secure roof over one's head as the basic starting point of any decent life. The homelessness crisis that scars our towns and cities challenges us to act decisively. The plight of tenants struggling to make ends meet as spiralling rents drain more and more of their income demands action. The dream of home ownership is slipping away from a generation and intervention is needed. It has been said that too often the Government has focused on spin over substance. Since coming into power Fine Gael has launched Construction 2020, Social Housing Strategy 2020, Rebuilding Ireland in 2016 and capital plans in 2012, 2015 and 2018. These six separate plans exclude the numerous relaunches involved. This is more launches than local authority homes built in several counties so far this year.

Now is the time for real ambition and genuine delivery. The State needs to return to building on the same kind of scale that defined the ambition of the 1930s. To address the housing crisis a major capital injection is needed. Today's announcement falls short of that but it is a start and a move in the right direction compared with the past number of years. The €60 million boost to homelessness funding must be the beginning of a campaign to end the nightmare of emergency accommodation into which so many families have been locked

We also need value from the investment we make. The protracted delays and blame game between the Department and local authorities do nothing for the 10,000 homeless or the more

than 100,000 languishing on waiting lists. We have worked for and sought an increase in local authorities' discretion to build without undergoing the four-stage process, and we have been successful in that regard. Cutting through red tape and focusing on getting bricks and mortar in the ground has to be at the heart of the Government's focus on delivery.

Fianna Fáil believes in home ownership. We believe the State has a central role to play in supporting home ownership and ensuring that each generation can have the chance to own their own homes. In order to make that dream a reality we have successfully fought for a revamped affordable housing scheme to be launched in this budget. This is designed to help those above social housing income levels but who struggle to afford a home of their own. In contrast to the scheme initiated by the Minister in June, this will quadruple funding and set out new criteria. A €100 million fund per annum over the next three years will see some 6,000 units in train by 2021. This is the beginning and, in combination with the new Land Development Agency, it should be able to play a greater role in delivering decent, affordable homes in the years to come. These units will be available for sale at an average price of €200,000 for single earners up to €50,000 and joint income earners up to €75,000.

In the rental sector we need to retain and attract landlords to prevent losing the badly needed supply of their units which are so vital in the emergency and immediacy of the problem we have. The acceleration of mortgage interest relief is a step in the right direction. We realise much more work is needed to incentivise long-term leasing that will facilitate tenants who want and deserve stability in their accommodation. I expect further work on this in the upcoming finance Bill. It is easy for snake oil salesman to spin easy solutions to this crisis or shout from the sidelines. This crisis deserves more, however, than to be kicked about in the game of politics. We are committed to the more difficult route of holding the Government to account and seeking to ensure delivery. We know the fight for a decent home for every citizen will be a long fight, but I want every family to know that we are on its side. Not simply for the grandstanding on budget day but day in, day out, we fight in their corner.

I would like to mention the issue of mica in the north west, particularly Donegal and Mayo. The Minister made a commitment to address this issue in the coming year and we expect to see the detail of that during the course of the year with a Revised Estimate to accommodate it.

Before I comment on the expenditure on health, it is important to acknowledge and sympathise with Ms Emma Mhic Mhathúna's family following her death earlier this week. Emma always spoke bravely about the need for quality, accountability and reform in our health service. She wanted this to protect her five young children as they got older, and she wanted a health service that we could all be proud of rather than one we would use as a political football. She spoke passionately about the need for change and for the recommendations of the Scally inquiry to be implemented. This is in all of our interests and there should be all-party agreement to ensure this is delivered in memory of her and many others, and for all of the women and families affected following the recent CervicalCheck revelations. Ar dheis Dé go raibh a hanam.

The state of our health service continues to be a stain on our society. Morale among health professionals, such as doctors and nurses, has hit rock bottom. GPs are being forced to close their practices to new patients and many are even leaving the country. Consultants are warning of shortages in specialist areas and there are too few acute and mental health hospital beds available. As a result, patients are feeling it on the ground. Nearly one million people are on waiting lists and thousands of patients continue to lie on trolleys. The Government's health policy has failed, and yet it would like us all to believe that the public healthcare system is a lost

cause, that no matter who is in government, it cannot be improved. As the former Taoiseach, Mr. Seán Lemass, once said:

A defeatist attitude now would surely lead to defeat. We cannot opt out of the future.

We cannot afford the fatalism the Government has taken to our health service.

3 o'clock

We need, expect and want to realise real ambition and energy to build it into a service of which our State can be proud. In negotiations for the confidence and supply arrangement, Fine Gael bitterly opposed the reactivation of the National Treatment Purchase Fund, NTPF. It is because of Fianna Fáil and the confidence and supply agreement that fund is now up and running and having a real impact on the services patients are receiving. We welcome the added investment to the NTPF announced in today's budget package. We also welcome the reductions in the drug payment scheme threshold and in the prescription charges rate for older patients, as well as the extension of medical cards. These are drawn from that agreement to reduce medical costs, which was our intention. It is a welcome respite for vulnerable patients struggling to make ends meet.

The Sláintecare report sets out a sustainable pathway forward for our public health service. The Government's implementation plan, regrettably, fails to include any costings or financial backing. Without such a financial foundation, we fear Sláintecare will simply gather dust and fail to bring the reform our public health service so desperately needs. The money announced today falls far short of the ambition contained in Sláintecare. The recurring overspend in the Department of Health is symptomatic of this lack of focus. This year, that Department will be €700 million over budget and once again, it is the revenue from corporation tax that will be used to fill that hole. For a Government claiming to be prudent and responsible, this is, unfortunately, neither.

With an ageing population we will need to see far more supports for people living at home, with dementia, with a disability or for those who are elderly and infirm.

Deputy Anne Rabbitte: Hear, hear.

Deputy Barry Cowen: Enabling people to live in their own home, if they choose to, should be and has to be a core goal. We have worked for an increase in funding for home help and home care packages that will have a real impact on carers. We need to see the Health Service Executive, HSE, service plan realise this. We need to see an increase of up to 1 million in home help hours. We need to see up to 2,000 home help packages. We need to see dementia care advisers appointed to meet the deficit and to help assist with that terrible vista that is facing many families across the country today.

Mental healthcare was also a central part of the confidence and supply arrangement and A Vision for Change needs to be fully implemented. The additional €55 million in this budget is welcome but needs to be matched into the future. The full roll-out of this strategy must remain a key objective for the Government. No healthcare system, public or private, can, of course, function without a fully resourced and motivated workforce. The level of work and care our health professionals provide for patients in their darkest hour cannot and should never be underestimated. The shortage of general practitioners, GPs in Ireland is reaching critical proportions. Across the length and breadth of the country, as I said earlier, GPs provide vital healthcare

services to communities. Without them, the entire health system would cease to function. According to the HSE, Ireland is facing a shortage of between 493 and 1,380 GPs by 2025. GPs across the country are closing their practices to new patients, thereby leaving people without this vital element of healthcare. People instead must report to accident and emergency departments where the trolley crisis is already at epidemic levels. Until we start to value our GPs, we will face many similar situations. The Government must commit to a process to restore financial emergency measures in the public interest, FEMPI, cuts for GPs if we are to stand any chance of meeting the health requirements of the public.

I want to raise the issue of section 39 workers because it is ongoing. When Fianna Fáil raised this issue time and time again, the Government dismissed the issue, ignored it and ignored the workers. The standard response was that these people were not public sector workers and so did not deserve pay restoration. Aside from being grossly unfair, hospices and other such organisations, which provide vital health services to communities throughout the country, were left in the unenviable position of either leaving workers without restoration or cutting services. We welcome the outcome of the Workplace Relations Commission, WRC, process in recent weeks but in a wider sense, the funding of voluntary section 39 organisations needs to be and must be addressed. The Government is of the view that the funding is sufficient. We all know hospices provide palliative care to thousands of patients throughout the country. Many of these hospices are facing funding deficits and there is a real prospect that services will need to be cut. Their pleas to the Government to date have fallen on deaf ears.

With a growing number of two-income families in Ireland, additional childcare services and supports are now required more than ever. There simply is not enough capacity at the moment to deal with the demand and costs have exploded. Hardworking families are being placed under ferocious pressure. Loved ones are often needed to fill the gap. Many parents, mostly women, are being forced to curtail their careers to stay at home because childcare is so expensive. That is notwithstanding the increases we have seen today in eligibility. The Minister for Transport, Tourism and Sport, Deputy Shane Ross, has been trying to appeal to grannies like a political Dickie Rock. Two for the price of one granny grants does not constitute a childcare policy. This is a key priority for Fianna Fáil.

A Deputy: It is great to be Deputy Ross.

Deputy Barry Cowen: Paid parental leave and subsidy increases must form part of a broader suite of measures, including shared maternity leave, to broaden the capacity of parents to share responsibilities. The additional resources announced are but a drop in the ocean, unfortunately, as well intentioned as they are. The prolonged delays in the roll-out of the affordable childcare scheme, ACS, which seems to be moving further and further away rather than getting closer begs serious questions of the Department. We need a far more radical approach to deliver childcare with the State driving it on.

Fianna Fáil has always believed and continues to believe that a well-functioning public service with appropriately paid public servants is the bedrock of an equal and prosperous society, the bedrock of an Ireland for all. This is why public sector pay and conditions formed a key part of the confidence and supply arrangement. We supported the negotiations between the Government and the unions and the public service stability agreement. We supported and facilitated the enactment of the subsequent legislation. Major issues with public pay and equality were not, however, addressed. The dismissive attitude taken by the Government served to add fuel to the already growing fire. Fianna Fáil called for pay equalisation for post-2011 workers from

the very beginning and pushed an amendment to the public service pay legislation forcing the Government to act. The recent agreement represents a sea change in policy for the Government that we welcome. Unions are in the process of considering the agreement and we await the outcome of that process but concerns have already been raised over the length of time it will take to achieve full pay equality.

Many commentators have criticised the amount of pay public servants have received over the last number of years. That commentary is misguided. If public pay was so high, why would there be a shortage of nurses, doctors, consultants, members of our armed forces and, in some cases, a shortage of teachers to teach our children? The fact of the matter is that in key parts of our public service, most notably in health, we have huge shortages in key positions. I welcome that the Government has implemented here today the recommendations from the Public Service Pay Commission but it would be a mistake to think that this in itself will address the significant shortages in key areas of the public service.

A fair society requires a social protection system that provides vital supports to those who need them most. Having a strong social protection package over the last two budgets ensured that the least well-off benefitted the most over the past two budgets. While some look down on those receiving social protection, Fianna Fáil most certainly does not. For this reason, we negotiated for a strong social protection package in this budget. We called for and delivered an increase of €5 in the State pension, as well as similar increases in the disability allowance, unemployment benefit and the carer's allowance. This brings the total increase under this agreement, across all scales, to €15. When people take the risk of starting their own business they need to be given adequate protection if that business fails or they are forced out of work. We called for pay related social insurance, PRSI, relief to be extended to the self-employed and I welcome that this has been delivered. The social protection package negotiated in this budget is consistent with the previous two and will provide much-needed relief to people on the ground.

Education is the cornerstone of a prosperous State. It is the ladder of opportunity for every generation. That is why Fianna Fáil has fought to advance it in the confidence and supply arrangement. The pupil-teacher ratio has been successfully reduced, guidance councillors have been restored and postgraduate grants have been reopened for lower-income students. Far more needs to be done if education is to continue to be a viable path forward for all children, regardless of where they are from. Too often, parents are expected to make voluntary contributions to the running of schools. This is yet another expense for families to stump up. Fianna Fáil believes no parent should be asked to make such contributions and that free education should be free. The increase in the capitation grant of around €10 million for schools in a given year is a welcome step but much more progress is needed.

In respect of justice, the most important function of the State is to provide safety and security to the people in order that communities throughout the country can live in peace. An Garda Síochána is on the front line in that quest. It often provides comfort to those undergoing unimaginable trauma, continuously tackles the violent criminal gangs that are all too common in Ireland today and polices our roads in order that lives can be saved from the carnage of motor accidents. Morale in the force has taken a significant hit in recent times and reform of the organisation is essential. Implementing the recommendations of the Commission on the Future of Policing must be a priority for Government. Key to that reform, however, is having enough gardaí on the street. For this reason increasing Garda numbers to 15,000 was a fundamental part of our 2016 manifesto and subsequently the confidence and supply arrangement. With 800 new gardaí in 2019 on the streets and in rural areas the force will be better placed to serve the

public and tackle crime.

The current strain on our Defence Forces is not only a risk to the country but also deeply disrespectful to the men and women who serve this country. Our sailors continue to perform heroically in very difficult circumstances in the Mediterranean. Our soldiers are deployed in some of the most hostile environments on the planet and continue to do this country proud in seeking to bring peace and stability to regions tormented by war. At home the Defence Forces defend this State with dedication and honour. It is altogether shameful that we continue to hear of the conditions our men and women in the Defence Forces have to put up with. Our dedicated service men and women in Óglaigh na hÉireann need to be treated with respect. I look forward to the next stage of the Public Service Pay Commission which will deal with this issue and focus on the pay and conditions in the armed services. The current situation cannot continue. A pathway for fair pay and conditions for our Defence Forces personnel must be put in place.

Urgent action is required to tackle climate change. It is now certain that Ireland will miss its climate change targets under the European Union energy directive and the Paris Agreement. This will not only be damaging to us financially, but will be catastrophic if every nation fails to meet its targets as well. Ireland will be particularly vulnerable if climate change becomes irreversible. Last year, my predecessor and colleague, Deputy Calleary, indicated there was a need ensure the new national development plan was climate-proofed. It has now emerged that no such proofing took place, which shows where Fine Gael stands on the issue.

As Deputy McGrath alluded to, the agri-food sector is most vulnerable to the impacts of Brexit, no matter how Brexit actually unfolds. Farmers up and down the country are living in fear of what Brexit may bring. If a no-deal Brexit takes place this sector will be put under ferocious pressure. Family farms will be particularly vulnerable. I welcome the launch of the new pilot project for the suckler cow scheme. It is shocking that the Brexit loan scheme, announced last year, has not yet been established. This is yet another example of Fine Gael failing to deliver for farmers. Cash flow in the sector is already under severe pressure and low-cost credit is critical to helping them survive. They expected that facility to be available to them long before now. The Minister, Deputy Creed, confirmed last week at a committee that it will be open for applications in early 2019, which gives very little time to adjust to Brexit which is set to materialise, in whatever form, on 29 March 2019.

The decline of rural towns and villages continues to be a major issue facing the country. There is a clear disconnect between the more prosperous urban areas and rural Ireland. The decline of the post office network is just the latest in a series of blows to rural Ireland. Banks too have closed their branches, leaving local businesses high and dry, and the Government has failed to deliver on broadband. The national broadband plan now lies in tatters and on the brink of downright collapse, although we hope this will not be the case. This is having a devastating impact on rural towns and villages, where broadband connection has the potential to breathe new life into an area. With support from Government rural areas can be reinvigorated. In the 2016 election Fianna Fáil called for the expansion of the LEADER programme and the reopening of the CLÁR scheme, along with the local improvement scheme. However, the Minister, Deputy Ring, and his Department seem to be the Cinderella of the Cabinet. The underspend in the Department does not bode well for having any positive impact on rural communities. LEADER and the town and village renewal scheme, as well intentioned as they are, are falling far behind profile. Once again, delivery on announcements comes back to haunt this Government. Rural Ireland deserves better.

9 October 2018

The tourism sector will be disappointed by the VAT increase, in particular those who own small and medium sized hotels and restaurant owners in rural and Border areas. I welcome the €35 million for the tourist sector that was announced to help to counteract the VAT increases, and I look forward to hearing from the Minister for Transport, Tourism and Sport as to how exactly this allocation will be utilised.

Our national language and rich culture is not simply an economic asset; it is an intrinsic part of who we are as a people. My party and I are disappointed with the lack of progress on further funding for the Irish language towards achieving the aims of the 20-year strategy.

Our tradition of sporting endeavour across a wide range of fields has always done us proud. Funding for sports needs to be more than just a PR stunt for the Minister, Deputy Ross, at Dublin Airport.

Fine Gael's dire record on capital expenditure from 2011 has left Ireland lagging far behind its international competitors and struggling to cope with a growing population. The crises in health and housing are testament to that neglect, and will now take years to resolve. Earlier this year the Government announced, amid much fanfare, a new and glossy national development plan, under which we will see new schools, new hospitals, new transport links, new roads and new Garda stations. Critically, and all too characteristically, the report was scant on detail. Given the appalling nature of housing and health in this country, one is entitled to ask when these new capital projects will be delivered.

The Summer Economic Statement confirmed that €1.5 billion extra in capital expenditure was to be spent in 2019. This is to be welcomed, but when asked what this €1.5 billion would be spent on there was precious little by way of concrete plans. On numerous occasions I asked the Government to provide details, both here in this House and in the Committee on Budgetary Oversight. Frankly, the answers I received back were equally scant on detail, and I regret to say they displayed the same pattern as all other plans introduced by this and indeed the last Government. Will the national development plan be delivered for the people? I sincerely hope so, but I fear not. Fianna Fáil would establish a national infrastructure commission to oversee the delivery of the national development plan and outline key priorities to the Government. The failure to establish such a body under the national development plan was a serious mistake and I fear the plan will now drift and deadlines will be missed.

We need a clear transport plan for Dublin city. With a growing population the capital is already bursting at its seams and major transport blockages are emerging. We need more buses rather than fewer, and we need key transport links to the airport.

This budget represents the third budget under the confidence and supply arrangement. Many predicted that we would not get to the first budget. Many predicted we would not get through the removal of water charges. Many predicted we would not achieve a second budget, not to mention a third. I am firm in my belief that Fianna Fáil has made a positive impact on the direction this Government is taking.

Deputy Kevin O'Keeffe: Hear, hear.

Deputy Barry Cowen: This is not the position Fianna Fáil wanted to be in before the 2016 general election, but when Ireland required a stable Government we chose to act, and in so doing changed the direction the country was heading. Every Member in this House seeks to serve the citizens of this country and seeks to improve the quality of life for the public. We cannot

allow politics in this country to fragment in a way that leaves the door open for extremist groups who wish to impose their views on society. We must serve the public. We must give them the vital public services they require. We must create an environment that enables them to work in a decent job so that they can provide for themselves and their family, and we must ensure that they have a safe roof over their heads.

Fianna Fáil believes that only by working towards these aims can we achieve a prosperous and fairer Ireland. This budget is certainly not the budget we would have written, but there is little doubt that this budget is a fairer one because of our input via the confidence and supply arrangement. Through often difficult discussions and messy compromises we have upheld our side of the agreement. We look forward to the finance Bill, which will hopefully address some of the issues that have not been detailed in the budget. We look forward to the Revised Estimates in some areas which will account for some of the commitments given during the course of our exchanges. This budget is fairer because of the input of Fianna Fáil, and can accommodate the needs of all. We are thankful that we have been able to preside over three budgets that did what they said on the tin in terms of the ratio of funding for vital public services compared to taxation.

Deputy Pearse Doherty: It is all well and good for Fianna Fáil to come in here, make jokes and quote Brendan Behan. However, Brendan Behan also said, “It is a good deed to forget a poor joke” and maybe Deputy Cowen should keep that in mind.

Fine Gael’s budget is a poor joke, but Fianna Fáil laughing in the face of homeless children is even worse. Let me remind Fianna Fáil of the backdrop to this budget it has carved out with Fine Gael. It is a backdrop in which 10,000 citizens are homeless, 4,000 of them children. That is 4,000 lives, 4,000 childhoods forever altered because of Fine Gael’s and Fianna Fail’s policies and their simple inability to present a budget that took those children’s side. These are children whose only offence was to be born to parents who fell on hard times. How many times must we tell stories like that of Amanda, a teenage girl who is living in a hotel room and whose life is passing her by? How many times do stories like that need to grip the nation before the Government finally presents a budget capable of addressing this crisis? When a teenage girl made homeless by the policies of the Minister’s Government has to pour her heart out on national radio to get noticed, what does that say about the Minister, his Government and their last budgets? When the Minister announced his first budget under the Fine Gael and Fianna Fáil confidence and supply agreement, Amanda was in emergency accommodation. When he came here last year and announced his second confidence and supply budget with Deputy Michael McGrath, Amanda was still in emergency accommodation. As he takes to his feet today, Amanda is still homeless.

Deputy Barry Cowen: There is still no Government in the North.

Deputy Pearse Doherty: We know that there are 10,000 other Amandas out there. For them budget day is like “Groundhog Day”. The question people ask is why they should trust that anything will change in budget 2019. Will anything be different? Will we be standing in this Chamber again next year, talking about Amanda or another Amanda? The answer to that is probably “Yes”. That is because despite all the numbers the Minister threw out on the floor of the House today, the additional capital investment the Minister has provided to the Department of Housing, Planning and Local Government is a paltry €80 million. That is €80 million in the face of a social crisis that this State has never seen before. Deputy Michael McGrath has the cheek to stand up and say that this is a housing budget. Some €800 million was available, plus

another €700 million in additional tax revenues. That is a discretionary €1.5 billion available for this budget and the Minister has allocated an additional €80 million in capital. Shame on him. It is a betrayal of the people who are in emergency accommodation. It is a betrayal of those who cannot afford the rents that are being charged in this State and the adults who have to live at home because they cannot afford a house. Deputy Michael McGrath says this is a housing budget but it is far from it.

We did not get here overnight. No event in the last ten years has shaped the values or attitudes of the people of this island more than the bankers' crash of 2008. It shook this island, every family and every community to the core. Out of the ashes emerged a type of bargain that was foisted on the Irish people, forged in the crisis boardrooms of the political and financial classes. With the economy on its knees, with fear and worry lingering over families in the State, a great scandal was invented. It was the long scam. It was a story saying that somehow the Irish people were to blame for the greed and negligence of the privileged and untouchable few. The story said that we all partied and we all must pay. It was written mostly by the pens of those nameless bankers in white collars, the architects of the economic chaos, men who had accumulated obscene wealth at the expense of the livelihood, trust and the dignity of the Irish people. It is a story absorbed and dispensed by the political class, by the Minister's party and the party opposite. It was a story with a single-minded purpose; to deflect blame from those who caused the crisis. All of a sudden it became the creed of those who should have felt the force of the anger. As a society we have splurged, went the mantra, and as a society we must pay. The people paid, they suffered and they endured. This day, budget day, became a practice of heaping blame and scorn on the Irish people. It was a grim litany of one of the greatest frauds and ideological scandals ever concocted by the leaders of this State. However, it was endured. It was endured because the story only worked when it rested on the other part of the bargain. Again and again the Irish people were told to pay the costs now and reap the rewards later. All the while, the Minister's Government and others dangled that hope for a better future in front of them.

So the people waited in the isolated rural communities I, and many others, come from. They watched as their way of life collapsed around them. Entire generations of our best and youngest were forced to emigrate and countless families watched as their incomes disappeared and the costs of living became simply unaffordable. However, the story and the bargain of suffer now and enjoy later continued.

There is no doubt the Minister presented this budget to the House with a looming election in mind. He could have convinced the Irish people that the story was at an end, but now it is time to be honest. Níl aon bhaint ag an bhuiséad seo nó ag an aon cheann roimhe leis an bhob a bhí á bhualadh ag an Rialtas ar dhaoine le deich mbliana anuas. Ní raibh sé seo déanta ach ar mhaithe le beartais déine a chur i gcrích nó le nithe deise a thabhairt amach ag an am ceart. Níorbh botún sealadach, dosheachanta ab ea an cruatan a bhí curtha ar mhuintir na hÉireann le dornán blianta anuas.

Every step the Minister and his Government have taken has been a deliberate one. It has been a journey of the political class that was calculated and very clearly deliberate. Choices were taken that, like choices the Minister has proposed today, were grounded in the ideas advanced by people who saw their moment in a time of crisis. The dividends following the years of hardship endured by Irish people are not being shared fairly by Fine Gael or Fianna Fáil in this budget. Austerity was the excuse in the past, stability is the excuse now and when the time is right another excuse will be found.

This budget is the latest step towards a vision for Ireland. It is a vision that sees Ireland as a land divided between the elites and the struggling. It sets two sets of rules - one for those who must prosper always and one for those who will always struggle. It is a vision that fans the embers of the culture of greed that corrupted this State in the last decade. It breathed life into the rotten culture of banks and the wealthiest in society. It is a “Don’t worry, your day will come” again one.

These are the families who suffered and played their part in the bargain. The question to the Minister is this. Where is the reward? Will budget 2019 give them a health service they can rely on? Will they have a place to call home? Will it result in shared prosperity? Will it check the excessive wealth and power at the top? The answer to all of those questions, unfortunately, is “No”.

The Government has presented a budget that attempts to buy the silence of the Irish people and sell them the *status quo*, that offends their sense of decency and which they know is wrong. They have watched as this Minister of Finance and the one before him presented budget after budget, simply blind to the human suffering that is all around us.

The Minister and I know that the people of this island were brought up on a set of values that said that the treatment of those most in need is the real measure of a person. Indeed, it is the only true measure of a meaningful society. Yet 100,000 workers, people who go to work early in the morning and do their day’s work, return home to a life of poverty because their wages cannot cover the cost of living.

One in five citizens in this State is on a waiting list for basic medical care, in one of the richest countries in the world. Almost a quarter of Irish workers are low paid by international standards. All this is happening on the Minister’s watch. Too many parents, predominantly women, must give up on their career ambitions because they are beggared by the cost of child-care. Countless others are heartbroken in work while their children are being minded by others because the high cost of living demands that two wages come into the house, simply to keep it going.

Too many families have no rainy day fund of their own. They are doing fine now, just getting by, but they are only ever a few pay cheques away from difficulty. A kitchen appliance failing; the car breaking down; an illness striking or any number of things could quickly become a game-changer for them and their families.

The dividends of recent growth could and should have been shared fairly and more effectively. That would mean targeting spending in the right way. Budget 2019 should have focused on reducing the costs of necessities so that people’s incomes could go further at the end of the week and ordinary people could live a good life now without fear of the future. However, budget 2019 has fallen short in this regard. Booming banks and vulture funds have more backing from the Government than the renters whose wages continue to fill the bulging pockets of landlords. As the Minister presents this budget, this is the real story of Irish society and the people who will not have the benefit of what the Minister has announced today. Seo de bharr an cleas a bhí á imirt ag Fine Gael agus ag na haicmí polaitíochta agus é fós atá á imirt acu. Most citizens know this story only too well. We have a cost of living crisis that has made it impossible for countless families to make ends meet or plan for their future. I can only deduce that this is simply because the Government does not understand. It has had seven budgets over seven years, with three in lockstep with Fianna Fáil. What has changed for young people and those without

a stake in society? Young people today still cannot aspire to have what their parents had before them. They tell us all the time the rental pressures are taking every last disposable penny from them. They tell us they can never aspire to own their own homes in the capital but there are no significant measures in the budget to address this section of society.

Cha dtuigeann tú an anró atá ag baint leis an rogha atá le déanamh ag daoine agus iad idir dhá chomhairle faoi cé acu an íocfaidh siad as an chuairt doctúra nó an íocfaidh siad as na hear-raí grósaera don seachtain. Ní thuigeann tú an inní atá ar daoine nuair atá an carr le tabhairt don mheicneoir nó nuair atá an éide scoile le deisiú. This is the problem. The Government rules as a minority for a minority and this is their budget. It is an insult to the struggling majority, who see little in today's budget for themselves.

It is a budget for landlords and there is no doubt about that. The Minister has ticked that box and I am sure Fianna Fáil had its fingerprints all over it. It is a budget for banks. They will keep their tax holiday and will not pay a penny tax for the next 20 years. It is a budget for the *status quo*, which has outright failed the people of Ireland. No further proof is needed than the minimum wage proposal presented today. Irish workers get up early and put in a hard day's graft for wages that should cover the basic cost of living day to day. This is a very simple proposal but despite the fact these are the wealth creators in society the Minister has given them nothing to lift their worry and help them pay their bills. There has been an increase of 25 cent in the minimum wage. These workers deserve at least three times what Government is proposing. They should have been looking forward to a pay rise of about €1,500 next year under Sinn Féin's proposals. Instead, what they face next year is financial hardship every bit as stifling as it was the year before.

Civil Service and public sector workers will also have to wait for a living wage, which the Government still has not delivered for them. People in our public services provide the services on which people depend and they are still not provided with a living wage. They are also waiting for the right to basic pay equality. The Government continues to stand over a reprehensible policy of paying public sector workers less for the exact same work as their colleagues. Perhaps the Minister will tell me why some of these public sector workers will have to wait until 2025 to have this basic right recognised, while he and his Fine Gael colleagues will enjoy a cosy pay rise over the coming weeks.

Over the past four budgets, the Minister has taken more than €2 billion out of the income tax base while creating crisis after crisis in our public services. He removed €2 billion from USC and income taxes at a time when we have 707,000 people on hospital waiting lists, hundreds of patients on hospital trolleys needing medical care, who were admitted to a hospital where there is no bed for them to lie in, and 10,000 people, including 4,000 children, in emergency accommodation.

Today, the Minister announced cuts of another €284 million, compared to the €80 million of resources additional to the national development plan for housing. This sums up the priority of Fianna Fáil and Fine Gael. Perhaps Deputy Michael McGrath might tell us how this is a housing budget. How can this be a housing budget when only €80 million is provided while the 18% of highest income earners in the State get a €130 million tax deduction. These are the bankrupt policies of Fianna Fáil and Fine Gael. No matter what way it is dressed up the people are not fools. They see through it. The Government will deliver just over 400 additional social houses in 2019. It is pathetic in terms of the scale of the crisis we have in housing at present. The Minister's job is to keep the base happy, tick the boxes to try to buy silence and hope people

will turn a blind eye to the crises unfolding before them, whether in housing, the cost of living or the health sector. Token tax cuts will not lower the cost of living for the overwhelming majority of families today. They will not make it cheaper to rent or buy a home. They will not give peace of mind when sending their children to childcare, which now costs a second mortgage.

We have been here before. A clamber for tax cuts driven by certain sectors left us exposed and vulnerable in the past. The Minister thinks we can afford it because corporation tax receipts are increasing. Replace corporation tax with stamp duty and we are back to 2007. No matter how many times the Minister says this is prudent, responsible and not whittling out the tax base what he is doing is crazy. It is absolutely daft that he is repeating the mistakes Charlie McCreevy made during the boom. He should not be whittling out the most sustainable tax we have and instead basing the budget on fleeting corporation tax receipts.

Promising tax cuts to the base to keep it happy, undermining our public finances, and running our public services into the ground are the mantras. The Minister and his party have long been spreading fear about tax in our society, taxes on which society itself depends. This is fear mongering and Sinn Féin rejects it out of hand. The Minister is incapable of taking on the issue of high wealth individuals and their tax responsibilities. There are more millionaires and billionaires in the State than ever before while more and more people continue to suffer from week to week. The recent report by the Comptroller and Auditor General made clear just how easy it is to avoid tax in Ireland if people have the wealth to do so. The Comptroller and Auditor General stated that the 140 high net worth individuals, who have assets in excess of €50 million, had taxable income of less than €125,000. It gets worse. Of these, 83 had taxable income of less than the average industrial wage. They were paying more to their tax advisers than to the Revenue Commissioners. They pay a lower rate than somebody working in a supermarket or hairdressers. It is an absolute scandal and there was not a dicky bird today from the Minister to deal with the fact this is happening under his watch. It is the Minister's job to make these people pay their fair share but he does not seem interested in doing so.

Tá bród orm mar Úrlabhraí Airgeadais Shinn Féin agus ar mo pháirtí, gur thig linn a rá go léireodh muid dea-rialachas ó thaobh beartais cánachais, agus go gcuirfeadh muid deireadh leis an ionsaí atá á dhéanamh ag an rialtas seo ar seirbhísí poiblí. Sinn Féin, and I as its finance spokesperson, are proud to be a party that says we will tax fairly and sensibly and bring this Government's attack on public services to an end. The Government cannot have it both ways. It cannot have a low tax economy while at the same time have decent public services. We have made it very clear that 99% of the population will not see an increase in their tax rates. The budget means a 45% tax on income of more than €140,000. This is the tax on the 1%. Yes, it includes the Minister but there is no reason income cannot be generated from this source of revenue to deal with some of the crises the State is facing.

The other revenue raising measures introduced or updated today, including VAT changes and gambling duty, are fundamentally needed and are to be welcomed. I will sound a point of caution on some of these. They are needed because the Government has increasingly allowed our tax base to be built on sand. This cycle repeats itself every budget time. The increase of 2% proposed by the Minister on betting tax is the worst move possible in my view. I have studied this at great length and we have argued consistently that betting taxes needed to be introduced. By introducing it at 2%, the big operators like Paddy Power will absorb the cost and the high street betting offices will be put to the wall, with job losses and more closures in rural communities and towns. There should have been a 3% rate of betting duty to be paid by the punter. That would ensure the big operators could not have absorbed the increase and would leave the other

firms continuing to operate in our society. We will deal with that in the finance Bill.

Fair taxes must also be stable and have a clear and transparent intent. The decision to lower the VAT rate to 9% on hotels was broadly welcomed and reflected the difficulties facing the tourism industry at the time. It should have ended before now and today's decision to reverse the rate drop was long overdue. I understand the concern felt by many in the sector, particularly in the regions, about the rate reverting to 13.5%. However, we must acknowledge that the beneficiaries in recent years have been large international investors who were pocketing hundreds of millions of euro in subsidies through Dublin, Cork and Galway hotels. The hotel argument is over and the facts speak for themselves. It has been clear for the past number of years that average room occupancy rates and prices no longer justify the subsidy available both in our capital city and elsewhere. I do not agree with the full restoration of the 13.5% rate in respect of restaurant and pub services. That case has not been made, and particularly in the face of Brexit, an incremental step to bring the rate to 11% should have been taken first. It is something my party and I will revisit in the finance Bill.

Tá a fhios againn uilig go bhfuil cáin iontach tábhachtach. Braitheann seirbhísí sláinte agus seirbhísí poiblí ar an cháin a tagann isteach. With each passing year, more and more corporation tax flows into the State coffers. Given the most recent boon, the State will collect €9.5 billion in corporation tax this year. We know it will not be there forever. Sinn Féin has long made the case that it is the responsibility of the Government to shore up and stabilise our public finances. This budget fails in this regard. With respect to corporation tax paid, the Minister for Finance has failed to ease the concentration of where it is collected. This is clearly a threat to our economic stability and it must be addressed. However, it must also be seen as a temporary opportunity while revenues flow to try to undo the utter neglect this Government has shown, particularly in the area of capital investment. There is an opportunity to use this moment to do what should have been done years ago, which is to build houses, upgrade and invest in infrastructure. The Government has gone to great lengths to lecture the nation about prudence over the past year but building our health funding on sand in a time of crisis is negligence of the highest order. It is absolutely stunning that the Government is funding healthcare with increased corporation taxes when everybody and their dog knows it should not happen. As Sinn Féin advocates, those receipts should be used to address the deficits we had over the past ten years, not least in the building of social and affordable houses.

Our tax base needs stability and our health service deserves the same. This budget is not an opportunity for accounting tricks and short cuts. Mr. Seamus Coffey in his report on Ireland's corporation tax system argued for the end of the 100% rule that allowed huge multinationals write off intangible assets onshored here to be written off against profit at a rate of 100%. It is still impossible to understand why the former Minister, Deputy Noonan, introduced the rule in the first place but when he limited it to 80% last year, the current Minister excluded those assets already onshored. Taxing these assets going forward would bring in €750 million per year. It is something argued for not only by Sinn Féin but by the expert which the Department asked to draft the recommendations. That €750 million would be nearly ten times the announced additional investment made in social housing. We know that funding would not last forever but it could be used to invest in our capital infrastructure, especially housing for our people.

This is the third budget that this Government and Fianna Fáil have shamelessly called a "housing budget". The Minister stood in this Chamber two years ago and told us how the budget would transform housing. The Fianna Fáil finance spokesperson stood in this Chamber last year and said the budget would be judged on its record in respect of housing above all else.

With 10,000 people homeless as they present another “housing” budget today, their third on the trot, the people of Ireland are casting judgment once and for all. They are demanding that the Government brings its disgraceful housing and homelessness crisis to an end or move aside for someone who will the job for it.

Deputy John Brady: Hear, hear.

Deputy Pearse Doherty: Thousands of citizens, young and old, crowded the streets outside this building to demand their rights and substantial change but the Government has delivered nothing. It has let them down miserably. What has been given in the budget? There will be €120 million more than pre-committed expenditure and €80 million in addition to NDP commitments for 2019. The only additional measure for social housing to be delivered next year amounts to 490 units. We also have the big trick from Fianna Fáil. Its big measure was to be an affordable housing package amounting to €89 million for 2019 but €75 million of that was already in place.

Deputy Michael McGrath: That is not true.

Deputy Pearse Doherty: The serviced site initiative for 2019 is €75 million.

Deputy Michael McGrath: It is over four years. The Deputy’s numbers are wrong.

Deputy Pearse Doherty: The crisis is happening now.

Deputy Barry Cowen: Get over it.

Deputy Pearse Doherty: I know this is difficult for the Deputies to swallow, as they spent the past two weeks in Government Buildings.

Deputy Barry Cowen: The Deputy should get on with it.

Deputy Pearse Doherty: They walked out with €14 million for social housing.

An Leas-Cheann Comhairle: Deputy Doherty, without interruption.

Deputy Barry Cowen: The Deputy should do his sums.

Deputy Pearse Doherty: It is unbelievable. No wonder the rest of their party has abandoned them.

Deputy Michael McGrath: The Deputy is wrong.

An Leas-Cheann Comhairle: Deputy Doherty, without interruption. He should address the Chair.

Deputy Pearse Doherty: It is important to point out that €75 million for the serviced sites initiative is there for 2019.

Deputy Michael McGrath: That is wrong.

Deputy Pearse Doherty: Fianna Fáil found €89 million in total, an additional €14 million.

Deputy Michael McGrath: The Deputy is wrong.

Deputy Pearse Doherty: It is a pathetic amount in the context of what is required to address the crisis.

Deputy Michael McGrath: He should stop digging when he is wrong.

Deputy Barry Cowen: He is making it up.

Deputy Pearse Doherty: Even if it were €89 million, which it is not, nearly ten times that amount is required. In our alternative budget, we proposed €1 billion in additional investment in capital infrastructure to deal with the social crisis. It is not about tinkering around the edges and presenting this to what Fianna Fáil must believe is a gullible public as a real or genuine effort to deal with the housing crisis.

People in Ireland will not be fooled. We know there are measures for landlords, while others measures were not included in this budget that Fianna Fáil were advocating on behalf of landlords. It is clear these parties will not get in the way of the privileged and the real estate investors making a fortune from a social tragedy that both parties created. It has never been a worse time to be a renter and it has never been a better time to be a landlord. After this budget, nothing will have changed.

Nothing will have changed for Orla. Orla is 28 and she is a nurse. Like too many nurses, she sees emigration as her only choice. She contacted me so that as I speak to the Minister today, I could give voice to an Irish citizen abandoned by the Government. Orla wants to do all she can to help those in need in our hospitals and right now she is doing just that. She is giving everything to help others in need but like so many people forced to the edge each month, she is worried sick about bills. She dreams of one day having a family but she feels that she simply cannot afford to do so. She is a nurse and the lifeblood of our health service who says she avoids going to a doctor when she is sick because she simply cannot afford it. What a travesty and a failure of this Government and everything it stands for. Orla wants to be successful and give the best care she can to Irish citizens but she is forking out more than €500 a month for a single room in Dublin.

Orla's story is the story of an endless cycle of Ireland's most devoted and talented citizens. They have care in their hearts, they love their country but they have been let down by the Government. Orla has been forced to endure a housing crisis that is forcing her to consider giving up her job, her dreams and her home. Nothing will change after budget 2019 for Orla. That is the reality. The Minister and his Government believe it is not the State's job to provide housing and they want to leave it to the market. The market has clearly failed. The Government is happy to leave renters to the mercy of landlords but all too often landlords are using loopholes to evict tenants and jack up rents. Today, the Government and Fianna Fáil have presented more solutions for landlords than for struggling tenants and those in dire need of a home, which says it all. These landlords are collecting rents that are more expensive than at any point in the State's history. The vast majority of landlords who will benefit from the increased landlord mortgage interest relief announced today are raking in fat profits. By itself, this measure is entirely useless. This budget is full of handouts and incentives for landlords but this is not a landlords' crisis; it is a renters' crisis. For another budget, the Minister has refused to give citizens any relief from this crisis. Freezing rents is what is required. We have said it time and again. Giving real certainty is what is required but the Minister has failed to bring this unforgivable mess to an end because he believes, as does Fianna Fáil, that the market will clean it up for him. He is blinded to the solutions because he does not believe in them. Sinn Féin has

proposed the construction of 15,000 social and affordable homes in its alternative budget for 2019, an emergency rent freeze and proposed tax relief for renters equal to a full month's rent. We have put forward a radical and ambitious housing package targeting the core pillars of the crisis in affordability and supply. This budget is starved of the ambition and focus needed to end this crisis. How out of touch must Deputy Micheál Martin and Fianna Fáil be to keep a straight face and call this a housing budget? How many times must the names and memories of citizens deprived of a basic human right, the right to a home in their own country, ring out in this Chamber and the streets outside this building before the Government finally grasps that it needs to invest in, and build, social and affordable housing?

As I said at the beginning of my contribution, for what will soon be three budgets that the Deputy and Fianna Fáil have declared "housing budgets", Amanda will be homeless. She says her life is being robbed from her. It has been robbed because of the policies of this Government. It is robbing the life chances of 10,000 homeless citizens. This is not a mild political problem that the Minister can ignore. This is now a social tragedy of historic proportions for which he and his Government will forever be blamed. Nothing he can do now will heal its reputation as an Administration and rightly so. All he can do now is do the right thing and invest but for another budget, he has failed to do so. Renters need a rent freeze, rent relief and a doubling of social and affordable housing in 2019.

This Government is running out of excuses and Amanda, Orla and the people of Ireland are running out of time. So on the day when the Minister has condemned this State to yet another year of widespread and systemic housing policy failure, let us not mince words. This Government is responsible for creating and repeatedly deepening one of the worst social crises in the history of the State and has done so with the support of its colleagues in Fianna Fáil because the housing crisis is the direct result of the policy failures of the two parties passing the budget before this House. They alone are responsible for the failure to invest adequately in social and affordable homes. They could have taken that decision at any time over the past seven years but they refused to do so, instead cutting taxes and ensuring the wealthiest and the elite in society were protected at all times.

What is most frustrating for people, and for me as a public representative and finance spokesperson, is that all of this is avoidable. There is no reason the "supplying incompetence" agreement between Fine Gael and Fianna Fáil has brought forward three budgets that have completely under budgeted for our health service. Health is one of our most important public services. For some time now, in budget after budget, we have witnessed the systematic underfunding of the health service. The inevitable outcome is that the health service cannot deliver the services people need without going over budget because it was underfunded in the first instance, which has resulted in what the Minister likes to call an "overspend". This budget offered the opportunity to set out a sustainable and credible funding path for health to address capacity issues and funding shortages and to deliver a sustainable delivery plan for Sláintecare but no capacity solutions have been offered. We have not heard any. Instead, we got financial chicanery and budgetary deceit. The Minister has not offered a sustainable way forward for the health service and his measures have put it at huge risk in the coming years. He has used unexpected and unreliable corporation tax receipts for a quick, short term fix for the health budget, which is wrong. He has done this on the back of a corporation tax bonanza announced during the weekend. What has he done? He has blind sided the Opposition and the public and responded to the Government's chronic under funding of health by throwing volatile multinational tax receipts at our hospitals and our primary care centres instead of putting them on to a

sustainable footing. The short-termism of funding a health service off a once-off corporation tax windfall is not just deceptive but extremely dangerous. We have been here before. The script has been written on the Opposition benches. Short-term populism through volatile revenue has Fianna Fáil's fingerprints all over it. The Minister scrambles to plug the gap this year with corporate tax receipts that are volatile and heavily concentrated but they simply cannot be depended on.

I remind the Minister of the consequences of the Government's neglect. One in five people are stuck on waiting lists for basic emergency care. These people need it but they cannot get it in a broken and under-funded system overseen by Fine Gael for seven years now. The life chances of children with acute illnesses are being thrown away because they cannot access the services they need. There are pensioners whose lives have been put on hold until they can see a surgeon. If this is all the health system can offer citizens in a society as wealthy as ours, then it is a sign of an unprecedented failure. Around the world, citizens can have their needs met on time and as a right, not as consumers. This is what the Irish people deserve; nothing else will do. Tinkering around the edges will not deliver the health service that is their right. The Minister has proposed to reduce prescription charges for those over 70 by 50 cent and the drugs payment scheme threshold by €10. Prescription charges are a tax on ill health and any measure to lower them is welcomed but the Minister's moves on prescription charges and the drugs payment scheme are not ambitious enough and should have gone a lot further. It is unfortunate that it seems they will only be reduced for those over 70 as these costs are a huge burden to working families as well. Sinn Féin had budgeted for a €1 reduction in prescription charges across the board as the fairest way to reduce this unfair tax on ill health. We also budgeted to lower the drugs payment scheme to €100 and it is disappointing that the Government is only suggesting it will reduce this to €124. Medicines are completely unaffordable for countless families in this State and the Minister has done the least he possibly could to change this reality.

Today, he has once again failed to end the staffing crisis that is impacting on public health. We know that nurses and midwives are balloting to reject the Minister's pay agreement and we have the distinct possibility of a strike among these professions, yet he chose not to address the issues that are causing a recruitment and retention crisis throughout the health service. He has made it clear to them that they will be waiting until the Government is swept aside. Our health service needs real and sustainable investment into the future. The Minister has not done this today. Instead, he has used volatile corporation tax receipts to fund current expenditure in health, used the health service as an election tool and put it in danger of collapse in the coming years because his investments are not sustainable.

He announced new funding for the NTPF. This has Fianna Fáil's fingers all over it, which it proudly admits. The party is siphoning public moneys to line the pockets of private healthcare. Are private healthcare operators now vying for top spot on the Fianna Fáil gravy train along with property developers because it looks that way? The NTPF is short-term populism. As Dr. Sara Burke of the Centre for Health Policy and Management in Trinity College has pointed out, "Over a decade of pouring hundreds of millions into the NTPF is proof it does not address the underlying causes of the long waits for public patients in the first place", yet Fianna Fáil and the Government simply do not get it. Diverting public money into private healthcare is not only wrong; it does not make any financial sense in the long run. While we welcome the extension of GP care to what we understand is up to 100,000 people, this is the first acknowledgement that the Government cares at all about giving people the healthcare they deserve. However, it has not announced how capacity will be increased to deliver this. Based on speaking to GPs

this morning, it seems there has been no consultation on delivering this. Currently, there is no capacity to deliver the levels of care we currently have and the Government has done nothing to change this. There should have been dialogue and investment first in increasing the number of doctors on the GP training scheme in order that the number of GPs and the capacity to deliver services can be increased.

4 o'clock

This would have enabled patients to be seen for free in a timely manner and not be forced to wait weeks for an appointment or be forced to attend an emergency department for treatment. General practitioners are the cornerstone of our primary care services and we must ensure that we have a supply of GPs for the whole of the State. However, the Government completely ignores their concerns and opinions and has done nothing to tackle the capacity crisis in primary care. Expanding primary care must be the start of a long-term plan of investment in health, towards a truly universal system based on need and we must have the capacity to deliver that. If the Government was serious about free GP care, it would have delivered on this but it is not serious and it did not do so.

The only end point for our health service is a universal system of world-class care, free at the point of need for every Irish citizen as a birthright. If we want a system truly worthy of the compassion and duty of care Irish citizens show one another, then the Government has to fund it and fund it in a sustainable and long-term manner. The Minister was faced with the choice today to sustainably address the systematic problems that were the result of underfunding the health service over many years and he chose to engage in the same type of voodoo economics that drove us to financial ruin more than a decade ago. The Minister's actions today regarding the health service put the future sustainability of this most essential public service at even greater risk.

Childcare costs are increasing faster than subsidies are matching them. Despite the measures introduced today, which are welcome, many families will continue to pay the equivalent of a second mortgage. With the exception of what citizens must pay for a fundamentally broken system of housing provision, childcare is now a primary burden on family incomes. In fact for many people, overwhelmingly Irish women, the only means by which it can be avoided is to sacrifice their career ambitions. This says to these women that their lives are not equal. How many careers were set aside because care for children was simply out of reach? Tackling the cost of childcare is one thing, but introducing meaningful reform to the sector is also important.

Sinn Féin proposed slashing the cost of childcare in half but most importantly, we would also make an allocation to make the minimum entry level wage for childcare workers a real, living wage. This would be a core component of a new and comprehensive sector-wide agreement that would improve working conditions and quality of service across providers in the State. Furthermore, we also would increase capitation grants to childcare providers next year to enhance core funding and drive quality improvements. These are the decisions needed to give Irish people the public services they deserve and have earned, having endured the Government's austerity programmes for years.

There are many challenges as we face into the uncertainty of Brexit. If recent weeks are anything to go by, the DUP-Tory alliance is hell-bent on inflicting as much economic damage to this island as is within its power. Citizens' rights must be protected and businesses need certainty. This will be one of the biggest political and economic challenges of a generation and the

Irish people need a proactive Government, willing to step in and invest in their needs. This is with or without a hardening of Britain's Border in Ireland. Whatever the outcome of Brexit, the outcome for Ireland will not be good. As a priority, we need to do all that we can to prepare the economy for many rocky Brexit years ahead. This means investing more into education across all levels. This means capital investment and it means investing in the full potential of small and medium-sized businesses on this island. These are urgent objectives for the Government and this budget shows another missed opportunity to achieve them. What is needed to help upgrade the capacity of small and medium-sized businesses is a further investment in their digital profile. One fifth of businesses have no digital presence whatever and one third cannot process orders online, but nothing in this budget will give struggling small and medium-sized enterprises, SMEs, such backing. This budget needed to drive productivity among small businesses at a time of uncertainty. Making research and development tax credits more accessible to small enterprises would be of vital importance to their fortunes in the future, as would increasing from 25% to 30% the rate at which they can benefit. These are measures which Sinn Féin proposed but against which the Minister turned his face. If this is a Brexit budget, and it must be, then it has failed to give the investment needed to get our economic house in order. Sinn Féin would have increased funding to Enterprise Ireland to a record €300 million, with an increased allocation of €27 million, and would have increased support for IDA Ireland to continue to drive foreign direct investment in difficult times ahead, particularly in the regions. That needs to be done, however, with the support of others.

While this budget delivers a €1.5 billion increase in capital spending this year, that is barely enough to undo the damage done by years of neglect by this Government, when we had the lowest investment in capital among our EU competitors. Having allowed this bottleneck to develop, there also are doubts about the Government's ability to deliver on this spending. To give real certainty to any capital plans, this budget needed to invest in a new generation of Irish workers. It needed thousands of more people learning trades and getting involved in apprenticeships; more than the Government has forecast. It needed investment to support these positions and to encourage more women to learn these essential skills. It failed to deliver on any of this and has not been ambitious enough in this regard.

As part of Brexit, there is an opportunity to develop a long-term and more sustainable vision for Irish industry and enterprise. Unsurprisingly, it is an opportunity not seized in this budget. The productivity gap between booming multinationals and our indigenous sector is growing. In many ways, this is creating two economies on our island with a high-profit, high-wage and extremely low-tax environment for billionaire tech firms and a much lower-wage, less productive cohort of small and medium businesses whose biggest markets and opportunities for growth are now receding from the world. In recent years the exports of small enterprises on this island have become increasingly concentrated in Britain and the United States, the President of the latter referring to these exports as his "foe".

World-class public services must be supported by a dynamic and cutting-edge private sector but it must be socially responsible, rooted in community and one in which workers have a real stake. Sinn Féin wants to rebalance our economy and we believe Ireland and its workers deserve a new and ambitious industrial policy. This must rebalance meaningful and productive economic activity to ensure it takes place in every community on our island. As the damaging impact of Brexit becoming increasingly clear, there is increased urgency for the development of a more stable vision for our economy with more stable and transparent economic growth, more stable and dependable corporate tax receipts, a greater diversity of more reliable export

markets and the attraction of high-level value-added operations to our Border, rural and western hinterlands. Now is the time to invest and to give Irish business and Irish citizens a bold vision for the future.

When support is needed, it will be needed most of all for the most vulnerable in society. The Minister for Finance and the Taoiseach have said many times that this budget will reverse all cuts to social protection payments made in the past. This is simply untrue. What about the blatant discrimination against young people in search of work? Is their need of a basic income any less than someone a year or two older than them? People aged between 18 and 24 years are expected to live on €112.70 a week, while almost 8,000 of them are long-term unemployed. This is pushing them further into poverty. The Government has continued Fianna Fáil's discrimination against young people and has widened the gap between young jobseekers and those over 26 years by €92.70.

What about social welfare recipients suffering from coeliac disease who used to get a little supplement to help towards the high cost of their medically necessary diet or those suffering from throat cancer and stroke forced on to a liquid-only diet? The Government abolished that supplement back in 2014, yet the Minister did not reverse the cut. While the Minister has increased social welfare payments, he is forcing those living from week to week to wait until March to access it. The Government has not completely reversed the so-called era of austerity cuts; it is prolonging some of the most vicious cuts made to social welfare. While the Government finally invested some of what is needed in people, the Minister should not pretend that it is nearly enough to cope with the costs of living being forced on them. The Minister should not pretend that he has not prolonged the suffering of people with disabilities, lone parents and their children by making them wait until March when he is ready to pay them. Nevertheless, the Minister carries on with the spin that his is the party for those in need. Fianna Fáil brought forward a motion in April that was passed by this House to provide an occupational pension for 1,250 community employment, CE, supervisors and assistant supervisors in line with a 2008 Labour Court recommendation. Clearly Fianna Fáil did not bother to negotiate for this in this budget. Instead those CE supervisors who gave so much to their local communities will be left with nothing to show for it at retirement. That is a disgrace and shows the two-faced politics of that party.

Deputies: Hear, hear.

Deputy Pearse Doherty: Sinn Féin welcomes confirmation of the Christmas bonus this year. It will go some way towards lifting the hardship of families at a crucial time. This is during a time of year when many citizens across the State become more vulnerable and their State must be there to offer a helping hand. This is especially true for those who consistently endure fuel poverty throughout the harshest months of the year. The evidence also points to growing hardship among one-parent families, those facing in-work poverty, and citizens with disabilities. These citizens are Sinn Féin's priority, and these are the citizens facing financial distress as a direct result of the Minister's policies to date.

Education is crying out for investment. Class sizes across the State are growing and are already among the biggest in Europe. Our seats of public learning, in universities and institutes of technology, are falling behind their counterparts across the world. For the first time in many years, there is no Irish institution in the top 100 in the world. This is not some arbitrary ranking to be achieved for its own sake. It is an indication of how society and the Government value publically funded education.

The verdict from the budget is clear. The Government does not care enough about education in the State to give it the investment it needs. There is little value placed on the children with special needs, who are hoping to win a lottery just to get a diagnosis. The social and economic benefits of placing education at the heart of society are profound but the Minister is clearly blind to them given that he did not adequately fund this in Budget 2019. A lack of investment is undermining our economic potential and squandering what should be the greatest ever generation of Irish pioneers and innovators. This is simply ignoring a central pillar of any society wishing to lead the knowledge and digital economy opportunities in the time ahead. While this undermines the quality of education, the Minister is also doing his best to make education unaffordable. The student contribution charge - student fees - should be a thing of the past. No Government should be charging its citizens thousands of euro to expand their minds and contribute to society. Sinn Féin would do what the Government has again failed to do. We would make student fees a thing of the past by reducing them, next year by €500 and every year thereafter by the same.

No one in rural Ireland expects this budget to change their lot any time soon. I note the silence of many in Fianna Fáil who in previous weeks were on local radio stations and attending local meetings stating that the closure of rural post offices would be a red line issue for them. Lo and behold, they say one thing to the public at home and another when they are sitting in the Dáil and having to put their money where their mouth is.

What is happening the people of rural Ireland is not some natural culture change or the result of young people having their hearts elsewhere. Growing up surrounded by our natural heritage, and protecting that heritage, is the great pride of people in rural Ireland, but it is a pride that is becoming harder and harder to enjoy. In fact, living as their families before them lived is becoming almost impossible. People are not leaving for the good of their health – rural Ireland has been pushed slowly into a steady decline for decades. This budget does nothing to make life easier on isolated rural communities. What little community services remain in villages across the State have been under attack from the Government. Basic broadband is still a pipedream for many families, and economic development remains Dublin centred. This budget needed to be a clear statement of intent that we would invest in rural Ireland and that we would support rural areas. For infrastructure, public services, resourced gardaí, promotion of tourism and the Irish language, it is another year without the necessary investment in a new beginning for rural Ireland.

Is am cinniúnach é don Ghaeilge; tá sí mar theanga phobail i mbaol an bháis. Tá titim ollmhór ar infheistiú sna heagrais Ghaeilge agus Ghaeltachta le deich mbliana anuas. Is é an toradh air sin ná go bhfuil titim shuntasach ar líon na gcainteoirí dúchasacha Gaeilge anois – 11% ar fud na ceantair Ghaeltachta de réir an daonáirimh is déanaí. Sin titim de 11% i gceann cúig bliana amháin. Is tubaisteach an toradh é agus rachaidh cúrsaí chun donais mura ndéanann an Rialtas infheistiú fhiúntach san earnáil seo. Ach ní mar atá. Agus muid i lár Bhliain na Gaeilge is maslach an méid suarach atá faighte ag an Ghaeilge agus an Ghaeltacht. Níl dóthain maoinithe faighte ag an phleanáil teanga. In athuair, tá an Rialtas ag déanamh neamhaird ar phlean infheistíochta Chonradh na Gaeilge agus tá sé ag déanamh neamhaird ar an Ghaeilge a fhorbairt mór-thimpeall an Stáit. Tá an Rialtas ag caitheamh céatadáin fíorbhig den bhuiséad iomlán ar an Ghaeilge agus an Ghaeltacht. Níl ach leath á chaitheamh aige i mbliana agus mar a bhí in 2008. Ní haon ionadh é go bhfuil géarchéim tagtha ar cheantair Ghaeltachta agus Ghaeilge. Is gá infheistiú sa Ghaeltacht agus sa Ghaeilge mar ábhar práinn. Is gá seirbhísí sásúla a bheith ag muintir na Gaeltachta agus na n-oileán araon. Is gá deireadh a chur leis an bhéalghrá agus dul

i ngleic leis an chreimeadh teanga go hionraic agus go sonrach.

Táim bródúil go bhfuil an Ghaeilge mar theanga náisiúnta againn. Tá gníomhairí teanga den chéad scoth againn. Tá grúpaí pobail díograiseacha díogbháilte againn, ach is gá don Rialtas aitheantas a thabhairt don phráinn atá ann i leith na Gaeilge de agus beart a dhéanamh de réir a briathar.

The Minister failed to provide what is truly needed for decent healthcare, to help renters, to build enough houses, to lower the cost of childcare and to increase incomes for struggling citizens but he found money for some PR trickery. It will be no surprise to the Minister, Deputy Donohoe, that I refer to the so-called “rainy day fund”. It will also be no surprise that I have rejected this, as have businesses and worker groups alike. There are many good reasons for this. With the exception of a select few commentators, this proposal has been roundly dismissed, including by a majority of parties here today. What this suggests is that this proposal is not being guided by economic policy concerns. What the Minister actually did was take a hand-me-down policy from Fianna Fáil and made it his own. This is policy on the hoof and it is clear its final design was being made up as the Minister went along. Now we know it was. A freedom of information response we in Sinn Féin obtained makes it clear that the only possible use for this fund in the way it is currently set up is to bail out a banking crash in the future. That is the reality of what is there, in black and white. It cannot be used to offset Brexit. It cannot be used to deal with health. It is a bailout for the banks. The Government has done it before. The Government partners in Fianna Fáil have done it before. I am sure it is what the Minister is setting up again. It is time to be honest with the people in relation to this.

We will not forget where this proposal originated from. As I stated, it originated from Fianna Fáil. If we were to agree with the policy put forward by Fianna Fáil in its manifesto in 2016, we would be putting €3 billion into the rainy day fund this year. Not only would they have the brass neck to call this a housing budget but they would have to cut housing if they got their way at that time.

For many families, it is not just raining; it is pouring. It is pouring for those who cannot get access to housing. It is pouring for those who cannot get access to health services. It is pouring for those who cannot get access to affordable childcare. If their wages are not disappearing into the pockets of landlords, or to banks charging twice the average EU interest rate for mortgages, they are lost to some of the highest childcare bills in the world. By investing the rainy day fund in public services, and in struggling families, the Minister could choose to bring the spiralling cost-of-living crisis to an end, but for another budget the Minister has refused to do so. This is where this money should be invested.

Of course, no one should be surprised at this. The Government, with these policies, has chosen to side with banks over people, which is nothing short of disgraceful. I should not need to remind the Minister that he represents a Government which is the majority shareholder in some of the biggest banks in the State. Like any shareholder, never mind one which commands the majority share, the Minister has the opportunity to direct the values and principles of these banks. In emergency circumstances, the Minister has the opportunity to intervene. Why then did the Minister sit on his hands this summer as billions of euro worth of mortgages on Irish family homes were handed over to rabid vulture funds? These are billionaire funds preying on some of the most financially vulnerable citizens in the State who did absolutely nothing wrong. Why has another budget passed where the Minister encourages the rank exploitation by foreign investors by presiding over a tax system which offers them tax breaks and tax neutrality? Why

will the Minister not intervene? Is it because in the mind of the Government the rights of international funds such as these trump the rights of Irish citizens in distress? So blinded is Fine Gael by its deference to the market that it allows the market scrape the maximum possible profit from Irish citizens, many in their greatest hour of need. When they need their Government, charged with protecting their rights and interests, the Government is busy allowing their mortgages to be flogged off for an easy profit. That is the long scam come full circle. Not only was there never the light of a new society at the end of the tunnel, the Government's policies have allowed the elites in this society, and the culture which drives them, to regroup. There can be no other explanation. Ten years on, the Irish people's bailout of the banks has allowed them to rise to the top of Irish society once again. Who else in our society is allowed to forgo their taxes for up to 20 years at a time when they see profits of over €1 billion? Sinn Féin would bring back in the cap on losses the profitable banks can use to write off against profits so that they would be limited to 25%. This would bring in €175 million this year alone.

In the Minister's books, the banks must come first. Who else in our society would be allowed to charge interest rates on mortgages that are double the European average? Who else in our society could effectively rob their own customers of hundreds of millions of euro and be confident that they will never be held accountable? When the Central Bank produced its report on banking culture, there was nothing new in it. We all know the culture is rotten in Irish banks and we all know how they have risen from the dead and tower over citizens once again. As the Government proposes another budget, the real question is why Fine Gael and Fianna Fáil support policies that amount to an ongoing bailout of the banks at a cost to the Irish people. They are not tackling the culture; they are the culture. They embody it and bring it to every budget, and it guides their vision for society. That is why there are crises in health and housing. The Government has brought that culture into this budget. For another year, at least, it has ensured the untouchables can fill their pockets on the backs of Irish citizens. This way of government and these values, which reek of injustice and elitism, must be cast aside.

Sinn Féin brings to the table a new set of values, values on which a new economy and a flourishing society must be built. These values underpin our alternative budget, a roadmap to something better than a stale and harmful vision for Ireland presented by Fine Gael and Fianna Fáil. Every cent of it is costed. Every year, Sinn Féin balances the books. We balance them while also accounting for the inevitable budgetary mess and under budgeting of the health system. Our budget, like the Government's, will also be in surplus next year. This year, our budget would meet the targets set down in the fiscal rules. That is important because a Government charged with stewardship of the economy and investing in the full potential of every citizen can achieve these objectives only with well-managed and sustainable public finances. It is also important because, when Sinn Féin engages with the budgetary process and produces its comprehensive alternative, it does so with two fiscal principles in mind. These principles involve asking whether the proposals create sound and future-proofed public finances and whether they address the social and economic needs of Irish citizens. These two benchmarks cannot be separated.

The health of our economy relies first and foremost on the economic opportunities available to, and taken by, our citizens. It relies on how inclusive our economy is and what stake citizens truly have in it. It must be asked how many women are excluded from the workforce because of extortionate childcare costs, how many children with disabilities are excluded by barriers that can, and should, be removed, how much talent has been driven from our shores in the past decade, how many communities have been cast aside and forgotten because they do not have the

right postcode, and how many young people with big ideas living in rural areas cannot get them off the ground because they simply do not have access to basic broadband services. We cannot have a truly sustainable economy until everyone is included and their full potential is cherished and developed, but this Government is blinded by an ideology that sees people as mere cogs in a machine rather than as having potential.

The Government has driven a narrative that states to the people they can have one but not the other. It has turned the concept of a balanced budget into a byword for ideologically driven neglect. Balancing the books is the easy part – we do it every year – but the difficult task for those who make economic policy is making a policy choice that is consistent with a clear and transformative vision for Ireland. When Sinn Féin says it balances the books, it means our public finances are resilient and stable. Crucially, however, it gives people peace of mind that what we are doing is investing to meet the urgent and complex needs of society.

Our alternative budget, and any budget that would be delivered by a Sinn Féin Government, focuses on achieving meaningful social advances. We have a long-term economic vision, a journey on which we believe our economy must travel to give every citizen the living standards and opportunities he or she deserves as a birthright. Presenting a different list of incoherent, electorally driven choices is not the bold strategy we need to transform society. It will not deliver the change needed to keep pace with the changing world around us. These objectives are simple and are grounded in our clear economic vision for our island. Our budget would, for the first time, begin to build real, world-class, universal public services, free at the point of use, dramatically raising living standards and lowering the cost of living.

Our budget would meet the challenge of Brexit. Our budget would take the first step to eradicate poverty on this island, while providing the necessary supports to root out its causes. Our budget would create an Ireland of equals, with community and solidarity at its core, and where everybody does his or her fair share. Budget 2019 needed to reflect the big conversations that are ongoing but it has failed to do so. It needed to start preparing for a united Ireland. These are objectives, and a budget should be a step towards meeting them. These goals are rooted in values that put the welfare and advancement of citizens above all else.

This is another budget rooted in the long scam. It is another budget that ignores the real issues facing Irish society, in the hope that we will all forget. This will occur unless the people decide to bring this scam, and this sham Government, to an end.

Sinn Féin is bringing new, modern leadership to Irish politics, and with it we bring a new set of values and a new and ambitious vision for what our society needs and what it could be. Realising this vision would result in a society where people, not profit, come first; where we invest in Irish potential and do not let it rot away; where we do not run our state or banking, taxation or housing systems to plunder for the wealthiest in the state and beyond; where everyone pays his or her fair share; where we invest to give security, world-class services and a life of fulfilment and dignity to all; and where we treasure compassion and social solidarity, not social exclusion or division.

In closing, I am thinking of Amanda. I am also thinking of Orla and the countless citizens like her who are betrayed by budgets like these. She says enough is enough, that the Irish deserve better and that Ireland needs drastic change if it is to be worthy of living in. I wholeheartedly agree with her. It is well past time for change. The Irish are crying out for it and to make budgets like these a thing of the past. Sinn Féin would bring this change and its vision to

government, forming a Government that would have a single-minded purpose: to forge a new Ireland where no one is left behind. This is a purpose that the current Government has failed to realise in budget 2019.

Deputy Joan Burton: If it looks like an election budget, if it sings like an election budget and if Leo's choir cheers it like an election budget, then it is an election budget. As I listened today, I could not help feeling a sense of *déjà vu*. The Minister for Finance was delivering the speech but the voice that came through to me was that of former Minister for Finance, Charlie McCreevy. It is as though we were back in the good old days that we had foolishly thought were banished forever. I wonder how the former Minister was feeling today as he listened to the current Minister, performing as the lead singer of a McCreevy tribute band, blasting out his golden hits, notably his "Top of the Pops" sensation "When I have it, I spend it".

Budget prudence goes out the window when there is an election in the air. Make no mistake that the echo of the crash a decade ago can be felt today. It seems the current crop of Ministers is determined to pretend it could not happen again on their watch while all around us there are unmistakable signs of future turbulence, not least being the near certainty that the days of minuscule interest rates are slowly coming to an end alongside the uncertainties of Brexit.

I wonder whether the Minister for Finance and the Taoiseach ever even glance over the grim document from late 2010 when the troika arrived to impose its dire programme. The original outline budget sketched out then referred to quite vicious interest rates that could have involved many billions of euro in interest payments on the troika loans. Fortunately, the previous Government managed to secure substantial reductions in interest by recycling the expensive loans from the crash period. That enabled us to exit early from the troika's grip and to have independent capacity to raise funds at remarkably low rates due to a change in European bank policy. These rates are temporary, however, and are not guaranteed. It would be delusional to believe the annual interest burden, which is very high, will remain stable. Everything in this budget is built on the illusion that the cost of servicing debt will remain stable, but all the evidence points to the opposite. Surely the primary lesson of the events a decade ago should be to avoid the pretence that sudden windfalls of tax revenue can provide the basis for spending commitments that last far beyond the lifespan of the goose that lays golden eggs for a short period. So it was a decade ago when low interest rates lured a delusional Government, just newly in the euro, to build property tax shelters into the income tax code, with catastrophic results of boom and inevitable bust. What a price we had to pay for those delusions - lost jobs, lost dreams, lost lives and a lost decade. However, it appears that those hard-earned lessons are to be casually ignored, for no other reason than to gain political popularity.

For me, this is a type of Krispy Kreme budget. It tastes delicious to the Fine Gael Members here and their followers in the Independent Alliance. It is sure to go down very easily, but it is very heavy on the sugar and there is little of real substance even after one has forked out for it.

Deputy Michael D'Arcy: The Deputy should not have gone there. It is not her forte.

Deputy Joan Burton: It leaves a very flat taste in the mouth.

The Comptroller and Auditor General has done us a huge favour by highlighting the startling finding that some of Ireland's richest citizens, with a net worth of €50 million, have a taxable income of less than the average industrial wage, with many paying income tax at a lower rate than the average taxpayer. This is not news to the people in the banks and it is not news

to the Minister, as he is one of the people who promotes it. However, the deep unfairness of it amazes ordinary people. I was not surprised by the report. When lobbyists urge Ministers to have a low-tax system, what they really mean is to have a no-tax system for their clients while the rest of us pay.

There was a similar outcry over a decade ago when my research highlighted a scandalous situation where some people with declared income in excess of €1 million annually managed to reduce their tax bill to zero by skilled use of the now notorious property tax shelters. As it was impossible for the then Minister, Brian Cowen, to allow this to continue, reforms were introduced to limit the use of such shelters to ensure everybody paid a minimum effective income tax, regardless of how many reliefs were available to them. That reform paid dividends then and still produces excellent results according to recent Revenue Commissioners reports. The notion of minimum effective taxes still has much to offer, even in the cases of so-called high net worth individuals who declare remarkably low incomes. We are aware of the old axiom that justice must be done and be seen to be done. The same must be true in the tax code. Tax justice must be done and it must be seen to be done. The doctrine of minimum effective rates of tax is a valuable tool to achieve that end.

The same is true with regard to corporation tax. Again, the Comptroller and Auditor General has produced valuable data on how different companies, foreign and domestic, approach taxation. Some effectively pay a zero rate while others, in fairness, pay close to the headline 12.5% rate. This special corporation tax rate has proven to be a valuable instrument to attract foreign investment but it should not become a sacred cow in policy making. Some companies systematically use various mechanisms to reduce their exposure to the bare minimum, even to zero. Consider the banks at present. We all know how tough the banks are when people owe them money, whether it is an ordinary household, a business or a business person struggling to survive. When the banks have their claws into people they do not relax or let go easily. Those banks are currently sitting on a vast amount of tax losses, certainly €2.5 billion to €3.5 billion, which means that in many cases, the big banks that taxpayers bailed out at so much cost to every person in Ireland, and the Minister referred to some of the costs earlier, will not pay any corporation tax, notwithstanding that they are now back in the money and the bigger banks are earning annual profits of over €1 billion. Basically it could be ten or 12 years before they will pay a single cent in corporation tax. That is not only wrong in terms of the business case, it is also morally wrong to allow people to be non-contributors to their society and economy. Many people who work at bank desks in banking houses are paying more tax than the bank pays on corporate profits.

We can still retain a competitive edge in the market for foreign direct investment while insisting that companies here pay an effective tax rate of between 6% and 8%, at least. That would offer stability in the assessment of future tax yields and flows rather than the current system of windfalls in some years, such as this year, and financial droughts in others. The Minister will boast of the extra personal allowances that raise the threshold for the higher tax rate, but we all know they are very modest. The tables provided in the booklet with the budget show that the increases, even for people on higher incomes, range from 1% to less than 3%. We are talking about small money if we are honest about it. However, that will be welcome to those on low and middle incomes but the Minister knows that wage and salary increases will eat away at the benefit very quickly through the notorious fiscal drag in this case. This happened last year as workers found that the share of their income that went on taxation actually increased despite last year's similar increases in allowances. As the Minister knows, many companies are paying

an extra 2% or 3%, which means that most workers are likely to pay more tax next year. Ministers should be careful in their boasts about lower taxes. When reality bites it leaves a sour taste.

I wish to comment on the health budget, that most voracious user of tax euro and a financial black hole if ever there was one. I must confess I gasped with amazement when the Minister, Deputy Donohoe, casually revealed last week that he had a windfall of €1 billion. Some people called it the €1 billion that had fallen down the back of the sofa somewhere in the Department of Finance and, hey presto, it was found on the weekend before the budget. Bless whoever came to the Minister and told him it had been found. It is only €1 billion but it will make things so much easier. The proposal is that it will cover the overspend on health in 2018. To be honest, the Minister of State, Deputy D'Arcy, must be as shocked as almost everybody else in the country is.

The Minister for Health is fond of his Instagram and Twitter accounts and “Please make it stop” was one of his gems. That is exactly what taxpayers want when they observe the annual weary announcements of overspends on health which have become a truly farcical feature of Fine Gael’s tenure in that Department. It has been ongoing for seven and a half years. How did the Taoiseach allow this to happen again, although he was as much a culprit during his dismal occupancy of Hawkins House? How do other Ministers tolerate it as they face tight restrictions while the Department of Health gets a free pass?

I recall a year when I had nursed the Social Insurance Fund back from a €2 billion deficit to solvency. It appeared in that October that the Government would have the funds to restore some valuable dental and optical benefits to PRSI contributors. However, the Department of Health was in crisis and needed every cent from my Department and from others to avoid a total services meltdown. All my carefully laid plans bit the dust. This farce has been repeated year after year during Fine Gael’s stewardship of the Department of Health. In just four years the cumulative overspend on health amounts to a eye-watering €2 billion. In fact, the Minister for Finance has the most accurate figure and he referred today to an overspend of €2.5 billion. In 2015, under the then Minister for Health, Deputy Varadkar, it was €600 million and subsequent years were not much better. One could forgive it if there was a tangible benefit to be observed in better health outcomes, more operations, fewer people on trolleys and expanded health promotion but there is not a bit of it. Sláintecare is the joint project of all sides of this House. How can it proceed if financial projections in health cannot be accurate for months let alone years? The danger here is that a culture of indifference to financial controls sets in and managers shrug because nobody, least of the responsible Minister, is held to account. If a Minister cannot do the job and deliver targets, he or she should be shown the door. This applies to the current incumbent regardless of how many admirers he has on Instagram.

While today’s debate is focused on the specific measures announced by the Minister today, they involve only a tiny percentage of the total income and expenditure of the State for 2019. The full picture is about €70 billion or more. One only gets a true view of public spending priorities by digging deep into aspects of the budget that get no attention in the Minister’s speech. One feature of policy that ought to command attention is the continuing challenge of climate change. There can be no doubt now that this is a fundamental matter that will affect every aspect of economic and social life for decades to come but one would not believe that given the Minister’s attention to it today. He has cravenly given in to the vested interests that object to carbon taxes and betrayed this and future generations of this country.

Deputy Alan Kelly: Hear, hear.

Deputy Joan Burton: It is an awful legacy to leave them. This is spinelessness. Irish households create astonishing amounts of carbon emissions. They are way higher than in most other European households. Why? It is because older houses are badly insulated and because owing to insufficient public transport we all probably over-use our cars. The mechanism of the budget provides an opportunity to nudge people in the right direction so that we all benefit from changes we need to make to lifestyles. Carbon taxes are a form of nudge incentive and a well established means of coaxing a change in behaviour and attitudes. We are all familiar with and proud of the plastic bag levy. It worked and it was widely imitated. We should know which Minister kiboshed the well flagged idea that carbon taxes would be a key ingredient in the campaign to reduce domestic emissions. This Minister should be named and shamed because any procrastination will cost this State a pretty penny in years to come. I hope it was for the Minister, Deputy Shane Ross, that the young people of Ireland have had their future seriously damaged in terms of the failure to address the carbon issue.

June 2018 was the driest month in the Phoenix Park for well over 100 years. We have just experienced a remarkable and memorable summer, following an eventful winter of storms and snow. Long established weather records have been broken in a short timeframe and, inevitably, this gives rise to difficult questions about our level of preparedness for the kind of tumultuous climate change that has been predicted by scientists for many years. The plain truth is that Ireland has been way behind the curve in recognising weather and climate challenges. The Taoiseach has candidly admitted that our country is, by international standards, a laggard when it comes to meeting agreed targets to reduce the kind of emissions that contribute to extreme weather events. Future budgets will have to set aside many hundreds of millions of euro to pay inevitable fines for non-compliance.

It is true that the national plan commits substantial resources to dealing with this matter in future years but I remain sceptical that there exists any genuine sense of urgency to drive the necessary changes in all kinds of areas from farming practices to transport.

For example, we urgently need to fast-track the upgrade of water infrastructure to guarantee supply and to eliminate the shameful contamination of our beaches and rivers. Have the dramatic weather events of which we are all aware influenced the investment decisions in today's budget? I was glad that the Nobel Committee decided yesterday to recognise the groundbreaking work of two economists who have analysed the impact of climate matters on the world economy. By coincidence, the prizes were awarded on the same day as the Intergovernmental Panel on Climate Change delivered its starkest forecast to date. With brutal clarity it pinpoints the areas where remedial action can be taken by Governments acting both collectively and separately. Unfortunately, the gap between the work of scientists and economists on the one hand and politics and policy making on the other has widened rather than narrowed. The latest forecasts will fall on deaf ears in the current White House but that should not hinder other countries, and the EU in particular, pursuing policies on energy, food production and weather protection measures that recognise the importance of policy changes in this area. If anyone has doubts about the long-term impact of dramatic weather events they need only visit any coastal county in Ireland to see first-hand what could be in store for this and future generations. My own constituency is not coastal but it is part of Fingal county which is most definitely coastal. Development plans for these districts must recognise how events like Storm Ophelia can produce a lasting impact on the local environment. There are beaches in north county Dublin, such as Portrane and Rush, and other beaches north of Balbriggan, which I hope to visit this weekend with some people to see what has had happened to the coast, where the coastlines have receded

by as much as 15 m because of Storm Ophelia. The national plan contains many flowery paragraphs about this challenge and umpteen billions of euro are allegedly earmarked to deal with it some time between now and 2040, which is about seven general elections away. It should be remembered that fine words butter no parsnips. If there were to be a Nobel Prize for climate procrastination, President Donald Trump would win but this particular Government might give him a run for his money.

In yet another budget child benefit has been ignored. I find this incomprehensible. For most families in Ireland child benefit has long been a valued addition to the family budget, helping to pay for food, clothes, shoes and all the costs that come with babies and teenagers. Child benefit is currently paid at a rate of €140 per month per child. It is paid in respect of nearly 1.2 million children to over 620,000 families. It is paid regardless of whether parents are in or out of work, whether a couple is parenting together or one parent is looking after the children on his or her own. I do not know if Fianna Fáil or Fine Gael are aware of it but in Ireland, rather unusually, the cost of rearing children is not recognised in the tax code. An individual or a couple has tax allowances and tax credits, but not children. As a consequence, child benefit is the State's unique way of recognising some of the cost of rearing children. I hope the Government has not set its mind on a policy of eroding the value of this benefit. There are many working parents of modest incomes who greatly value its role in managing a family budget. Understandably, much of the focus is on childcare costs being so high but mothers and fathers looking after teenagers have to spend a lot of money on new shoes every couple of months and so on.

In addition, the Government has again ignored the domiciliary care allowance, which I find to be simply mean. This is paid to families who qualify and are paid a monthly stipend in respect of a child who has an intellectual, physical or behavioural disability. This payment is special to the parents who work so hard to look after their special children. As far as I can see, that monthly payment has been left untouched again by both Fine Gael and Fianna Fáil in the budget. In the past year, there have been many problems in changes with school transport, including for children with special needs. More importantly, we have many children on the autism spectrum for instance, who are making long journeys on buses for a couple of hours a day at times in Dublin, going from Blanchardstown to Artane and back again, for example, and what is difficult to understand is why this particular budget is not looking to invest in capital infrastructure in a serious way. We have many autism spectrum disorder, ASD, units that have been developed but they are not suitable for every child who has these issues. For instance, in my constituency - and that of the Taoiseach - there is no ASD special school. This is an area of education provision that has sadly been forgotten in this budget, but then, education has not featured hugely in this budget. The Minister of State might even agree that the amount that has gone into increased capitation will barely take the pressure off some of the schools.

Deputy Brendan Howlin: It is 5%.

Deputy Michael D'Arcy: I do not agree.

Deputy Brendan Howlin: It is shocking.

Deputy Joan Burton: It says 5% in the budget booklet. That is modest because schools are being put to the pin of their collars to meet their running costs. If it is an older school building such as an old parish school, it is very likely that it is not well insulated against heat loss and consequently, that its heating costs are very expensive.

I mention the living wage and in that context I wish to look under the bonnet and see some features of the economy that can often be hidden from view but have a significant impact on the lives of people. We talk here a lot about taxes. We need to talk just as much about wages. Recently, we thankfully have witnessed many consecutive months of net jobs growth and an exceptionally long streak of reduced unemployment. That, in itself, is undoubtedly good news and is a vindication of the relentless focus on jobs that my party pursued in government. The growth has brought down the official unemployment rate month by month and labour force participation, which counts the number of people working or actively seeking work, is also ticking upward. That indicates that people who may have given up on finding a job are starting to return to the workforce. Despite the sustained job growth, there remains a deep dissatisfaction that the recovery has not been adequate to meaningfully boost the fortunes of ordinary families. One reason for such deep public scepticism is that wages have yet to grow substantially in line with the growth in jobs and indeed in line with growing productivity. People are deeply disappointed with the sluggish wage growth, because their expectations have risen after years of consistent job growth. Now, in the fourth or fifth year of the official recovery, working people are justifiably less patient and no minuscule tinkering with tax rates will alter that until the long-standing stagnation of wage rates is tackled. It seems that we have gone a long way to deal with the job quantity issue but we have lagged too far behind on the job quality issue.

The gender pay gap has finally and belatedly come to the fore and it will need a sustained sector by sector effort to close off this running sore. In more general terms, we should recognise that workers are fully entitled to obtain a greater share of the fruits of quite dramatic levels of economic growth. To ignore this is to tolerate ever greater and wider inequality and all the social disruption and strains such inequality brings. Interestingly, the International Monetary Fund, IMF, itself has come to recognise how inequality in incomes is now a serious barrier to economic progress in advanced economies. The evidence is stark - excessive income inequality actually drags down the economic growth rate and makes growth less sustainable over time. We need to take this evidence on board and recognise its profound significance for wage policies and tax policies.

Additionally, a sustainable wage boost can encourage workers to make better provision for their pension pots. I am a strong advocate of auto-enrolment in private pension schemes but that can be realistic only when workers have the capacity, through better wages, to save adequately for pensions and it is only when governments, including our own, are prepared to match those contributions - as employers should be as well - that such measures will come into place. There are now annual reviews of the minimum wage but I feel this is inadequate, welcome as today's announcement may be. It is a very small increase in the minimum wage. It is the living wage that should be the focus of all policy making. It is a well researched concept based on firm evidence and it properly incorporates all the elements that enable an acceptable standard of living. It certainly would be one way of dealing with the crisis in the spiralling costs of rents and would allow people, especially young people, to feel some measure of safety in that not everything they earn would be entirely gobbled up by massively increasing rents.

I wish to refer briefly to the budget allocation for international development aid. The Taoiseach has been eloquent on his travels about Ireland's global footprint. It is a worthy ambition and has wide support, as has the decision to campaign aggressively to secure a UN Security Council seat for Ireland. However, it has to mean a lot more than just Irish Embassies all around the world. It must also involve a critical look at the commitment to reaching the UN development aid target of 0.7% of gross domestic product, GDP, each year and to ensure that

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tax treaties cannot be abused to enable widespread corporate or individual tax evasion. The gradual move towards the 0.7% target did have to be postponed during our painful retrenchment period, though many hundreds of millions of euro were allocated annually even in the worst of years. Last year, the cash allocation amounted to over €700 million. I acknowledge there has been a significant increase of over €100 million today but now is the time to set out a clear and obligatory timetable, lest our diplomats have to embark on their vote-seeking travels with one arm as long as the other. War, conflict and climate change have caused immense suffering, as have famine, drought and population displacement. More than 128 million people in 33 countries currently are in need of urgent humanitarian assistance and more than 65 million people have been displaced from their homes by war and conflict. I myself worked in Tanzania with Irish Aid and the Agency for Personal Service Overseas, APSO, for a number of years and I went back there last year on a private visit. I had the opportunity to spend some time visiting some very innovative and interesting projects financed by Irish Aid and, therefore, by all of the taxpayers in Ireland.

5 o'clock

Some of these involve very modest financial contributions but produce excellent results in healthcare and other fields. There is a marked improvement in the treatment and prevention of malaria in Africa and of childhood TB and polio. Women in Africa who have had a difficult and medically dangerous delivery, very often on their own or with an ill-trained birth attendant, often suffer subsequently from a dreadful condition called fistula, which can often render them completely incontinent after childbirth, when they may have also lost the baby. I am glad to say Irish Aid is funding operations for women affected and transforming their lives where previously they were shunned and separated from their families and communities as a result of the disaster that had befallen their pregnancies. We are doing very good work, particularly in Africa.

As GDP increases at a steady pace so too must Ireland's aid budget. If Ireland boasts of some eye-catching economic growth figures then it follows automatically that the aid budget must increase correspondingly both in cash terms and in the percentage of GDP. It will mean our aid budget will relatively quickly hit €1 billion annually. I recognise it is no easy task and will require careful planning and financial management to secure value for money and good outcomes for the people and communities most in need. Good governance and independent oversight are always important especially when budgets increase rapidly. Apart from the moral issues involved there are definite practical and political advantages for this country to have a more active role in this area.

All budgets to some extent are political statements but this one takes the biscuit as one of the most nakedly political and election budgets I have experienced in my time here. Every sentence is designed to secure party advantage more than any other purpose. Those who do not learn from history are doomed to repeat it. Unfortunately in Ireland, people will pay the price.

I saw the timid measures in the budget to support the long cherished concept in Ireland of people being able to buy their own homes. Take a plumber married to a hairdresser, a nurse married to a guard or two teachers married to each other as examples. Until about ten years ago, it was absolutely expected that people with steady jobs and incomes could look forward to purchasing their own homes, either new or second-hand. Under Fine Gael it is slipping away from us. It is a cornerstone of our social structure. When I saw nothing much at all done for people like that but instead a smallish, yet still significant, tax break for private landlords I won-

dered if the Government was looking at the housing problem through the wrong lens. I called around to the O'Devaney Gardens site the day before yesterday because for 12 years, and since this Government came to office, there has been little progress. The Taoiseach has been down to have photos taken with the Minister, Deputy Donohoe, on the site. I can report a little bit of progress. Of the last two long balconies of apartments one has been substantially knocked down and the second is on the way. Around the site there was evidence of builders working. It is some progress. If one goes up Dominick Street now and looks at the flats on one's left as one goes up, the council is boarding up more and more of them but the big site on the far side of the road just beside the Ilac Centre is still empty. It just has tumble weed growing on it. Further up, more and more apartments are being boarded up by Dublin City Council. I suggest the Ministers who have been given the responsibility for housing take a walk around the city and look at the dereliction in places like the north inner city. There are big gaps like missing teeth in the framework of streets. The Ministers should give the people in the council a ring and say together they will do something about the houses that have been built on so many sites that have been lying idle for more than 12 years.

Deputy Alan Kelly: If ever there was an example of a budget that was preparing for an election, it is probably this one. It is short-term rather than long-term in its outlook. No hard decisions have been made. It lacks foresight. It reminds me of some poetry by Seamus Heaney in which he wrote "And whatever you say, you say nothing." The budget is an example of the idea that whatever you do, do nothing. It is a budget that is essentially about making sure it does not upset people, particularly people who are perceived to be the core Fine Gael voters. It is an election budget. I warn the Minister that he has completely messed up. He has messed up on many fronts. On one particular front it is seismic and it will follow the Minister. That is the area of climate change. I know the Minister is worried about it. I will accentuate those worries.

We have had a huge amount of social change in the last number of years. Social change has been brought about because the people are ahead of politicians and many people in this House on many issues. The people are ahead of the people in this House when it comes to climate change. As the father of young children, I assure the Minister there is an intergenerational thing going on here as regards education and the fact we need to maintain our planet. We need to maintain it for future generations, including my children and the Minister of State's children. The Minister has let them down today through his lack of foresight and measures. He has let them down and it will have consequences for our country on a scale that has not been seen before. It will have consequence for our children. Politically and electorally it will have consequences for the Minister, Fine Gael and its colleagues in government. We are one of the few countries that has climate change legislation. The failure to kick on from that and bring about measures to change behaviour will not go down well with the public because it is ahead of us on the need to change. It is around us. We will face it this Friday with another storm coming. We have seen the changes in our weather patterns over the past number of years. The public is up for this. If one was to be directly political about this, the public is conditioned for it but some of the Fine Gael lobbyists and vested interests are not. The can is being kicked down the road until we will be at a detrimental stage. It will have consequences for the Minister. He has totally underestimated the sentiments of people on this issue. Working people will have to pay fairly significant fines in future as a result of the Minister's lack of foresight. The Minister for Finance spoke absolute garbage in his few words about putting in place plans and assessments on the implementation of this. To the naked political eye, anyone looking at this can see the Minister did not have the capacity or political will to take on the most significant issue facing every generation after us, which is climate change, a couple of days after the most detrimental

UN report on this issue ever. Our modern country, which is a country of perceived wealth, has ignored it. They are the facts. It is an indictment of the Minister and his colleagues at the Cabinet table. Workers will pay huge fines into the future. There was a lack of foresight of measures that could have been brought forward. The Minister for trying to be everything else except the Minister for what he is, namely, the Minister for Transport, Tourism and Sport, Deputy Ross, did not have any foresight of climate change measures in his own Department, apart from some changes for electric vehicles, which are to be welcomed but are actually limited if one looks at the costs implied. Although they are necessary, there are no measures for the changeover to rail for the transport of freight across this country. I look at other lobby groups, for haulage and everything else, who hang around Fine Gael at this time, and I wonder why climate change measures are not being brought about.

There is a total lack of investment in what is required for water and waste. Why do I say that? Not everyone may be aware that water and waste are major user of energy, which need to be modernised. The scale of investment here will not do it. The whole issue of retrofitting is not at the scale required.

There are so many companies in this country that are innovative with new technologies in the clean technology and green energy sector. I support Lisheen mine, which is making great progress in becoming a hub for green technologies as a bio-economy campus. The measures today, however, are not detailed enough to support these companies to address our climate change issues. As my colleague, Deputy Sherlock, has advocated on numerous occasions, the Government could have brought forward taxation measures for single-use plastics, but it chose not to.

As another colleague of mine, Deputy Jan O'Sullivan, tweeted earlier, a fitting adage for the Government in this regard is "Lord, make me good, but not just yet." Why is that? It is because the Government would not make the hard decisions because it cannot bear to think of the possible consequences, but it is wrong. Fine Gael also likes to say it is being responsible in this budget and, therefore, I would like to nail this point. Having a rainy day fund when it is raining outside is not responsible, and when there are so many issues, such as health and housing, as Fine Gael and Fianna Fáil have stated publicly. The Government is also being fiscally irresponsible because it is borrowing from next year's fiscal space for welfare measures and tax cuts. When one digs into the detail, that is exactly what the Government is doing, and it is not what the people expected. The Government is borrowing on the basis of the space next year. While it talks about balancing the books, it will not borrow for the much-needed investment, much of which I have spoken about.

I wish to explain the new figures from the changes to income tax and USC. A worker on the minimum wage, that is, the new rate of €9.80 per hour, who works full time at 39 hours per week, will earn approximately €19,500 annually. He or she will gain €7.82 from the USC changes but nothing from the income tax changes, which is the equivalent of 15 cent per week. That is what people on the minimum wage are being given. Let me repeat that to everyone in this House: people on the minimum wage will get 15 cent a week. Does the Government understand that? It is two slices of Brennan's bread a week, and this is a "fair and balanced" budget. I ask the Minister of State, Deputy Kehoe, to stop using his phone.

A worker on the living wage of €11.90 who works a 39-hour week will earn approximately €24,500 annually. He or she will gain €20.32 from the USC changes but nothing from income tax, which is the equivalent to 39 cent per week or five slices of Brennan's bread. Fair play to the Government; it is giving five slices of Brennan's bread to anybody who is on the living

wage. A worker on an annual income of €35,000 is just under the threshold to pay the higher rate of income tax. He or she will gain €136.57 a year from the USC changes but nothing from income tax. This is the equivalent of €2.62 per week or the price of a cup of coffee, as I referenced here last year. A worker on an annual income of €45,000 will gain €221.57, the equivalent of €4.26 per week. A worker on an annual income of €70,500, who is a high earner, will gain €284.18, or an equivalent of €5.47 per week. Does the Minister of State see how skewed it is from the person on the minimum wage to the person earning €70,500? That is why this is not a fair budget and is not balanced. The Comptroller and Auditor General published a good report recently about how the richest residents in the State pay less tax than those on the industrial wage. That is accentuated here by the measures introduced in this budget. People on low incomes or on the average industrial wage deserve better, and they deserve fair taxation. Work must pay, but these people are not being treated fairly by the Government.

On health, as my colleague, Deputy Burton, said earlier, we all fell over last week when the Minister of Finance stumbled across €1 billion, which just happened to fall out of the couch and which no one knew about. I was, therefore, expecting significant progress on a whole range of areas in the health service. As a State and a country, we have a situation where the funding which must be provided now, together with the €700 million of extra funding that must be found for the current budget, means that approximately €1.9 billion has had to be found for health spending. This cannot go on. There must be accountability for budgetary management in health. It is never-ending. It is not the case that we expect an overspend on health. Rather, it is about how many hundred million euro will be needed as a supplementary each year. The administration of the health service at the highest levels is the worst I have ever seen. The overspend even went as far as its new home, as we found out in the past week.

The allocations for Sláintecare, about which I helped to draft a cross-party report, are simply not anywhere near enough. On capital and the area of acute services, we all know we need bed provision and new wings in South Tipperary General Hospital, University Hospital Limerick, Drogheda hospital and everywhere else. We all know it needs to be timely. I have a deep concern, however, that the projections put forward will not be built in the timeframes offered, and that we are running out of time on the important national maternity strategy. If one breaks down the figures, there does not seem to be the provision for the level of investment required.

I welcome the support being given for HPV testing for cervical cancer and CervicalCheck. I wish to remember Ms Emma Mhic Mhathúna today. I also welcome the moves for section 39 workers on pay restoration, which we support. To be clear, however, I do not see how this budget will deal with the issues of primary care. Geographical coverage of primary care simply does not exist. There is a crisis in the provision of staff across the health sector, in the development of community intervention themes, and in the provision of occupational therapists, physiotherapists and psychotherapists. There are also real issues about how the backlog of assessments will be dealt with. There is provision in this budget to deal, somehow, with the backlog of assessments, particularly for children who have needs. I do not see how the staff are going to be provided to be able to even do that. That is not being addressed. We have a provision of €55 million for mental health. That is welcome but again it is not pushing forward A Vision for Change at the pace expected a number of years ago. For example, in my county of Tipperary there is not one mental health bed. The Minister completely underestimated where he is going with the GP contract. Negotiations have, belatedly, supposedly started. The provisions here for the GP contract are far more than what is being budgeted for.

I also have a concern with the provision of funding on disabilities. There is little specific

detail on how it is going to be used. Are we just going to throw it out to the section 38 and 39 organisations and let them pull at it and use it as they see fit, or is it going to target the needs of the people we all know are there across a whole range of areas? I am exasperated pushing the need for further investment in home care and home care packages for the last number of years. I welcome the additional budgetary measures but they do not go far enough. There is common sense to this. The more people we can keep in their homes through these packages, the less costly will be nursing home care and acute care. We need to ensure these packages are targeted. We are also going to hit the old chestnut of not being able to provide the staff to deliver these packages.

I know a couple over the road. They have 30 hours a week care but they can only get ten hours because the staff are not available. That is a real issue. I welcome the provisions in respect of e-health. However, it is not enough. We need to ensure the issues we are facing, particularly on the acute side because of the lack of good technology, are being addressed at a speed commensurate with the problems we have. Extra funding for the NTPF is a bailout for the fact that our health services are not working. It is a bailout being given to private healthcare because our public health system is in such a mess. It is nothing else. It is short-termism and it is repeated year after year. Here it is again.

I will move on to childcare. I welcome the proposals to increase the thresholds for the affordable childcare scheme. However, it needs greater clarification to understand what one has to do to qualify. Does the family have to be in receipt of a payment from the Department of Employment Affairs and Social Protection? More importantly, the changes being brought about do very little for a working couple who have childcare needs and who will go over these thresholds. It does little to nothing for them. The real issue with childcare, which my colleague, Deputy Sherlock, has referred to numerous times, is to ensure that childcare workers are paid enough. Paying a living wage of €11.90 for all staff in the sector would have been a good move. It has been ignored again. In the whole area of childcare, the issue of parental leave, and how it has been dealt with in this budget, is something that is unusual. The two weeks of paid parental leave are actually coming in after the next budget, so-----

Deputy Sean Sherlock: Yes, they are.

Deputy Alan Kelly: -----why, in the name of God, are they being announced in this budget? They are coming in November 2019. They will not have any impact between now and the time whoever stands up here at the next budget, after the next election.

Deputy Brendan Howlin: No, it will not.

Deputy Alan Kelly: It will have no impact. Why is it being announced?

Deputy Jan O'Sullivan: It is for votes.

Deputy Brendan Howlin: Votes.

Deputy Alan Kelly: That is it exactly. It is for votes, or the lack of votes. When it comes to education, it is very disappointing. The Minister for Education and Skills, Deputy Bruton, has not got his slice of the pie, for whatever reason. He needs to come in and explain it. There is only an additional €190 million in funding, or less than 1% of the budget for education. When we strip out the increases for demographics, pay agreements and the already-announced capital plan, there is only an extra €119 million in resources for education. Across a budget

of €10.7 billion, that is less than a 1% increase. That completely and utterly makes a mockery of the Minister's claims of a 6.7% increase in funding. Extra money was already allocated to hire more teachers and support staff to cover a growing population. It is called demographics. People watching are being misled if they believe there is a 6.7% increase. In reality, it is less than 1%.

There is no additional funding to reduce the pupil-teacher ratio at primary or secondary level, as my party proposed in our budget submissions. There is also no extra funding to genuinely deliver a free school books scheme. That would have cost €40 million. The Government is also not listening when it comes to higher level. It has not addressed the issue of student grants or reduced the student contribution in any way. We have a crisis in our primary schools. I have raised it here. In all of the schools where there are working principals across the country, it is unsustainable for them to work five days a week and also to ensure that 43 circulars, as was the number last year, were implemented. Those principals deserve to have one day of administration and they deserve to have that as part of this budget. I see €1 million is being allocated for "leadership". I hope that goes some way to addressing working principals because, otherwise I guarantee we will see them outside of the gates. On spending on capital in education, I have a serious concern about the 95 large scale projects being put forward. The Minister, through a sleight of hand, released plans for new schools a year or so ago. These were welcomed. The allocations given by Deputy Jan O'Sullivan a number of years ago, however, have in many cases not commenced yet. Where are they? I cite Coláiste Phobal in Roscrea as an example, which is probably the largest school in my county.

Turning to rural Ireland, we have the €53 million for the town renewal scheme. That is welcome but it is tokenistic toward rural Ireland if we divide it out. To be honest, this is a type of a makey-upy Department. It is not going to have the impact in rural areas that it should have because it does not have direct budgetary lines to be able to do that. We also need to have considered and targeted grants and tax measures to ensure we have viable businesses and communities in rural areas. When it comes to the Department of Transport, Tourism and Sport, the Minister, Deputy Ross, who is absent without leave, there is €40 million for new roads and pavements across the country. Averaging that out across local authorities, it is pretty paltry given the cost of roads and pavement repairs. Perhaps we need to improve a few of these pavements because we will be pounding them again in a few weeks, I presume. It is paltry. Anyone who goes running around saying this money is going to solve issue of the rural roads, that are in the Minister's constituency and mine, is only deceiving people.

On travel behaviour, I have also spoken about Irish Rail. We have money for greenways in the measures for smarter travel. I acknowledge that. It is not enough. Measures to deal with the issues I spoke about concerning climate change and carbon are simply not there to the level required. There is lost connectivity in respect of regional airports. It is not getting a fair bang for the buck in this budget.

I will speak briefly about VAT on tourism and the change to 13.5%. I thought there would be some commensurate measures in this budget to help with the small, family-owned restaurants and businesses that are going to be negatively affected in rural areas in west Limerick, north Tipperary, Wexford, Galway, Sligo and everywhere else. How are we going to ensure that these remain viable with this sudden change? What has the Government done or what is it proposing to do to ensure that happens? The answer is nothing. There is no way that the budget provisions for justice can ensure that the 50 recommendations of the Commission on the Future of Policing in Ireland can be implemented. It is impossible given the timelines suggested by the commis-

sion. After everything we have learned about policing and justice in this country, surely the Government should be taking it seriously. I note that there is no provision for the use of ICT, in particular, CCTV, across the country, which is badly needed to combat increasing crime levels.

On business, I welcome the allocation of €10 million for the IDA property portfolio. I suggest that it should be targeted and not follow the along the lines of the 2040 strategy, which is a complete joke and should be shredded.

On housing, the measures introduced for landlords are incredible. So that the public is not deceived, the changes relating to interest that can be deducted by landlords for loans - up to 100% - means that landlords are now in a better position to buy property and houses than working couples, for example, a garda and an IT worker or a nurse and a teacher. Landlords are being incentivised by this change, and are now in a better financial position to buy a house than those couples. That is a fact. It is the reality of this budget. Is it any wonder that one of the first organisations to come out and welcome the budget today and to welcome this change was the Irish Property Owners Association? It is an example of Fine Gael targeting its core base.

We have heard much talk from Fianna Fáil about affordability and the measures to be brought forward. We have no detail on the proposals, however. How are we going to ensure that this subsidy is not just going to be added to the price of a house? What is in this budget for those who are renting? There is absolutely nothing for them. Where is the tying of rents to the consumer price index, CPI? It is nowhere to be seen. There must be a mass injection of capital into housing, as the Labour Party has proposed. Local authorities must be given the power to make compulsory purchase orders. The Kenny report must be implemented, and CPI-based rents must be introduced. That is what is required in the area of housing, but it has not happened.

The example of the infamous granny flat proposed by the Minister for Transport, Tourism and Sport, Deputy Ross, shows what a mockery is being made of housing under this Government and is one of the best reasons for a general election, which I believe this budget is preparing for. He has espouse the idea at length. He has just announced that it is still in the pipeline; it is going to be tested out to make sure it is viable. It is going to be tested out on one property.

Deputy Thomas Byrne: It will be tested on one lucky granny.

Deputy Alan Kelly: I have a funny feeling the selected property will be in Rathdown.

Deputy Paul Murphy: I believe it is actually in Clondalkin.

Deputy Brendan Howlin: It will be next door to Stepside Garda station.

Deputy Richard Boyd Barrett: Faced with an absolutely shameful housing and homelessness emergency, a crumbling health service which is inflicting such hardship and suffering on so many of those who use it, a climate emergency that is galloping towards us, a further education system that is in dire need of investment as our universities tumble in the world rankings, and in a society that is marked by some of the greatest levels of inequality and deprivation in the western world, this budget is a complete non-event. It does not scratch the surface of the most serious and pressing social issues facing huge numbers of our citizens.

The failure to address the housing crisis adequately is the most disappointing aspect of this budget. Some 10,000 people are living in emergency accommodation, including 4,000

children whose childhoods are being stolen from them due to the failure of the Government's policies. It is a shameful situation. There are 140,000 families, adding up to 500,000 people, on the housing list at the moment with almost no hope of ever getting a council house. Some 70,000 families are in serious mortgage distress, and a whole generation of young people have no prospect of ever being able to afford a home of their own and who can barely afford to pay the extortionate rents on offer in the private rental market at the moment. Faced with that emergency, and following the enormous demonstration that occurred last week, one would have thought that this Government would have done something dramatic and radical to address the situation and its policy failures in this area, but it has done nothing. It can spin the figures as much as it likes, but if one parses what the Minister said, he has not broken from the failed Rebuilding Ireland plan in the slightest. Rebuilding Ireland promises 9,540 new social housing units in 2019. Not all of those are council housing. The Minister said today that that dismal figure will increase to 10,000. The target is increasing by 460. Will that dismal target be met? If one looks at the target for 2018 one discovers that in all four Dublin county councils, in the first six months of this year a grand total of 203 council houses have been delivered, including 16 in Dublin itself. There are 20,000 families on the list in Dublin and 16 houses have been delivered for the city. There are 40,000 people on the housing list in the four Dublin county councils and only 203 council houses have been delivered. That is not even close to the target the Government set, which is itself a dismal target that will not even scratch the surface, in circumstances where there are 144,000 families on the housing list nationwide. It is pathetic, and an insult to the people in emergency accommodation and to children whose lives are being wrecked by this crisis.

The Government has not acknowledged that Rebuilding Ireland is a failure. However, it has given an additional €121 million in housing assistance payments, HAP, to private landlords who are creaming in the profits on the backs of the misery of those suffering from this crisis. To add insult to injury, the Government wants to give landlords more tax relief on the moneys they borrow to buy into the private rental sector. That is extremely shocking. Landlords will be given a tax break so that they can buy properties they can rent in this disastrous rental market, or refurbish existing properties. Nobody has mentioned this, but the incentive to refurbish existing properties will incentivise the evictions we have already seen, where landlords exploit loopholes in the residential tenancies legislation. Landlords will get tax breaks if refurbishments are carried out, which justifies the eviction of tenants. One of the major reasons tenants are being evicted is so that so-called substantial refurbishments can be carried out. The Government is now incentivising this and providing landlords with the justification to evict more people. It is unbelievable. I am not sure whether the Minister of State was following the case in Sandyford that I was involved in during the week, which demonstrated how these loopholes are being exploited by Ires REIT which was invited here by the Government and which is now one of the biggest corporate landlords in the State. It bought property from NAMA for a song, and this week it tried to exploit a loophole left in the legislation to increase the rents of their tenants in Sandyford's Beacon South Quarter by 25% to 35%. The average rental price of the units in that development is €2,200, and the proposals would have seen that increase to €2,800. I met the residents, and I could not believe they were paying €2,200. I was shocked at that. Who can afford €2,200 a month in rent? Still, Ires REIT wanted to increase the price to €2,800, and the Government has allowed a loophole that would permit such an increase.

Because of the bad publicity and because we jumped up and down about it in here, the next day Ires REIT phoned all of those people and said they would withdraw the rent increases. It shows that people power works. However the loophole is still there, and now the Government

is creating an incentive to exploit another one. It is unbelievable and is shocking in the extreme.

The Government's targets are dismal and the additional money the Minister has allocated is pathetic compared with the problem but it will not even deliver any substantial number of extra units next year. The Government is sticking to the Rebuilding Ireland plan, which has failed disastrously. That is a grim prospect for the people in homeless and emergency accommodation and the families in my area who have been waiting for up to 20 years on the housing list. This year there was a slight increase in the amount of council housing in our area. However there is not even completed planning permission that could produce more than eight units in Dún Laoghaire-Rathdown next year. Even these targets, which are dismal and are never met, will not be delivered. It really is grim.

The affordable housing scheme also is an absolute joke. Because of the ten years during which the Government stopped building, we need 35,000 housing units to be built per year to deal with the demand for housing that will develop in the next several years. Under Rebuilding Ireland, the Government is planning to build 6,000 directly next year, with another 2,000 under this affordable scheme. That will not actually be next year but the year after. I repeat: only 2,000 affordable housing units, plus 6,000 or 7,000 units, against a demand for 35,000. It is not even one third of the requirement. The Government is relying on the private sector to deliver the rest. The private sector is hoarding and speculating and is not building in the required numbers. What it is building is completely unaffordable in any event. This miserable drop in the ocean of an affordable scheme of 2,000 units per year, starting the year after next, will not be affordable in the areas where the housing crisis is most acute. A 40% discount on the market rate in areas like south or north Dublin where property prices are now off the charts means they will not be affordable. The affordable houses will not be affordable for people on lower and middle incomes.

That conundrum is also the reason nothing is moving on the public land on which we should be building. Every single local authority in the Dublin area is bogged down in interminable arguments about how to get the balance right between public, private, affordable and council housing. Big rows are going on and nothing is moving. Insofar as anything is moving, Fine Gael councillors in south Dublin, Dún Laoghaire and elsewhere are actually arguing for the sale of public land. That is what the Government is doing. There is all this spooof about public and affordable housing, but yesterday in south Dublin, Fine Gael councillors voted to sell off 70% of publicly-owned land to the private sector. In Dún Laoghaire last night, our councillors put down a motion opposing the sale of land near Stillorgan that has been designated for Traveller accommodation for the past ten years. They also put down a motion saying that public land in Georges Place in Dún Laoghaire should not be sold. Fine Gael and Fianna Fáil councillors said we should sell it. They advocated selling off land that was designated for Traveller accommodation to private developers. The idea that the Government will deliver public and affordable housing is just spooof. Fine Gael is busy using the crisis as an excuse to privatise public land to benefit the party's landlord friends and the vulture funds and corporate landlords it invited into the country. As if all that is not a big enough insult, Fine Gael has done nothing about the tax loopholes it created, which mean those entities will pay no tax on the rental income and the capital gains they are making.

This really is a scandal, and I am going to keep jumping up and down about it until somebody investigates it. For the last three years, I have been tabling questions asking how much tax is forgone to the section 110 tax relief that has been given to all the vulture funds, asset management firms and corporate landlords Fine Gael brought in after 2012. We cannot get an answer.

To me that is a scandal. Tax reliefs worth billions are going to Ires REIT, Kennedy Wilson and Lone Star Funds and when I ask the Minister for Finance how much it costs the State, he does not know. He will not give an answer. It is unbelievable. Were those firms paying their taxes, we could invest that money in building public and affordable housing.

I must say a word about Fianna Fáil on this point. Last week, Fianna Fáil supported the motion of the Raise the Roof campaign calling for an additional minimum €1 billion in investment in the direct construction of public and affordable housing on public land. In this budget, which Fianna Fáil is now apparently going to allow to pass, there is less than a quarter of that. It will not even scratch the surface. Fianna Fáil has already made a U-turn on a commitment made in front of the country last week. That is undemocratic. It is an absolutely unbelievable betrayal of the people who came out on the street last week, and far more importantly, an unbelievable betrayal of the people who are being engulfed by the social emergency which is the housing crisis. It is shocking but not terribly surprising.

In the area of health, the Government has plugged the overrun with additional funds from windfall corporate tax receipts and has invested an extra €1 billion. At least that is going some way towards addressing the crisis. Obviously I welcome the additional funding in the areas of mental health and so on. However there is a big problem with all this. The mental health budget needs additional funds. It is less than what Mental Health Reform asked for and it is still a significantly smaller percentage of the health budget than the European average. It is 8% rather than the 12% that is needed. The critical problem is that even if the Government allocates this money, unless it can get the staff in mental health services and can get nurses to work in the accident and emergency units and hospitals, it will not make any difference. This is the problem. This is why we cannot open the beds. This is why child and adolescent mental health services, CAMHS, are not functioning.

We cannot get the staff to work in the health service because the Government will not pay them properly. This budget has done nothing to address that. Do you know how much the average nurse is going to get as a result of the taxation charges, a Cheann Comhairle? Let us strip out what was given back in the miserable commitments made heretofore, which are not the full pay restoration, abolition of the financial emergency measures in the public interest, FEMPI, provisions and re-establishment of pay equality that was sought. How much will the average nurse on starting pay get? The answer is 71 cent a week. That is some incentive to stop nurses leaving this country. Nurses will not work in our health service because the wages are not sufficient to put a roof over their heads and there is chaos in the public health system. This is going to change nothing. We are not going to get the required level of recruitment. I could say the same about education. We have a real problem in recruiting people into the health service to create capacity. At the end of the day, the health service is mostly about the human beings working in it, nurses and doctors. If one does not have them, one can allocate the money but it does not make any difference. We must pay the nurses and the other healthcare workers to come back and work in the system, and the Minister has not done that in this budget because the Government is still trying to exploit the financial emergency.

Is it not incredible? No housing emergency was declared but the Government is still extending the emergency that allows it to slash the pay of public sector workers. It is the longest emergency legislation in the history of the State, and this is after the financial emergency was declared over.

Deputy Mick Barry: The longest in the history of the world.

Deputy Richard Boyd Barrett: Indeed, possibly the longest in the history of the world. We have emergency legislation in an economy that is recording record growth rates, where the Government is boasting about the level of economic growth and where corporate profits have doubled since the Government came into power from €77 billion to €144 billion. Some people in the economy are doing well but still it appears we need emergency legislation to keep the pay of public sector workers down, which is outrageous. The problem is not just that it is unfair on those workers but unless the inequality and unfairness are addressed, we will not get people to return to the health sector, in particular, to education or to other key areas of the public service where we need them.

I will give a few more examples of the miserable give back in the budget for ordinary working people. A single public servant on €25,000 will get an extra 51 cent - whoopee. They will be dancing in the aisles for that one. It would not even get them a cup of coffee. A couple, with one on the average industrial wage of €39,000 and a partner on €31,000, with two children and struggling to pay the rent and childcare, will get a grand total of €3.50 per week, just about the price of a cup of coffee. That is what the Government is giving back to working people.

Then we have education, which is very serious. The budget has increased the capitation grant to schools by 5% but this still leaves it at €22 less than it was in 2008 when the State started to cut. Even with this 5% increase, which brings it up to €178.50 per pupil, it is still less than the €200 it was back in 2008. So much for a recovery for our schoolchildren and for the funding we desperately need. As a consequence, there has been no move on pupil-teacher ratios in our desperately overcrowded schools, which are among the most overcrowded in the western world. One of the biggest failures in the budget is in the area of third level education. This is quite shocking. We have just had reports that this year our universities are again tumbling in the world rankings. The Government has boasted it will have 15,000 more places in higher and further education, 3,500 additional places in undergraduate education, which sounds good, and 18,500 additional people going into higher level education. One would think this would require additional funding. Do Members know how much additional funding will go into higher education? It is 1%, at €13 million more than allocated last year. This is supposed to cover 18,500 additional students in third level education. This means the amount going into further and third level education per student will drop significantly, when there is a crisis in investment and funding already and we are tumbling down the world rankings in universities and higher education. This is a serious problem. One does not have to be a socialist or a radical to understand what this means for the future capacity of the country to develop a sustainable economy or to withstand the inevitable shocks we will face.

We had a report this week stating the climate crisis is even worse than the worst imaginings we had previously. Ireland is one of the worst performers in addressing climate change. It is not meeting its climate change targets and it will face hundreds of millions of euro in fines in the coming years because of its failure to meet its emission targets. What do we get in budget? Next to nothing. One thing I will concede, and it is something we have been campaigning for strongly over the past five years, is that extra money has been provided in the area of forestry. I acknowledge this, and I am glad it is happening, but if it is not linked to breaking from the current industrial model of forestry and the monocultural model of the Sitka spruce, it will not deal with the environmental problems. It will cause as many environmental problems as it will solve. We need to link any additional funding and forestry to the development of native and broadleaf species-----

Deputy Ruth Coppinger: Yes.

Deputy Richard Boyd Barrett: -----and not to the monocultural industrial model, which is damaging the environment. The extra money is welcome but a radical change in policy is needed.

A key area where the Government could do something to address emissions is public transport but there is nothing radical or changing in the budget. Even with the small bit of additional funding, there will be significantly fewer subsidies going into the bus system than there were in 2008 when the cuts started. The BusConnects plan contains no serious investment in additional bus capacity, which means robbing Peter to pay Paul and taking buses out of one area to put them on more profitable routes in another area without increasing the capacity of the bus service. It contains nothing radical to encourage people to get out of their cars. In fact, more people will have to get into their cars if the BusConnects plan goes ahead because certain areas, particularly those with elderly and less mobile people, will lose public service routes. People in my area will have to get into cars to go to St. Vincent's hospital because there will be no direct route. They will have to get two buses and then walk a hell of a lot further than they would have had with the direct bus. They will have to get into cars. What the Government could have done, which is what we proposed and what has been done in other countries such as Estonia, is make public transport free. It would cost €580 million but, by God, it would be a good investment. It would cut CO2 emissions. If we also increased public transport subsidies to EU levels and increased the bus fleet by approximately 500 or, even better, by approximately 1,000 buses, then we would have a public transport system that people would use and it would make a difference to congestion and CO2 emissions.

Social welfare and dealing with the most vulnerable in our society is a dismal picture. There is a small increase in the back to school allowance but it is still less than it was in 2008. Ten years on, we are still giving less to poor, vulnerable and less well-off families, who are crucified by the cost of sending children back to school at this time of the year. The back to school allowance was always inadequate but people are still being given less than they received in 2008 when all the cuts started. With regard to teenage poverty, nothing has been done about the apartheid under 26 half-rate for young jobseekers. There have been small increases in the qualified child allowances but the Vincentians, the Society of St. Vincent de Paul and other groups state it is not nearly enough to deal with child poverty or to cover the cost for lower income families of bringing up children. Child benefit is still below 2008 levels by a significant margin. The amount for one child is still €26 less than it was in 2008, the amount for two children is still €52 less than it was in 2008 while the amount for three children is €115 less than it was in 2008. The income disregard for single parents, who are one of the most disadvantaged groups in society, is still less than it was when it was introduced 21 years ago in 1997. There is still no restoration in terms of the cuts visited on loan parents.

We could state the catalogue of the budget's failures to address the serious issues of the housing crisis, a crumbling health service, galloping climate change, a crisis in education and inequality and deprivation in our society might be forgivable if there was no money to address it and there was no money to go around.

6 o'clock

The dirty great secret of the Irish economic story is that over the past ten years, the profits and wealth of the rich in this country have gone through the stratosphere. I do not see this as an exaggeration. Corporate profits in 2012 were €74 billion, while corporate profits today are €158 billion, which is more than double the 2012 figure. Meanwhile, the effective corporate

tax rate is less now than it was in 2008 because of a myriad of tax loopholes, deductions and allowances that the Government has facilitated for property speculators and the corporate sector. In the latest available figure, this amounts to €87 billion of loopholes in a single year. Pre-tax profits are €158 billion but there are €87 billion of loopholes bringing the taxable profits to €71 billion. This is letting those people away with murder.

We have been saying this for ten years but it is not just us saying it any more. The Comptroller and Auditor General confirmed this in his report in the past couple of weeks. He identified €216 billion of allowances, deductions and losses forward that are being utilised by the corporate sector to avoid paying taxes. He also pointed out that some of the richest people in Irish society - specifically 90 high net worth individuals - pay less tax per year than a worker on the average industrial wage. It is absolutely shameful, and the process is facilitated by the myriad of deductions and loopholes that benefit the rich.

Although the vast majority of people would not know it, household wealth in Ireland has reached staggering and unprecedented levels. There is a total of €727 billion in national household wealth in the country, which would amount to over €600,000 per household; however, most households do not have anything even close to that. Even the figures from the Department of Finance indicate that 53% of all the wealth I described is owned by less than 10% of the population, which is the problem. The Government's refusal to tax these people and make them pay a fair share - even the 12.5% corporation tax rate - means it is missing out on an extra €7 billion.

The Government cannot even give us a costing for the financial transaction tax, which I have also asked about for the past three years. The Department of Finance will not tell us what the European Union's proposal for a financial transaction tax would generate in Ireland. We know that exchanges worth approximately €2 trillion are going through the International Financial Services Centre but we cannot get a figure on what a financial transaction tax would generate. This is the dirty secret. While the Government fails to address the dire and shameful housing emergency, a crumbling health service, a crisis in education, runaway climate change and deep inequality in Irish society, it has thrown a few crumbs at us. The rich, including property speculators, real estate investment trusts and asset management companies run away with the cake because the Government handed them the entire bakery. It is really shameful and our society will pay a deep price.

The only answer is the kind we saw on the streets last week. On an optimistic note, it seems that movement, which we saw born on the streets last week, is gearing up for the next phase of resistance against the shameful failure of the Government to deal with the real problems faced by Irish society.

Deputy Paul Murphy: We are in the middle of the greatest housing crisis in generations. Ten thousand people are officially homeless, despite all the efforts of the Government to keep the figures artificially low. More than 100,000 people are on housing waiting lists, with 500,000 young people stuck in their parents' houses because they are unable to afford rent. Hundreds of thousands of other people are faced with paying rent that is completely out of control and hundreds of thousands of others are unable to buy their first home. One would not know any of that in listening to the Minister for Finance, Deputy Donohoe.

The Minister told us with pride at 1 p.m. today that "In the past 12 months, 5,000 households have exited homelessness," What he neglected to tell us is that more than 5,000 households in

the same period entered homelessness, with the result that the number of households that are homeless rose rather than declined. In the midst of this greatest housing crisis, what is proposed by Fine Gael and agreed by Fianna Fáil, despite all its empty calls for this to be a housing budget, is a landlords' budget. It is a landlords' budget presented by a landlords' Minister on behalf of a landlords' Government. It has more tax reliefs for landlords making unprecedented profits; they are the highest in the European Union. More housing assistance payment money is being shovelled in the direction of landlords. The Government is simply repackaging the same old Rebuilding Ireland promises and figures one more time.

The Minister for Housing, Planning and Local Government, Deputy Eoghan Murphy, in last week's debate reassured us that he had no ideological position on housing but a week later we have a budget that absolutely confirms that the ideological position of the Government, of which the Minister of State present, Deputy Halligan, is a part. That Government of Fine Gael, Independents and so on has a right-wing ideological position. It is a neoliberal ideological position that chimes with the material interests of those who support Fine Gael. They are the landlords and the developers. We know from the budget that this ideological position does not exist in a vacuum just on the matter of housing but relates to the Government's entire view of how the economy should be run. Those neoliberal policies carried out in the years of crisis and supposed recovery have resulted in a society with entrenched and deep inequality.

There has been a very substantial recovery for those at the top, including the top 300 people who have doubled their personal wealth over the past number of years. Corporations have doubled their profits over the past number of years. However, there is a consequence, as workers' wages are now barely at the point they were before the crisis with the wealth funnelling upwards at an unprecedented rate and with 10% of the population controlling 54% of the net wealth, leaving just 5% for the bottom 50%. There has been a shift in society from wages to profits, with workers' wages falling as a percentage of gross domestic product from 53% in 2008 to 40% now. This is a budget to entrench that neoliberal model and the inequality flowing from it.

This is a budget for fiddling while the whole world burns. It has effectively nothing to say on the key matter of climate change. Yesterday's Intergovernmental Panel on Climate Change, IPCC, report has the entire world talking about the fact we have 12 years to turn the problem around to avoid hitting a global average increase of 1.5° Celsius above pre-industrial levels. That does not seem to have performed any kind of wake-up service for the Government whatever.

This is a budget for the continuation of discrimination and mistreatment of young people, including students, young workers and the young unemployed. It is a budget where taxation measures give less than a fiver to an average worker but turns a very encouraging blind eye to the multinationals to enable them to continue their tax avoidance on a massive scale while the Government pretends to be doing something about it. The figures demonstrate that this is not the case. There is an alternative but it is based on the implementation of radically different policies from those of the Government. It is based on the implementation of socialist policies and using the resources that exist in society to tackle the housing emergency now, invest in public services and use public investment and democratic public ownership to develop sustainably, in an economic and environmental sense, our economy. However, right-wing parties and the big parties in this Dáil will never implement such a programme. It requires a mass movement outside the Dáil and the building of a mass socialist left. I thought last week was a very important moment with 10,000 people on the streets during the middle of the week for the Raise the

Roof protest. Apparently, it was not just the left that saw the significance of that protest. It was reported by various journalists that right-wing Deputies here were worried because it seemed that it was not just the usual suspects who were out protesting. If one creates a situation where most of the population is affected by a housing crisis, one should be prepared for it to have had enough at a certain stage and to mobilise to say it needs policies to resolve that crisis. I would also tell the Government that if it thought that what happened last Wednesday was bad, this budget is a red rag to a bull in terms of the housing movement that is developing because it shows the Government has no intention of taking the action that is necessary to deal with the housing crisis.

This budget, and Fianna Fáil's effective agreement to it, indicate that Fianna Fáil's vote for a motion last week was a joke, that it never meant it and that it shares the same viewpoint of Fine Gael so be prepared-----

Deputy Anne Rabbitte: That is so dishonest.

Deputy Paul Murphy: It was so dishonest of Fianna Fáil to vote for a motion last week calling for a minimum increase of €1 billion to be spent on housing in this budget and to come in the following week and agree a budget with Fine Gael that does not contain anything like that. It should be prepared for a massive Saturday protest to take place in the coming weeks, a protest that will have as its target the Government but also Fianna Fáil, which together make up the majority for this Government-----

Deputy Ruth Coppinger: The Independent Alliance.

Deputy Paul Murphy: And the Independent Alliance, of course. We would not let it away with that. They should be prepared for a new wave of housing occupations as the activists involved in Take Back the City and those inspired by it, who have given new impetus to the housing movement we saw with 10,000 people out on the streets, again take action to highlight vacant housing and the resources that exist in our society that are not being used. That is what is necessary. It is necessary because the position of the Government and Fianna Fáil on housing is clear from this budget. They remain completely wedded to the idea of incentivising the private market to provide housing through a massive transfer of wealth to private landlords through HAP and an additional €120 million provided for in this budget. This is the equivalent of 700 public homes on public land every single year. The Government likes to pretend it is prudent and gives out about how we are not prudent. In respect of the incredible extra costs of pursuing such a right-wing ideological approach to the delivery of housing, which involves just paying landlords and saying that people's housing needs have been met, 50,000 out of the 70,000 social housing solutions about which it talks simply involve paying private landlords. The extra costs are incredible. The figures drawn from the research of Mel Reynolds and Rory Hearne show that providing 120,000 social housing units through HAP will be €33 billion more expensive than direct local authority provision over a 30-year period. A total of €1 billion a year is being wasted but it is not just being thrown nowhere - it is being transferred to private landlords. There will be an extra €120 million in HAP and €18 million extra in the mortgage interest relief. Again, this is equivalent to 700 public homes on public land. As Deputy Boyd Barrett pointed out, this money is available in respect of loans used to purchase, improve or repair their residential property. Anyone who has been in rental accommodation and suffered the disastrous situation of being kicked out of his or her rental property under the guise of substantial renovations but in reality so that a landlord can hike up the rent will be sickened to know that their money - public money - is going to incentivise landlords and pay them to say do precisely that. These

landlords say they are borrowing to carry out renovations, the public effectively pays for it and people find themselves homeless yet again. The Government's approach is not to say that there should be rent controls in a situation where rental yields are 7%, double those in Germany or the UK. No, the Government's approach is to shovel yet more money in the direction of landlords. Even by the most optimistic and generous interpretation of the figures being put forward for the building of social housing, at the most, one is talking about an increase of 5% when we face a massive crisis and, as has been pointed out, all the previous targets have been missed. Therefore, there are very serious questions about whether they will hit this time.

There has been an attempt to outsource responsibility for housing and to effectively privatise what is deemed to be social housing in terms of the use of HAP. There has also been an attempt to outsource responsibility to local authorities and to tell them that they simply need to build the houses. I sat in the gallery of South Dublin County Council yesterday. The former Minister for Housing, Planning and Local Government, Deputy Coveney, came out to that council around two years ago and said money was no object when it came to building social housing. However, yesterday, councillors from Fine Gael, Fianna Fáil and the Labour Party voted together to effectively privatise 70% of council land at Kilcarbery. The land could have provided close to 1,000 social and genuinely affordable homes. Instead, it will only provide 300. These parties bear responsibility for this centrally but also locally. The answer to the housing crisis is simple. The Government can no longer say that it cannot be done overnight or in seven years because it is now refusing to even implement plans that would have an impact in three or four years' time. It is not a question of not being able to magic up houses overnight because it is refusing to invest even at this extremely late stage in building the homes that are necessary - building 20,000 new public and affordable homes a year over five years to deliver 100,000 new homes to resolve the crisis. The Government refuses to do it precisely of its ideological and material commitment to the market and those who benefit from the market.

The rainy day fund has been the subject of an amount of discussion out there. This is the third year that it has featured in the budget. Each year it comes, it is more and more of a sick joke because there is a tidal wave of homelessness out there. There is a flood of social problems. It is monsoon season in terms of inequality yet the Government does not listen or want to know about any of that. Instead it wants to put an additional €500 million away this year. It just demonstrates how utterly out of touch it is. However, we should also remind everybody what the rainy day fund actually is. Under EU fiscal rules, it will not be possible to use the rainy day fund to spend on public services. The only circumstances under which the EU fiscal rules will allow this extra money that is not coming in through State revenue to be spent is in cases of "external shocks". What will an external shock look like? I think it looks a lot like what we saw in 2007 and 2008 in terms of a world economic crisis, bank collapses and the money then being used to bail out banks. Right now, while we have this immense housing crisis raging, the Government is effectively building up a bank bailout fund for future use.

Clearly, and to a degree understandably, the Minister had his head elsewhere yesterday and missed the Intergovernmental Panel on Climate Change, IPCC, report but he should not have missed the Climate Action Network report from a few months ago saying Ireland is the second worst in the EU in terms of meeting climate change targets. Nor should he have missed all the other Intergovernmental Panel on Climate Change reports which made clear the extent of the disaster that we are heading towards. In case the Minister missed yesterday's report, I will spell it out for him. We only have 12 years to stop global warming exceeding 1.5°C. Another 0.5°C above that would significantly worsen the risks of drought, floods, extreme heat and poverty

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for hundreds of millions of people. Dr. Debra Roberts, the co-chair of the working group on impacts said:

It's a line in the sand and what it says to our species is that this is the moment and we must act now. This is the largest clarion bell from the science community and I hope it mobilises people and dents the mood of complacency.

I am sorry that while it will undoubtedly mobilise people and create the basis for change, there is no sign of the mood of complacency being dented inside the Government, because this budget contains effectively nothing. There is a nod to hybrid vehicles, which is not the solution to climate change. If we want to tackle climate change and want Ireland to become a zero net-emitter of carbon by 2035, at the latest, and if we want a just transition to a zero-carbon economy, we need radical action now. Anything less will not be enough but, in effect, we have nothing in this budget.

This is not in line with the attitudes of people in this country. The Citizens Assembly, for example, voted 100% in favour of the State taking a lead in tackling climate change, 97% supported the establishment of a new independent body to ensure that climate change is at the centre of policy-making and 92% favoured the State prioritising investment in public transport over road infrastructure. However, the Government did not listen to any of that, as is evident from the budget. We need to slash emissions in agriculture and transport, our two highest emitting sectors. How we do this in transport is obvious: we must get people out of private cars and onto public transport such as bus, rail, or light rail. That means capital investment in public transport and it means making it free as in Estonia. The resources exist to allow us to do it and it would have a radial impact on emissions. Free public transport costs only slightly more than the money being raised by the increase in VAT for the hospitality sector. To bring it back to the 2008 level and increase it by 33% would take €130 million and further capital investment. If the Government was serious about climate change instead of paying lip service to it, it would announce these kind of measures. If we do not build a movement to force the Government and others like it around the world to take the action that is necessary, we will all pay a devastating price.

Ireland, after this budget, will remain no country for young people as a result of the actions taken by this and previous Governments since the crisis. They are treated as second-class citizens in many different areas, with two-tier employment, a two-tier social welfare and a complete absence of the necessary investment in their education. The student contribution charge remains at €3,000 after Labour broke its promise to prevent its increase and there is no talk of getting rid of that. With regard to access to education, almost 95% of school students from Dublin 4 go to university, compared to less than 20% from Dublin 17. There was nothing about student grants or the student accommodation crisis. The Union of Students in Ireland, USI, estimates that there is demand for more than 25,000 beds but, instead of public student accommodation, students are fleeced by corporate private landlords.

The situation of low paid workers, many of whom are young, remains the same. The Government increased the national minimum wage by a 20 cent an hour, which amounts to €8 a week if a worker is doing a 40-hour week, but the average increase in rent in Dublin last year was €50 a week. The national minimum wage remains more than €2 below the living wage, which itself is an absolute rock bottom minimum for anyone who wants to survive in a city and pay rent.

In the public sector, the Government has entrenched the existence of two-tier pay for years to come and has once again done nothing to end the discrimination against those aged under 26 on social welfare. It is incredible that young people are asked to live on a little over €100 a week. It is disgusting discrimination and leaves young people in a difficult, precarious and exposed position.

The Government's extreme neoliberal approach is very evident in every aspect of the budget. The clear reliance on the private market to deal with everything is evident in the childcare and health sectors. It should be remembered that the Minister for Children and Youth Affairs told the Dáil, "It is an essential foundation for my pledge to transform our childcare system from one of the most expensive in the world to one of the best." What was announced today to bring us any closer to one of the best? Does the budget merely entrench one of the world's most expensive childcare systems? Clearly it entrenches this vastly expensive childcare system, as it simply increases a subsidy to private childcare providers. In many areas of Dublin, it costs more than €1,400 a month for two young children. That is 60% of the median take home pay of a wage earner over 35 years. In Dublin City centre, the average cost of childcare is 50% of the take home pay of a minimum wage full-time worker and that includes the subsidy. The subsidies do not deal with that fundamental issue. Furthermore, it is a sector which is racked by low pay and precarity and contracts that do not extend beyond 40 weeks a year. There is an obvious alternative to subsidising the sector but that means breaking from the reliance on the free market and investing to move Ireland towards publicly run, free childcare. The total cost of expanding the capacity and hiring 50,000 childcare workers on decent wages to provide free State provided childcare for all, which would transform people's lives in a fundamental way, would be €2.5 billion.

The same is true in the health sector. The Minister claimed that health spending is at a record high but failed to mention that the population has increased and has gotten older and, therefore, a higher budget is needed to even just stand still. The health service capacity review this year examined demographic changes and projected an immediate need for an additional 1,200 beds if we are to have a safe occupancy rate. The review also projected that we need almost 6,000 additional beds by 2031 to keep up with demographic changes. There is no way that will be met on the basis of this spending.

There will be a crisis in hospitals this winter. The Irish Nurses and Midwives Organisation, INMO, has predicted a war zone in hospitals and the Government has no credible plan to deal with additional patients. Over the summer and into the autumn, the number of patients on trolleys, which was almost 8,000 this September, had reached a record high. The Government gave the game away regarding its approach to healthcare and public service more generally in the budget lines that received the largest percentage increases. The NTPF has increased by 36% or €20 million. Its approach relies on underfunding public services and then outsourcing to private companies to deal with the mess. It is the classic recipe for undermining public services and driving them towards privatisation. The alternative and most efficient way to run our health service is an Irish national health service, which would be single tier and properly funded to provide a quality public health service. Rather than go even a step in this direction in this budget, the Government has gone in the opposite direction towards a privatised health service.

My final couple of points are on taxation. The Government will try to make much out of tax changes which will see average-paid workers getting maybe €4 extra a week without mentioning that it will be wiped out overnight by the increases in rents. With the big things that are happening, there is misdirection going on. One is told to look at the €4 or €5 one will get,

but not at the way those at the top of society are getting away with paying little or no tax. The recent Comptroller and Auditor General report revealed that a quarter of those with wealth of over €50 million paid less than an average PAYE worker in tax. Another 40% paid less than €120,000. That is not even the biggest scandal.

The biggest scandal is the massive tax avoidance of the multinational corporations actively facilitated by the Government. The Government keeps repeating the rate of 12.5% but the big corporations do not pay 12.5%. The figures are in. One can look at them. They are clear. In 2016, total profits before deductions were just under €160 billion. Total corporation tax paid was just over €7 billion, amounting to an effective rate of corporation tax, after deductions, of 4.5%.

Some of the worst companies for using Ireland as a tax haven conduit are the big technology companies, such as Apple, Google and Facebook, but the other big participants that have been revealed by a recent report by Oxfam are the big pharmaceutical companies. Four of the largest, Abbott, Johnson and Johnson, Merck and Pfizer, are using Ireland to avoid paying tax. For example, Abbott paid no tax whatsoever on profits of €1.2 billion declared in Ireland in 2015 - not a single cent. That is a loss for the public of €155 million from one company for just one year and yet the Government still tries to claim that it is tackling tax avoidance.

We should be clear that this is not a victimless crime or a simple matter of tax competition which Ireland just happens to be good at. We live in a world of galloping inequality, where 82% of wealth generated across the world last year went to the richest 1%, with the bottom 50% getting none of it. A key factor in that inequality is the race to the bottom in corporate tax rates, in which Ireland is leading the way. Ordinary people in this country pay a price in terms of the housing crisis, health and education as a result of not collecting tax from the likes of Apple, Google, Facebook, Abbott, Pfizer etc. Developing countries and those who need public services in developing countries pay a price. It is also a model which is fundamentally unsustainable, given the situation in terms of Brexit, the situation in terms of Trump and the race to the bottom in terms of corporate tax rates in which others are engaging. An alternative model is needed.

People should be clear that there is a considerable amount of wealth in our society, not only wealth that already sits there but wealth that is generated on a yearly basis. Gross domestic product, GDP, per person this year will be €60,000. There is loads of wealth in our society but it is a question of how that wealth is distributed and how the sources of that wealth are owned. A very radical alternative to what is put forward today by the Government is possible but it means breaking from the fiscal straitjacket of the EU. It means breaking from a model of capitalism and the reliance on the free market to deliver. It means saying that the interests of society as a whole should come before the interests of the profiteers and privateers. It means using the wealth in society to address all of the social crises that are present.

The wealth exists in our society to tackle the housing crisis, to build a national health service, to provide free public childcare, to provide free public transport and for a just transition to a zero carbon economy but it requires radical socialist policies. Look even at the amounts of wealth that could be raised through taxation: a millionaires' tax of 2% would raise over €3 billion; a doubling of the corporate tax rate for big businesses and a cutting of the loopholes would raise over €10 billion; increasing PRSI for employers could raise €1.4 billion; and repudiating odious bankers' debt would generate a yearly saving of around €3 billion. There are many more examples.

Of course, taxation alone is not enough. One cannot control what one does not own and therefore we need democratic public ownership of the key sectors of our economy to resolve the crises we face. When one looks concretely at the crises that we face, that is obvious. When one looks at the housing crisis, it is obvious that we should use the resources that are going into the rainy day fund, that exist in NAMA and ISIF, to set up a public construction company to build the necessary housing on public land. In terms of climate change, it is obvious that the energy companies need to be taken into democratic public ownership, and the oil and gas should be left in the ground, in a situation where private companies have refused to make the kind of investment in wind and wave energy which is necessary and which could see Ireland being a leader in green energy. In terms of moving away from the disastrous tax haven model that leads nowhere, it is clear that public investment and public ownership of the key sectors of the economy are necessary for a sustainable plan of economic development. None of the major parties here stands for such a programme but it is what is necessary to resolve the crises facing people in this country and what is possible on the basis of the resources that exist here.

This landlords', neoliberal, anti-young person budget underlines yet again the need to build a mass party of the left to fight for a left government which would introduce a socialist budget which would really transform people's lives.

An Ceann Comhairle: I believe Deputy Wallace is sharing with Deputies Broughan, Joan Collins, Connolly, Pringle and Clare Daly.

Deputy Mick Wallace: This is the eighth budget since I became a Member. I suppose they have one thing in common in that they were very similar and none of them was inspiring. Little has changed in how budgets have been done over those eight years that I can remember.

I heard some people saying today that this was an election budget. I do not think so. After listening to Fianna Fáil kissing Paschal's feet, I would be surprised if this marriage made in heaven does not continue for another while.

The Minister told us today that, most importantly, this is a caring budget. One would have to wonder, "Caring for whom?"

I come from Wexford, one of the most underprivileged areas of the country. Our unemployment rate is still 14%. We have significant challenges around mental health and all the other social problems that go with it. I was amused to hear the Minister, Deputy Donohoe, say that there was €587 million to be invested in the ports in Ireland, Dublin, Cork, Shannon and Foynes, to enhance national and international connectivity. The Minister also told us that the Government is bulletproof ready for Brexit. Has the Government heard of a place called Rosslare, because there is a port down there? It is the nearest port to Europe. After the Brexit vote, in 2016, there was a study set up at the Irish Maritime Development Office to look at the use of the UK land bridge. The purpose of the report was to establish the volume of traffic using the UK land bridge currently, the potential consequences that Brexit will have on land-bridge usage and the various alternative options that may be viable. Two and half years later, there is still no report. Does the Government give a damn? It would be such a lift if there was State investment in Rosslare. The Government was happy for Irish Rail still to own the place and bleed it of the profits every year. There has been no investment in it for years. It could make a big difference to Wexford but I do not see any appetite for or interest in it.

When they see deprived areas that need help such as Wexford, why was there nothing in the

budget today to target them? Wexford is not the only one. In terms of deprivation, we are in the top three, with Donegal and Longford. We do not see proactive Government action to address the problems in these places.

I heard the Minister say that the Government is fully committed to supporting the sustainable development of Ireland through the Department of Rural and Community Development. I am actually getting tired of hearing in here that the Government really cares about rural areas. It is wearing a bit thin. All Deputies from outside Dublin know many of the towns and villages are dying and need help. They need a different government approach.

There is a small village in the south of Wexford called Duncannon. The residents there have been on to me for a couple of years about a footpath of 300 m that they want to extend from the playground to the village. It would also connect to a housing estate with 56 houses. The road there is really dangerous. If there is a person walking on the road and two cars meet, one of the cars has to stop for fear of hitting him or her. When the local authority is asked why it will not build the footpath, it states honestly that it does not have the money. Given that the local authorities are totally dependent on central government for money, the Government would give them money for such projects if it actually cared about rural areas. It is not giving enough.

Any notion that the budget is connected to the reality of people's lives has been well challenged by the Minister for Finance, Deputy Paschal Donohoe. I am talking about the lack of reality in the budget and the disconnect between its provisions and real Ireland. The Minister actually said today, "this Government and the Irish people will not be found wanting in addressing some of the major humanitarian crises and development challenges our planet faces." Give me a break. Let us just mention Saudi Arabia, Yemen and Shannon. It is said we are worrying about the humanitarian crises in the world today but we have tea with the Saudis and UAE crowd and we are grand with it. The worst humanitarian crisis on the planet today is in Yemen. The people are being starved out of it. That is the latest tactic. Most of the bombs have hit non-military targets from the start in Yemen. Now crops and animals are being bombed to reduce the amount of food. The port of Hodeidah, where most of the food comes in, has been blocked. It is ridiculous, yet we say we care about the rest of the planet. We are still allowing Shannon to be used by the US military to bomb the living daylights out of anything it wants to bomb.

With regard to climate change, the report of the UN Intergovernmental Panel on Climate Change was released some days ago. It was damning. According to the climate change performance index, Ireland is the worst performing European country. Our carbon emissions are a shocking 60% higher than the EU average. What is in the budget today about climate change? It is a load of nonsense. The Taoiseach said in August that if we are to meet our climate change obligations, we have to grasp the nettle by increasing the carbon tax. Maybe the Government has another budget coming up next week and we will see climate change dealt with but we have not seen anything yet. There was nothing in the budget today.

The budget refers to using compressed natural gas in our vehicles as an environmentally friendly alternative to diesel. The idea that natural gas is in any way environmentally friendly is propaganda by the fossil fuel industry. It is not true. We know from numerous studies that the increased use of natural gas in road transport is largely ineffective in reducing greenhouse gases or air pollution. The immediate benefits are small or non-existent while the environmental and societal costs and costs to operators are negative for almost all vehicle categories, particularly large commercial vehicles. Natural gas is a fossil fuel and, as such, should be kept in the ground. Instead, the Government is talking about spending money to incentivise its extraction

and burning it. It is nuts.

There is more money going into the forestry sector. It would be welcome if the programme were not an environmental disaster. Tree plantations in Ireland are dominated by non-native varieties that require fertilisers and pesticides. They are destined for pulp, fibreboard, paper products or, worse, the generation of energy. We have the second lowest level of tree cover in Europe. We should be incentivising farmers to plant a mix of native species that will stay in the ground and achieve long-term carbon lock-up but we are not doing it.

With regard to housing, spare me, Lord. The Minister said today, “We are working hard to deliver sufficient housing to provide secure and affordable homes for all our people.”. I am sorry to say that is not true. The Minister said, “In the rental sector, I am bringing forward the full removal of the restriction on the amount of interest that may be deducted by landlords in respect of loans used to purchase, improve or repair their residential property.”. The Government is to subsidise them even more. In Germany, rental properties are subsidised but on the condition that they are rented below the market rate. Here the rates are off the Richter scale, yet we are still going to incentivise the landlords. The Minister stated:

We have established a €100 million serviced sites fund to support local authorities in bringing forward lands for subsidised, more affordable housing. I intend to increase the level of this fund to €310 million over three years.

For how long have we been subsidising housing in this country? Despite the amount of subsidisation, the budget today is bringing in more. Since we came in here in 2011, nearly eight years ago, the Government has refused to do what needs to be done to address the problems regarding the supply of housing. It is listening to the wrong people. It might say it is not going to listen to those of us over here ranting and raving about housing until the cows come home but I am sorry to say it is listening to the wrong people. It does not understand the industry. I do because I spent my life in it. The Government is going in completely the wrong direction. It is going the same way as Governments have gone for the past 30 or 40 years. Introducing a subsidy in the manner in question, supposedly to produce affordable housing, is crazy. It is not the way to do it.

The Government members were in here only a couple of weeks ago telling us how wonderful the Land Development Agency is. The Minister for Finance said today that the Land Development Agency has been established to better co-ordinate State lands for regeneration and development. The agency will be NAMA Mark II. It will co-ordinate State lands all right, but for developers to provide unaffordable housing. There is no sense to that. As the Minister of State, Deputy John Halligan, will know, we introduced a Bill in July on this matter. The Government should address the root cause, where it all starts.

Let me give the two main reasons housing is unaffordable in Ireland. First, the price of land is crazy because we do not control it and, instead of taxing land-banking, we incentivise it. Second, the Government is not prepared to hire builders to build housing, although it is prepared to hire developers who will hire builders to build housing. As I keep saying, the builder and developer are two different animals. It just so happened that some builders, like myself, became developers 15 or 20 years ago but the average developer now is not a builder. He hires builders. Some build but the big boys do not. They are looking for a serious profit. They are looking for €60,000 to €80,000 in profit per unit. If they have land, they would like about €100,000 per unit for it. If the Government sorted out the local authorities, made them fit for purpose and let

them hire builders, who would be very happy to make €10,000 in profit per unit, they would be delighted. The Government is paying an extra €100,000 per unit, at a minimum, to allow the big developers to supply the housing for it. It is not prepared to fix the problem. It could produce a unit for €100,000 less by organising bodies itself to work in connection with the local authorities. I do not understand why the Government will not do this.

The Government used section 43 as an excuse not to tax land-banking. Other countries tax it. We say at times we are following international best practice but we are not. They do it much better in other places. We are ignoring the good aspects of how they operate. A man said the following in 1909, almost 100 years ago:

Roads are made, streets are made, railway services are improved, electric light turns night into day, electric trams glide swiftly to and fro, water is brought from reservoirs 100 miles off in the mountains - all the while the landlord sits still. Every one of those improvements is effected by the labour and cost of other people. Many of the most important are effected at the cost of the municipality and of the ratepayers. To not one of those improvements does the land monopolist, as a land monopolist, contribute, and yet by every one of them the value of his land is sensibly enhanced. He renders no service to the community, he contributes nothing to the general welfare; he contributes nothing even to the process from which his own enrichment is derived.

If the land were occupied by shops or by dwellings, the municipality at least would secure the rates upon them in the aid of the general fund, but the land may be unoccupied, undeveloped, it may be what is called “ripening” - ripening at the expense of the whole city, of the whole country for the unearned increment of its owner.

The man who said that in 1909 was Winston Churchill. It was 109 years ago but perhaps the Government should start listening to what Winston Churchill had to say.

What is wrong with us? I have said previously in this House that in areas 20 km or 25 km outside the centre of any city in Europe one can buy a three bedroom house for €160,000. That is the case in any of the cities in mainland Europe, although not England. What would one pay for it here in our capital city? Good luck to somebody if he or she can get it for double that amount. One would be under pressure to do so. Why do we not do something about it? Some 99% of the voters for Fine Gael, Fianna Fáil and the Labour Party would benefit from doing this properly. For God’s sake, stop subsidising the developers and feeding the landbankers. Are we ever going to sort this country out? This budget goes nowhere towards sorting anything out.

Deputy Thomas P. Broughan: At the outset, I wish to acknowledge the sterling work and reports of the Committee on Budgetary Oversight and the Parliamentary Budget Office during the year.

This budget was framed against a background of several challenges, such as the impact of a possible hard Brexit, trying keep an open border with the North, President Trump’s “America First” policy, our over-reliance on corporation tax from a small number of multinationals, the ongoing desperate housing crisis, health waiting lists and, of course, climate change and all the issues highlighted yesterday by the Intergovernmental Panel on Climate Change, IPCC. The budget that has been presented is, at best, a type of holding exercise. It is a sadly familiar budget and is principally for the elites of Fine Gael and Fianna Fáil and their supporters in the property industry. While the National Treasury Management Agency, NTMA, is efficiently

carrying out the necessary refinancing of our national debt this year and into 2019, the sheer burden of the €201 billion debt as a percentage of GNI* and in real terms is a sombre backdrop to our economic performance. In addition to that, there is the amount of money we are paying each year to the European Union, our net contribution. We are one of the nine net contributors. It demonstrates that much of our funding is pre-committed and that limits the ability of even a radical Government to address our major concerns.

As I indicated several times to the Minister for Finance at the Committee on Budgetary Oversight, despite the recent surge in corporation tax I still believe the introduction of the rainy day fund should not have happened this year and should have been postponed until the early 2020s. The Irish Fiscal Advisory Council has correctly criticised the proposed €1.8 billion fund as half-baked. The Committee on Budgetary Oversight and the Parliamentary Budget Office are still waiting for information on whether this fund would operate as a counter cyclical policy tool and-or an emergency fund. Had we not embarked on this course today we would have had an extra €500 million to spend on vital current services in areas such as health, education, disability and housing.

Last week, I delivered my pre-budget submission to the Minister, entitled “A Budget for All Our People”. The key expenditures I outlined cost €3.4 billion to €3.5 billion. The necessary revenue raising measures I favoured would have yielded at least €2.7 billion. Regrettably, one of the most opaque areas of the national finances is the lack of transparency and accountability for costly tax expenditures as well as the tax avoidance other Deputies have mentioned. Included in these tax expenditures are the crash era losses set against current corporation tax liabilities. Constituents are often very angry that companies such as Bank of Ireland, AIB and the like, which are now very profitable again, are not paying normal corporation tax in addition to the bank levy.

For years I have been calling on the Government to declare a housing emergency and introduce emergency legislation along the lines of FEMPI, but for housing. However, the housing package announced today is merely a rehash of earlier announcements and promised spending. The net additional social housing construction and acquisition capital spending appears to be only €210 million, with €69 million for servicing local authority sites. The over-reliance on the private rental sector for accommodating those with a social housing need through the HAP, RAS and rent supplement will be greatly exacerbated by this budget. There are almost 70,000 households being accommodated in this way now and today’s changes will add another 17,000 households to the uncertain future of living in a HAP house. The total reliance of Fine Gael and Fianna Fáil on developer-led housing has created major uncertainty about the ongoing vast government expenditures in the private rental sector. The Taoiseach, Deputy Varadkar, and his alt-right colleagues in Fine Gael still relentlessly oppose direct construction of social housing by the local authorities. In view of some of the changes made today, how will renters be any more secure following the removal of interest deduction limits for landlords? What will the increase in infrastructural funding up to €50,000 per subsidised home do to assist the homeless?

I am a member of the informal Oireachtas group on disability. I urged the Government to introduce a €20 per week cost of disability payment but all we got today was a commitment from the Minister and the Minister of State, Deputy Finian McGrath, to look at this important initiative in a study that will cost €300,000. The Oireachtas group presented a multi-annual investment programme of €211 million per year, starting in 2019, but as far as I can see there is only €150 million in additional spending for 2019. Obviously, some of the demographic changes will consume much of that.

As with housing, the Government's response to the ongoing crisis in the health sector has been incredibly lacklustre. Lengthy waiting lists of over 700,000 have become the norm as citizens languish in pain and our two-tier system exacerbates inequality. Where are the extra beds we were expecting today or, indeed, the cardiac services in the Minister of State, Deputy Haligan's, south east? Why did that not happen today? We were expecting some major initiatives in those areas. Only €206 million out of the proposed Vote for health in 2019 is being allocated to Sláintecare implementation, but the Sláintecare integration fund only receives €20 million. In that section of the budget expenditure report, the €206 million includes additional funding of €55 million for mental health services and €20 million for the National Treatment Purchase Fund. However, only a few weeks ago the Minister, Deputy Harris, told me that €189.2 million was needed to implement the A Vision for Change strategy.

The small restoration measures for social welfare recipients and pensioners in recent budgets have been welcome, but I expected the Minister to go a little further today with perhaps a basic €7 per week increase across all payments, which the Department of Finance estimated to cost just under €500 million. The increase that has been granted as well as the full restoration of the Christmas bonus are welcome, but the Minister could have done more for our most vulnerable citizens. As was highlighted during the national economic dialogue, budget 2019 should have addressed the feminisation of poverty. Many priority measures could have been taken to do this. Incidentally, I welcome the €150 earnings disregard for lone parents. That €20 is very welcome. However, given the growing feminisation of poverty and homelessness, it is unacceptable that the Department is not fulfilling the key recommendation of the Committee on Budgetary Oversight that an equality budget statement would be prepared and read by the Minister along with the Budget Statement today. He refused to do that when he met the committee recently. Why is the Department of Public Expenditure and Reform not using the SWITCH - simulating welfare and income tax changes - model in respect of gender income inequalities?

When the teacher unions and teacher constituents contacted me over the past year, their key demands were pay equality, lower pupil-teacher ratios, increased capitation rates and restored necessary middle management.

7 o'clock

The current and capital education budget increases amount to just under €500 million and they do little but address the demographic needs of our population. For example, only €4 million will be provided in additional capitation in 2019. The move to an NTF levy of 1% is welcome.

The Revenue Commissioners' statistics and economic research branch provided information on income, USC and other key tax changes which could have been positive. I welcome the change in the standard rate band and the slight improvements in tax credits but the national minimum wage should have been increased to €10.50 per hour rather than €9.80 because we should strive to reach a national living wage of €11.90 per hour over the next year or two at the latest. The Minister could have taken many other steps. For example, I proposed a 43% tax on incomes greater than €120,000 per annum in my budget submission, which would have yielded significant additional funding. I also supported Deputy Wallace's proposal for a 25% vacant site levy. Deputy Wallace will be aware that the Department of Finance costed his proposal and if proceeded with, it would have yielded an additional €105 million up to 2020. The Government could have taken many more positive, fairer and egalitarian tax initiatives. In many respects, the Minister had scope for a much fairer landmark budget, even allowing for Brexit and

the other severe external challenges. Once again, he chose the Fine Gael spin over substance route. Despite what the media may headline tomorrow, this budget is essentially a standstill exercise to see how the wind will blow from 29 March 2019 and whether another budget will be necessary in 2019. It particularly fails citizens who are in housing need and those who are ill.

Deputy Joan Collins: This is an election budget. There are no big giveaways, with just a little here and a little there, something for everyone in the audience. Listening to the Minister, one would think we did not have a housing emergency and that homelessness has not more than trebled in the past four years. One would think we did not have a crisis in our health services, with 700,000, or one in six, citizens on a waiting list. We also have one in six people, including 100,000 at work, on incomes below the poverty line. This budget will make little or no difference to those struggling to live on an inadequate income, including the 50% of people earning €27,000 per annum or below. It will make no difference to those who are struggling to get or keep a roof over their heads that they can afford or to those who are ill or have ill relatives. It will make no difference to the almost 100% increase in the number of people reliant on food supports between 2016 and 2017. Two years ago, 54,000 people were supported through the Fund for European Aid to the Most Deprived, an EU scheme augmented by national governments. Last year, demand for this support doubled to 96,000. Financial support for the food programmes increased from €36,000 in 2015 to almost €3 million last year - so much for progressive budgets. More than €6 million has been spent through the programme since July 2016. This data challenge the Government's mantra of widespread economic recovery and, "We're all in this together, wear the green jersey."

This budget represents more of the same, namely, the maintenance of Ireland as a tax haven for multinationals and high wealth individuals. There was nothing concrete in the Minister's statement regarding corporation taxes. According to a report last year from the Comptroller and Auditor General, of the top 100 companies, 13 had paid an effective rate of less than 1%. The window dressing on this issue will have to stop. Social Justice Ireland has noted that an effective rate of 6% would yield an additional 1% in corporation tax next year and a reduction in the tax break on intellectual properties from 100% to 80% would yield an additional €750 million. The Minister also made no mention of the fact that 140 of Ireland's 334 high net individuals, who individually have more than €50 million in assets, declared income of only €125,000 per annum, with 83 declaring a taxable income below the average wage of €36,500. It is scandalous that this is allowed to happen at a time people are sleeping on the streets and living in hotels, bed and breakfasts and hubs. At a minimum, action is needed to close loopholes in reliefs to bring the effective corporate tax rate close to the 12% nominal rate, the abolition of section 110 provisions and avoidance mechanisms such as the knowledge development box and an end to the banks writing off taxes on the basis of past losses. This budget does nothing to raise the living standards of those on low and moderate incomes, which is the majority of the population. What will make a difference is affordable housing, free high quality healthcare, affordable childcare and an end to the scourge of low pay affecting one in four workers.

On housing, Government policy in this area has failed and will continue to fail. A policy reliant on private landlords and developers cannot resolve the housing crisis. The Department of Housing, Planning and Local Government claims that 25,000 social housing solutions were provided in 2017. In reality, only 7,000 new homes comprised social housing stock, of which only 400 were built by local authorities. Of the 12,358 provided so far this year, only 487 or 4% were new builds by local authorities. Subsidies to private landlords by way of HAP and RAS will reach €1 billion by 2021 yet this housing will not add to the public housing stock or provide

any security of tenure. This is a landlords budget. Tax relief for landlords has been increased from 80% to 100%. The alternative to this policy of incentivising developers, landlords and REITs, has been outlined again and again and not only by those of us on the left or on the Opposition benches.

On health, it is my belief that this Government has quietly shelved the Sláintecare proposals for reform and a phased introduction of free healthcare at the point of delivery and access for all, with an emphasis on primary care and care in the community. Without the Sláintecare reforms and funding to implement them, we face a worsening crisis in our two-tier system. In 2015, childcare costs for lone parents were the highest in the EU and the second highest for couples. The average spend on childcare is 35% of a family income, which is double the EU average, and there is no guarantee that the recent subsidies are being passed on through reduced fees. The Irish Congress of Trade Unions has called for public investment in early years care and education to be increased over the next five years to at least 1% of GDP. Currently, we spend 0.1% on this sector, which is 10% of what is required. The State should support the development of community co-operatives in this area to provide more affordable care with better pay and conditions for workers in the sector.

It is an absolute scandal that one day after the announcement of the nightmare facing the world in terms of climate change, the budget provides no increase in carbon tax.

Joined-up thinking with long-term goals, together with public investment in housing, healthcare and childcare would help to transform lives and challenge the problems of poverty and inequality in our society, which we will not get from this Government or any Government dominated by Fianna Fáil and Fine Gael. They should go to the electorate and let the people decide.

Deputy Catherine Connolly: Nuair atá tuismitheoirí agus teaghlaigh ag déileáil le fadhbanna iompair i measc a gcuid gasúir ar bhonn leanúnach gan réiteach, tagann pointe nuair a ghlacann siad leis go bhfuil gá le réiteach eile, agus go gcaithfear dul i ngleic le fadhbanna iompair na ngasúir i mbealach eile. Sna cásanna sin, níl i gceist leis na fadhbanna iompair ach comharthaí ag eascairt as fadhbanna i bhfad níos tromchúisí sna teaghlaigh sin. Tuigeann tuismitheoirí ciallmhara go bhfuil gá ann dul i ngleic leis na fadhbanna sin i mbealaí eile. Faraor géar, is oth liom a rá nach bhfuil an Rialtas seo in ann déileáil go fírinneach leis na dúshláin atá os ár gcomhair agus ní raibh an Rialtas roimhe sin in ann ach oiread. Is iad na dúshláin sin ná fadhbanna ó thaobh athrú aeráide, cúrsaí tithíochta, cúrsaí sláinte agus cúrsaí taistil.

I looked at this budget and I wondered how one should deal with it and with these figures in a sensible way. I tried to be positive about it, I listened, I read, I examined and I discussed it but it fails me. One could look on this as a positive budget as there are good measures in it, until one puts it into context. The small amount of money that goes into one pocket is taken out of the other pocket without any context. The context is climate change of course and it has already been mentioned. Yesterday a special report from the Intergovernmental Panel on Climate Change was published. There is no escaping from the evidence. It said that a “transformative change” from the Government was required and that if we fail to reduce greenhouse gasses emissions very rapidly, the consequences will be more damaging and will happen sooner than had previously been thought. The changes that will keep warming to a barely tolerable 1.5° Celsius will require “far-reaching and unprecedented changes in all aspects of society.” That was published yesterday. Can the Minister of State tell me where this budget begins to deal with that evidence? On the positive side, that report points out that pathways that are consistent with sustainable development show fewer mitigation and adaptation challenges and

are associated with lower mitigation costs. In simpler English, if we abide by the sustainable goals that we have signed up to there will be fewer costs to us in terms of mitigation. It is not just me who is saying this - the Citizens' Assembly, the Climate Change Advisory Council and the Environmental Protection Agency have all called for urgent action. If we do that we will actually save money. Members have been laughed at in this Chamber for talking about fines of up to €500 million but I see those fines repeated in a number of these documents. That is what we are facing if we fail to deal with climate change. Climate change has to come from every single Department and I see no evidence of that.

On housing, we are once again absolutely backing up the market. The Government is part of the problem in backing up the private market. Housing assistance payments increased from €150 million to €300 million this year. It will go up to €421 million next year and that is only one of the measures that is actively bolstering the private market. When the Government refers to social housing, it is misusing language because its social housing includes HAP tenancies, the RAS scheme and the other schemes. I ask the Government to stop misusing language in this regard.

On health, 46 patients are on trolleys in Galway city today and 525 nationally. We have very good public minded consultants reminding us on a regular basis that every year we have breis is 300 duine ag fáil bháis. We have over 300 people dying prematurely every year directly as a result of the time they spend on trolleys. We know that between 7,000 and 9,000 die prematurely every year because of poverty. We know that 800,000 people currently live in poverty and the largest proportion of them are children. We know that of that group of people living in poverty, 13.3% consist of the working poor. They are the ones who “get up and go out” to use the Taoiseach’s language. We know that the carers in our society save the country a fortune, some €10 billion in unpaid work. I could go on and point out figures for other areas, including domestic violence which we know costs the economy more than €2 billion at a conservative estimate. Mental health and our failure to deal with it also costs the economy millions of euro per year.

This is my third year speaking in this Chamber on the budget and each year I cannot understand how the Government does not recognise this. The UN has asked us to recognise it and to look at alternative measures in our budgets. The document prepared by the Parliamentary Budget Office, for which I am very grateful, made a very good start to talking about gender proofing and climate change proofing, neither of which have happened. At the very least, perhaps the Minister of State could tell us later why the Government has not complied with that, with gender proofing, climate proofing or poverty proofing. Then we would be in a position as Deputies to say whether this is a good or a bad budget and to praise the Government for the good aspects of it. The budget should have been based on such a context, outside of this little golden circle in here. When the Minister of State is finished with his papers it would be nice if he heard some of what we are saying on this side of the House because it is difficult to keep my train of thought as I watch all the papers being shuffled from one side to another. The Government has missed a golden opportunity in this budget. We have the money, the knowledge and the research and the Government has utterly failed to act on that knowledge and research for the betterment of society. It has focussed in on a small percentage of the population which it hopes will guarantee it votes. I do not believe that because when we were elected we were given a clear message not to talk about reducing taxes but to deal with the fundamental problems facing society, which are climate change, housing, health, public transport and mental health problems to mention but a few.

The strategy for the years 2006 to 2016, *A Vision for Change*, set out the pathways to deal

with our mental health problems in a positive way. Each Government has utterly failed to fund it and the most cynical action was when the independent monitoring group was abolished. It was set up for two different three-year periods and it told each Government that it was not fulfilling its obligations under A Vision for Change. The answer of those Governments was to ignore and abolish it and this Government has refused to reinstall it. Stopfaidh mé ag an bpointe seo.

Deputy Thomas Pringle: As I sat here for the last hour or so listening to my colleagues' analysis of the budget, I was asking myself what value we have in coming in here to criticise the budget. The more I listened to it, the more I was convinced that it is important because I think back to when I was younger, which is a long time ago now, and we would look at these budgets with Fine Gael on one side and Fianna Fáil on the other side with Labour in the middle and they would all talk rubbish and the budget would come in and it would benefit everybody and that would be it. However, what is happening here now is that the Government is hearing an alternative voice on the budget and what is possible and that is important. It is important that the work that everybody has done here in critiquing what the Government is heard because what it is doing is appalling and desperate. The Government does not have a vision, apart from a right-wing vision that seeks to ensure that people are to blame for their situations and problems and the Government is not here to do anything to deal with those problems, rather it is here to make money for the people who it benefits. Unfortunately that is the truth of the matter.

Budget 2019 firmly establishes Fine Gael ideology for the next few years as it once again seeks to prioritise landlords over tenants, developers over social housing, the wealthy over low-income earners, multinationals over public services and private sector interests over individuals as it always has and will continue to do so, so long as it is in power.

What gives away the most about Fine Gael in the budget are the reliefs and incentives targeted to help landlords. Fine Gael, despite the recent Raise the Roof protest and despite there being nearly 10,000 in homelessness with a public outcry on a daily basis over the housing crisis, has prioritised the needs of landlords over tenants. Landlords are set to benefit from a new scheme allowing a write-off of 100% of their mortgage interest payments on loans used to buy their rental properties. This could mean they will be able to deduct 100% of the interest paid on borrowings from next year onwards. Amazingly, Fine Gael has enough guff to cut, at the same time, mortgage interest relief to half of its original rate in 2019 and it will fall again to 25% in 2020 before being phased out entirely. The Government believes mortgage interest relief has a distorting effect on house prices. It is unbelievable that it believes that.

There is a separate scheme set to benefit landlords involving a 4% annual capital gains tax relief capped at five years for landlords to buy a rental property where someone is already living in it. When did we start thinking that landlords held the key to meeting housing needs in this country? What about rent controls? What about fast-tracking social housing and direct State builds or tackling those hoarding land and speculating on land. That refers to somebody else not Fine Gael. Fine Gael is stubbornly defiant about the real solutions to the housing crisis and continues to believe in its own flawed definition of social housing which in its view is a market led model aimed at benefitting the private rental sector with State subsidies to private landlords. While I acknowledge the rise in HAP in today's budget, let us not forget that this rise will only help a marginal few as it pushes prices up further. Most disturbingly, this rise will likely mean the State is set to pay over €1 billion in HAP to private landlords by 2021. As they can see very clearly, this is a budget for landlords, who remain a protected feature of Fine Gael's tenure. Why would we expect anything different than Fine Gael continuing to remain loyal to private

sector interests? I take this opportunity to echo Unite's call for a nationwide mixed-income universal public housing system based on the cost rental model. Only by bypassing developer-led projects and landlords can we put in place solutions that adequately address the many different housing needs for people in this country.

The rise in €5 for social welfare payments and the pension is welcome. However, it is not targeting those who need it most. Let us not forget those under 26 who are still on the lower rate. Social welfare payments are nowhere near pre-2012 levels, as has been outlined by my colleagues, with many waiting until March to receive their benefits. I will point out something that has come up in my constituency work which is the fact that those on the working family payment, previously known as FIS, cannot get the Christmas bonus from social welfare. It is a payment to low paid workers and people are not happy with this fact. They are low paid workers but cannot get the bonus. In reality, available resources in this budget are not being shared equally and where the need is greatest.

We are all aware of the recent UN report on climate change which has shown the need for radical transformation of our societies if we are to tackle a rise in temperature of no more than 1.5° Celsius. This budget does not reflect that sense of urgency. Thankfully, the Minister outlined earlier that he is waiting for the committee to do its work and that is why there is nothing in the budget. That is very interesting. It is news to us, as members of the committee, that we had an impact on the budget because everybody who comes in from the Department tells us we do not matter and there is nothing there for the committee. It is very interesting that we have found a way and that we are holding up the budget changes and the State dealing with climate change.

Ultimately we need to start talking about reform of the tax system as a whole with a view to realising both environmental and social justice. This means raising more and higher eco-taxes but recycling revenues back into income tax reductions or reliefs for those low-income households that are particularly affected by rising energy and transport costs. It also means dramatically shifting investment priorities away from road transport to public transport, cycling, walking and shared mobility systems. Reducing income inequality with, for example, a wealth tax should be a priority to balance out the regressive effects of environmental taxes in the longer term.

This budget yet again solidifies the economic trend towards increased wealth inequality. Low-paid workers are not able to keep up with spiralling housing and living costs. This budget fails to bridge the gap for those on low incomes by providing in-work and social protection income supports which I have been calling for in every budget since I was elected as a Deputy. The top 5% in the country own over 40% of the wealth. Once again wealth is not targeted in this year's budget. Considering the fact that 85% of wealth in this country is in the form of property and land, more than ever we need to target it by taxing wealth. Despite the Comptroller and Auditor General's recent report saying high-wealth individuals are paying less income tax than average workers, no measure exists here today to address it. The report found that, despite having at least €50 million in assets, they paid relatively low amounts of tax due to the use of credits and reliefs. One in four wealthy individuals has declared taxable income below the average industrial wage of €35,000. How is this a sign of a healthy economic recovery especially while we have a housing crisis and a crisis in our public service provision? If only people on the average industrial wage could get out of the PAYE system, they would be able to avoid tax as the wealthy do. Meanwhile, almost 800,000 people are living poverty, the largest proportion of which are children. It is simply not acceptable that we are moving in the direction

where poverty is a persistent feature in an open economy.

This leads me to the next issue, which is the need to address chronic structural problems in the area of health, which this budget does little to address. The trolley crisis in Letterkenny University Hospital still lingers and is set for another hike in numbers this Christmas. In particular in Donegal, there has been a recruitment crisis for the best part of a decade particularly when it comes to the recruitment of consultants in Letterkenny University Hospital. In Donegal we cannot get or retain GPs, hospital consultants or nursing and support staff for new clinical posts particularly in the area of diabetes care. A recent report confirmed that 40 consultant and nursing positions could not be filled at Letterkenny University Hospital. The report also revealed that only 8% of the 500 total staff recruited for Letterkenny University Hospital in 2016 and 2017 came through the national recruitment service. While 90% were recruited by the hospital itself mainly on temporary contracts. The recruitment and retention crisis in healthcare in the north west comes down to the myth, which the Government perpetuates, that Donegal is somehow on the moon, disconnected and separate from the rest of Ireland. It is a chicken and egg situation but Donegal has always been treated as separate from the country and left out of national policy considerations. This has led to chronic underinvestment making it difficult for some people to stay and work in the county. It is true for areas other than health. I have been told by gardaí that they get recruits up from Templemore who do not even know where Letterkenny is and who do not want to be there. They want to get out of it as quickly as they can. A head of a voluntary housing scheme was buying land in Letterkenny recently and did not know Letterkenny had a regional college or that it was a town that was constantly growing. He compared Letterkenny with a town down the country. I will not mention the name of that town because it would not be fair because it is a town he thought was a backwater. That is what is happening in official Ireland.

More funding and more work is needed to overcome the negative perception of Donegal. I have often said that salaries should reflect a person's decision to relocate to Donegal. We also need to engage with medical students, universities and even with other jurisdictions to come up with solutions to the recruitment crisis. In terms of the primary care budget, I echo the Alzheimer's Society's call for funding to help enable those with dementia to live in their homes and with the supports required to make this a reality. The Alzheimer Society of Ireland is therefore calling on Government to invest over €12 million towards community supports for people with dementia. It is not a lot.

In terms of disability services, the Government needs to commit to a multi-annual investment programme of €211 million each year, for five years from 2019 to 2023 for community services for people with intellectual, physical, sensory and neurological disabilities. We need more day services, respite services particularly for the families I have been working with who have children with life-limiting conditions, those within the Our Children's Voice campaign in Donegal. I also urge the Government to address once and for all the *in loco parentis* rule which is restrictive for these families.

Finally, we need to apply the legislation as part of Ireland's ratification of the UN Convention on the Rights of Persons with Disabilities. If we do that, we cannot go wrong. The Government has already committed to investing €55 million for new services in mental health in budget 2019 but this will not be enough. The Government needs to address serious gaps in existing service needs and invest in new services in order to undo decades of neglect experienced by Ireland's mental health services.

I echo the INTO's call for education priorities in this budget, including reducing class size to EU average levels, supporting leadership in primary schools, planning teacher supply to ensure a qualified teacher for every child and providing equal pay for equal work, which is something the Government knows nothing about. Significant investment is required to prevent a delay in the roll-out of high quality rural broadband, as well as additional investment in rural transport, rural enterprise, retrofitting houses and community supports. My business survey, which was carried out earlier this year, shows the complete lack of faith many have in the Government to drive local trade in rural towns and to reverse the trend of depopulation. Many small businesses are not even aware that supports are available. To add insult to injury, the lack of imagination in the increase in VAT for the hospitality industry makes rural Ireland pay again for the success of Dublin. Surely a way could have been found to make the increase fairer, taking into account the regional variations.

We need to start looking at budgets and governance through the lens of human rights. Housing, public services and adequate social welfare should be viewed as rights. My proposals for economic, social and cultural rights would represent a rights-based agenda if they were supported by the Government. Only then could we dismantle the toxic policies set out by Fine Gael and Fianna Fáil over the years, end homelessness and reinstate our high-quality public services once and for all without the threat of cyclical busts and booms so frequent in our globalised economy.

Deputy Clare Daly: There is something demoralising and abstract about this annual pantomime and the hype that belies the real lives of citizens. I am sure the Government thinks it is great, patting itself on the back that there are no obvious banana skins and that there are crumbs for everyone in the audience. However, not only will this budget fail to transform the lives of ordinary people, it will not make even a blind bit of difference to anybody. It critically fails to alter the strategic direction of the economy from a trajectory accelerated by the bailout. After all, why waste a good crisis? That strategy fast-tracked the redistribution of wealth upwards. Let us be clear: it was a political choice ten years ago to burden the public with private debt, impose austerity, reduce the tax base, and undermine public services, public jobs, wages and conditions through the Haddington Road agreement and FEMPI.

It is also a political choice today to fail to address the structural underinvestment highlighted by organisations such as Social Justice Ireland, which points out that our social wage falls way below that of our EU counterparts, while spending *per capita* is 12.6% below the EU average. Nothing in this budget will alter that, but the Government does not care because that is not its agenda. It wants to continue the process of privatising public assets and outsourcing public functions such as community training and education centres, CTEC, administering unemployment benefit as if it had some sort of personal press. I listened to the Minister bragging about how he is putting more money into homelessness and HAP, but if his policies were working, he would putt less into those areas, not more. He bragged about having the lowest unemployment rates but what does that mean? With more people at work, surely one would think that people could afford homes and childcare. Should that not mean less poverty or better health and education systems? It does not mean that, however. It means that we have a new phenomenon, the working poor, where the State steps in to make up for the failure of employers to offer a living wage.

A permanent, pensionable job is as much a lie today as it was before the budget. According to the CSO, in the ten years since the bailout the numbers in part-time employment have increased by 33,700, while those in underemployment have increased by 29,300. A recent

survey of 1,000 bar workers by Mandate highlighted that only 44% were in full-time work and 49% were in vulnerable work, while a clear majority felt their hours were used as a stick to beat them with. Similarly, some 76% of workers are on flexible contracts in Dunnes Stores, whereas 98% of them wanted more stable hours. What was the response to that survey? There was messing around in the House with Sinn Féin's Bill, which attempted to deal with it through banded hours. The Government came up with a watered-down version of that, but Fianna Fáil came in at the last minute, scuppered it and dragged it out, no doubt helped by lobbying from IBEC behind the scenes. Meanwhile, the Workplace Relations Commission, WRC, is dealing with employers that blatantly ignore the organs of the State but it is completely toothless. Tesco, Lloyds Pharmacy, Dunnes Stores and TK Maxx, have 25,000 workers in total who are completely ignored. These companies do not engage with the WRC, yet Lloyds Pharmacy gets contracts from the State. There are uncertain working conditions in universities where casual employment contracts are the order of the day. We also see this in our airlines, where we have become a flag of social dumping and of convenience. There are pilots who are on contract labour but whose employers do not pay employer PRSI, which means they do not get the basic benefits of our employment protection.

This is a wage-deflated economy which, when coupled with the rising cost of houses in the private rented sector and elsewhere, is not a stepping stone to a stronger economy. In fact, the elevated cost of living is compounded by a poor social wage and market-driven policies that do not provide solutions at all. The solution the Government offered today of subsidising landlords makes the problem worse.

I know there will be more time to debate this further tomorrow but, in conclusion, I reiterate that we still have one of the lowest budgets *per capita* in the EU, which continues to put our public services under enormous strain, and we have one of the lowest effective rates of corporation tax in the world. The Government has set up a rainy day fund when people have pointed out that it lashing outside for those who are experiencing the housing crisis, which the Government has done nothing to alleviate. While the giant elephant in the room is the catastrophic announcement yesterday of the impact of climate change and of how close we are to the brink, the Minister talks about "step change" and an incentive to put people in hybrid cars. If the implications were not so serious, we would split our sides laughing. People have spoken about loony economics but the Government has shown itself to be disconnected from reality when it brings in a budget that fails to deal with these issues.

Deputy Michael Healy-Rae: Given the day that it is, I place on the record my sincerest sympathies at the passing of Ms Emma Mhic Mhathúna in her adopted home in west Kerry. It is a sad day for her family, relatives and friends, and it is only right and proper that it be acknowledged here this evening before I make a contribution. I regularly hold clinics where she lived, and she will be a big loss not only to her family but also to the community, which liked and admired her as an advocate against injustices that were done to people who were let down. She has sadly lost her life in a way that should not have happened. It is terribly sad and it is right and fitting to pay tribute to her, her bravery and how she gave up her own time, when it was so precious to her, to highlight the injustice that was done. She was an advocate not just for herself but also for other people who were misdiagnosed and who are sadly living with a death sentence following the misdiagnoses. It is a sad day for her family and I acknowledge that.

On the budget, it is only proper to acknowledge, since the Minister of State, Deputy Moran, is the man in the hot seat at present, that the day before he was made a Minister of State, I invited him to come to Kerry because there were serious problems there. Not only did he take up

the invite as soon as he became a Minister of State, he looked first hand at the problems there and put his money where his mouth was. People can be critical of Governments, Ministers and so on, but I treat everyone as I meet them, and he has been nothing but straight and honest. If he could deliver money, he did. If he could not, he said he could not. To be honest, when a person is dealing with the Minister of State, a person sees what he or she is dealing with. I acknowledge that. I thank him in advance for the rest of the money he is going to give to us in Kerry.

Deputy Kevin Boxer Moran: I love it.

Deputy Michael Healy-Rae: We are looking forward to a couple of more projects securing funding from his Department. It has a big hand to play in Kerry and there is no doubt about that. If we take, for example, the Office of Public Works and all of the other sectors that come under his remit, then the Minister of State, his Department and his officials are very important in our book down in County Kerry. I acknowledge that.

I will deal with the housing budget first of all. There had to be an increase in the housing programme but I am worried as to the effect that will have on people on our housing lists. Kerry County Council has an excellent housing department. It does great work with the resources it is given. That is the case whether it is dealing with homelessness or our ordinary housing list with young couples and young ladies with children who have been on the waiting list for many years. We have a very big housing list whether it is in Killarney, Killorglin, Cahersiveen, east Kerry, west Kerry or north Kerry. I am worried about whether the money being delivered in this budget will have enough of an impact to make a difference to those people's lives.

At the end of the day, everybody is looking to see will this help their own circumstances. In respect of the additional €121 million for HAP in 2019, I am disappointed that there people who refuse to accept HAP. That is wrong. If a person is renting a property, even though it is his or her property and he or she is entitled to do with it as he or she wishes, there should not be any such thing as looking worse at people who are on HAP, RAS or any other payment. Those people should be treated the same by the property owner and they should be given the opportunity to rent that property. The caps, unfortunately, in our own county are well below the market rents and that is an issue that has to be dealt with. The change to the amount of interest that may be deducted in respect of loans used to purchase property is welcome. We need the private sector to help us deal with the list of people waiting for housing.

On the health budget, while it is larger than ever, the biggest in the history of the State, nothing is changing or is likely to change. The HSE is too top heavy and there are not enough on-the-ground staff. We need to recruit enough nurses and to pay them properly. We can get more nurses to work in our hospitals but we need to pay them adequately. We need to be able to pay them what they would get in the private sector. In the community hospital in Kenmare, in Dingle and other hospitals like that, and it is replicated throughout the rest of the county and the country, we have beds that cannot open because of a lack of staff. Why can we not get the staff? It is because they are not willing to work for the HSE. Why is that? It is because when they are there they are run ragged into the ground and they are not paid properly.

I was in a very busy accident and emergency department for a good few hours some nights ago. I saw at first hand, as I did all during the summer, how hard people work on the ground. I marched with the nurses from the accident and emergency department in Kerry University Hospital when they went outside the hospital to protest, a thing they do not do lightly, about the inadequate resources being given to them to carry out their work. Will this budget mean a

difference to those nurses? Will it mean a difference to the line managers in the different departments, whether it is accident and emergency or the different wards throughout the hospitals in County Kerry and throughout the rest of the country? I am truly doubtful that it will. I am very worried that the money will actually go towards more layers of bureaucracy, more layers of red tape and that it will not mean enough of an impact on the ground for the people I am here to fight for.

The €25 increase in the weekly income threshold for GP cards is welcome. Having said that, people are put through so many hoops to get a medical card. I refer to the level of scrutiny people who are ill are put under when it comes to getting a full medical card. There was a time, and the Minister of State will remember this, when if the word “cancer” was mentioned in a medical card application form, then that medical card was processed without any waste of time. Sadly and unfortunately, even if there are reports today from a GP, or even from a consultant, that is not inclined to be taken on board. People with cancer should get a medical card immediately. At a time when people are down and have enough trouble, the one thing they need not be worrying about is filling up forms and trying to prove their point to get a medical card. I am worried about that.

I welcome the 50 cent reduction in the prescription charges, from €2 to €1.50, for all medical card holders over the age of 70. The €10 reduction in the threshold for the monthly drug payment scheme from €134 to €124 is also welcome. I will turn to the €1 billion budget for mental health. Considering the crisis we have with suicide, parasuicide and trying to prevent people having trouble with their mental health, it is only right and proper that we put as many resources into mental health services as can be spent prudently and in a worthwhile fashion. The €75 million for the National Treatment Purchase Fund is an increase of 36%. People still have to go to Belfast, however, to have cataracts removed from their eyes. That is crazy, if we stand back and think about it. We will let people go blind here in Ireland. They will be on a waiting list forever, they will not have their cataracts removed and they will go blind. The answer is that they can avail of the National Treatment Purchase Fund, go to the North and have their procedures. It is crazy to be making people make that journey. Even though it is made as pleasant for them as possible, it is not the right way for elderly people to have their healthcare treatment given to them.

I have started a new initiative of taking people to have their hip and knee operations done in the North. I am ashamed to say that a person has to go to that length to have a procedure that should be able to be had in our own hospitals in our own counties. It is not right that we have to go to the North to do it.

The increase in SNA posts up to 950 in 2019 is very welcome, as is the increase in the new apprentice programme by another 10%, with over 1,200 additional crafts and “earn as you learn” places.

I believed all along that the Government would increase social welfare payments. People living on very low incomes need this increase and the restoration of the Christmas bonus. That is only right and proper. One thing left out was the restoration of the death grant. As we know, and as I said, people need help and assistance when they are vulnerable and ill. When people die, their families also need assistance. The full restoration of the death grant should be implemented. I was hoping it would have been implemented in full in this budget but I will certainly continue to lobby for that. The new paid parental leave is to be welcomed as well.

In respect of social insurance benefits for the self-employed, for far too long self-employed people have been let down in this country. They have not been taken care. While everything was fine while they might have been creating their own job, and a job for their neighbours or people in their parish or community, when something went wrong, if they got ill or sick, they were left with nothing for themselves. That was wrong. It is only right that is being dealt with in this budget.

Increasing the back-to-school clothing and footwear allowance by €25 is very welcome, as it is badly needed.

I also welcome that diesel and carbon taxes have not been increased further because that would have been detrimental. I do have to say something in respect of the VAT increase on the hospitality sector. County Kerry is reeling today with the news that it is to increase from 9% to 13.5%. This is at a time when the sector was trying to recover from one of the worst recessions it ever went through. These people and businesses are being attacked. It is a massive attack on rural Ireland. The word “rural” is mentioned six or seven times in the budget, which shows that the Government was not really thinking about rural Ireland when it was putting it together. In the programme for Government the word “rural” was included 70 or 80 times. It was listening then, but unfortunately it seems to have stopped listening. I hate talking about a person when he or she is not present to defend himself or herself, but we have a Minister of State in charge of tourism from County Kerry, and it is hard to believe that this VAT increase for the tourism industry is happening under his watch. The people who create much-needed employment in County Kerry, along the western seaboard and all around rural Ireland are reeling today, trying to work out the effect this increase will have on their businesses. They cherish and adore their businesses, and often have built them up over many years with their families. If the Government really thought things had to change it could have increased VAT by 1% or 2%, but the increase from 9% to 13.5% means the sector is reeling this evening. These people are terribly disappointed with the Minister, the Minister of State and the Government for doing this.

On agriculture, while €57 million has been provided in additional funding, and I welcome the three-year extension for the young farmer stamp duty relief, our beef sector is in a terrible state. The farming community and the Irish Farmers Association said there had to be a direct payment to people involved in the suckler industry. To retain our suckler herd at the level it is at a scheme providing €200 or €250 per cow was required, but such a scheme seems to be absent. While we will study the finer details of this budget over the next couple of days, I cannot see that this measure is contained within it, and I have studied it from end to end. I am terribly disappointed with that, as is everyone involved in farming up and down the length and breadth of the country. The beef sector was desperately looking forward to the implementation of this scheme.

There was not much in the Minister’s speech about rural Ireland. We desperately need community banking, but we did not see any commitment to it in the budget. We are saying that our post offices should be kept open, yet there is no sign of using them for community banking.

On justice, the budget of An Garda Síochána was increased by €60 million, and I welcome the recruitment of 800 gardaí. However, at the weekend there was a skeleton staff of gardaí in Kerry which struggled to provide the service of which we are so appreciative. They were left in a very vulnerable position due to the slashing of the budget for overtime, which was cut completely for the period between now and the end of the year. Something will have to be done to address that. We have to resource our gardaí adequately and make sure that An Garda Síochána

has the resources to provide a proper service.

Projects including a new courthouse for Tralee in County Kerry have not been allocated money. I will continue to lobby on behalf of projects such as that. Various commitments have been made in terms of the Macroom bypass. Will that be advanced in 2019? Schemes such as that must go ahead. I welcome the €40 million in additional funding for pavement repairs and rehabilitation works on regional and local roads. In County Kerry there are roads which are virtually impassible currently, including the Dale Road. They have completely subsided into the ground, and funding must be made available for such roads.

I am very glad to see that payments will finalise for the Kerry sports academy at Tralee Institute of Technology, which will be completed this year. This will be a state-of-the-art facility and I very much welcome it.

The budget has provided tax reductions for low and middle-income earners, but those people will be no better off. People on the minimum wage are getting an increase, but once taxes are taken out of their wages they will have very little extra. I am very worried about people who are struggling with rent, trying to pay rent and mortgages and who are living on a low income at a time when the cost of living is continuing to increase. There must be incentives for people to keep going to work and progressing themselves. That is what people want to do. The budget gives very little to everyone. The tourism industry seems to be paying for much of it, and I am very worried about that. I appreciate the fact that the minimum wage will increase, but it will mean very little to people at the end of the day. The tourism sector will be outraged by today's budget.

Deputy Mattie McGrath: I acknowledge that many of the measures introduced today by the Minister for Finance, Deputy Donohoe, are extremely welcome. The across-the-board increases on all social welfare payments will be of benefit to a considerable segment of our population. However, the ordinary working man is getting a smaller increase than those on social welfare, and that is very unfair. It is wrong: we must make it pay to go to work. I will return to that matter shortly.

I share the sentiments expressed by Social Justice Ireland, which has long advocated a guiding vision for Irish society based on the values of human dignity and pursuit of the common good. In its pre-budget submission it outlined how these values are central to the vision of a nation in which all men, women and children have what they require to live life with dignity and to fulfil their potential, including sufficient income, access to the services they need and active inclusion in a genuinely participatory society.

The VAT hike for the tourism sector is expected to cost the sector over €400 million. This is a retrograde step. During the week an increase to 11% was mooted. Why was there no such incremental increase? The step outlined by the Minister is very unfair. This really was a lost opportunity in terms of a just taxation regime for business and the tourism sector in rural Ireland. We were told today that the increase was necessary not only to generate greater income but also to avoid putting pressure on other areas of taxation. The Minister would have us believe that the tax increase is a like a golden goose that will help solve the chronic problems in housing, schools and health. This is a classic penny wise, pound foolish tax. There seems to be two Irelands - urban Ireland and rural Ireland. The minister tried to offset the damage that will be done by saying he is going to give additional funding of almost €50 million to help the tourism sector and to mediate that funding through the Department of Transport, Tourism and Sport. It

was a sop to ensure that the Minister of Transport, Tourism and Sport would vote for the budget this morning. It is the same as saying that a person will have his or her legs broken, but will be given a nice new pair of crutches to help him or her along afterwards. We know from the Department of Transport, Tourism and Sport that tourism is one of Ireland's most important economic sectors and that it has significant potential to play a further role in Ireland's economic renewal. In 2016, tourism was responsible for overseas earnings, which are very important, of €4.5 billion. Combining the data from the domestic market and international visitors, total tourism revenue for the economy is estimated to be around €7.8 billion. The tourism sector supports 150,000 jobs in the accommodation and food sector alone, and overall employment in tourism is estimated to be in the region of 220,000. The Minister of State is a rural Deputy. He should know that this move is unbearable for rural Ireland. It is an awful body blow.

8 o'clock

We also know from the most recent Central Statistics Office data that visits to Ireland rose by 10.9% to 9.584 million trips. Spending by visitors to Ireland also increased in recent years, with total tourism and travel earnings from overseas visitors, including fares, growing by 9.5% to €6 billion, an enormous amount. In light of this evidence, it is inconceivable that the Minister has now chosen to undermine the growth of the only sector in the State that has shown consistent growth and resilience for the last decade. A rise of 11% was flagged during the week. Why was it necessary to restore the 13.5% rate in one fell swoop? How out of touch is the Government? We sought and were promised rural-proofing in the programme for Government. This is not rural-proofed by any measure. How are rural or small hoteliers, tourism-related businesses, of which there are many, or community businesses going to survive now that this punitive rate has been reintroduced in one fell swoop? It will deepen the sense that we are living in two different economies, rural Ireland and everywhere else. That is patently obvious.

I refer to the provision of mental health funding. As we are aware, the programme for Government contains a commitment to improve the provision of mental health services. However, Tipperary, a huge county, does not have a single mental health bed. What does it mean when someone like Dr. John Hillery, a consultant psychiatrist and president of the College of Psychiatrists of Ireland, says that he was forced to resign his role in the HSE because he and his colleagues were being ethically compromised? This is echoed by my colleague and his fellow county man, Deputy Harty. This is not the first time Dr. Hillery has raised these matters. Last year he pointed out that the recruitment issue facing the child and adolescent mental health services, CAMHS, and general psychiatry services was crippling the services. He noted that the terms and conditions of those working for the HSE were a major issue. It is highly unlikely that any of the measures introduced today will remedy that. We have an epidemic of mental health issues in Tipperary and throughout the country. The problem is the nature of the system itself. As I have said, Tipperary does not have a single mental health bed.

I welcome the increase in the limits for the GP visit card, but I want to know what measures will be taken to support general practitioners and our primary care settings. Our GPs need better access to diagnostics and better supports to relieve pressure on hospitals. This must be addressed because it has not been for a decade or more.

The Minister for Finance announced a raft of funding measures for housing. Yet despite 15 months of broken promises and seemingly endless announcements about how this plan is going to solve the crisis and increase provision of social housing, nothing has been achieved. The Simon Community's analysis has informed us that the increasing number of people entering

emergency accommodation throughout the State in 2017 resulted in a budgetary allocation for homeless services of €116 million in 2018. This included an additional €18 million for wrap-around services and running costs associated with the most recent emergency response mechanism, the family hub programme. The Simon Community demanded the upward revision of these allocations in budget 2019 to meet the needs of people who remain stuck in emergency accommodation and who will become homeless. However, because structural problems around eviction notices and the denial of effective mediation resolution remain, the problems look set to continue. I also note the blackguarding of our citizens by the banks, in spite of the fact we bailed them out and our children, grandchildren and probably great-grandchildren did too.

We have to accept the simple facts. The budgetary process to date has not been adequate to deliver the level of housing we need. The moves towards further engaging or assisting the local authorities announced to date have not worked. The problems in housing go beyond budgetary allocations. Can the Minister not see that? They require a major shift away from excessive reliance on the market and dependency on the private sector. That is obvious from several figures I have mentioned. I fail to see anything in the budget that addresses the ideology that is part of Fine Gael thinking. Sadly, the Independent Alliance has lost out badly.

I will now address the labour market and regional development. As the Minister informs us, the labour market is perhaps the best barometer of economic developments at present, given the many distortions in the headline gross domestic product, GDP, and gross national product, GNP, indicators. To this end, he says the Government will continue to reform the income taxation system to ensure work pays. The Government's approach, which is allegedly focused on low and middle-income earners, is to ensure steady and sustainable progress in reducing the income tax burden in the years ahead. On foot of that, changes made to the self-employed sector are very welcome even if they represent just one step in the right direction. The exclusion of the self-employed from accessing any social protection payments has been a scandal and an insult to those who provide employment for others but have no social protection safety net of their own. We need to see an expansion of this. This cohort suffered greatly during the downturn and recession.

The Minister also said that ensuring competitiveness is a key priority for the Government. This is why the Government says it is providing for a ten-year capital plan to address bottlenecks and promote balanced regional growth that will allow businesses and families to plan for the future. In response, I have to ask the Minister what planet he is living on. Achieving balanced regional development has been one of the singular failures of this Government. It has singularly and spectacularly failed in this area. I recently highlighted statistics from the EUROSTAT yearbook that demonstrated that more than 50% of Ireland's GDP, the total value of everything produced in the country, is generated in Dublin. This is despite the fact that an estimated 60% of the population lives outside of Dublin. When is the Government going to realise that Dublin is not Ireland? The Pale is not Ireland, and what is outside the Pale matters. Deputy Kyne is a Minister of State. He should be making these noises and having his voice heard.

Even the European Commission has observed that the figures here are way out of kilter with the majority of EU capitals. These are figures from renowned institutions. In fact, the Commission has pointed out that since 2004 the shift in economic activities towards Dublin was the second highest in the EU at 5.5%. When are we going to stop this? We are just trying to please our gods and masters in the EU. What we see in this budget is the total absence of an effective plan to redress the massive imbalance between Dublin and the rest of the State. We see that clearly with the smash-and-grab raid on the 9% rate for rural businesses and industries.

This has to be addressed not only at Government level but also at EU level, where consideration might be given to the idea of making industrial or other types of grants conditional on development in rural Ireland. This would certainly be consistent with the EU's own agenda of making rural areas viable commercial and industrial centres.

In regard to education, the increase in the capitation rate by 5%, while welcome, is simply not sufficient to help schools meet their costs. This means schools will continue to rely on hard-pressed parents, parents' councils and boards of management to fund them. The announcement of 950 additional special needs assistants, SNAs, while welcome, does absolutely nothing to address the current concerns of people in this sector who have little or no job security and stability. The Minister knows better than I do that the SNAs currently employed in schools need to know that they will have a job come next September. The practice every year is totally unfair to them. What have we done to address pay inequality for teachers? This is a scandal in our time. Some teachers are like yellow pack workers, earning 30% or 40% less than their colleagues. This is outrageous. I thought the Government would make some attempt to start on this *tosach maith leath na hoibre*, but it made no attempt to do so.

In regard to childcare, the increase in limits for the affordable childcare scheme is, of course, welcome. However, it continues to fail to give all parents full choice in their childcare options. I have continuously called for a childcare tax credit that would allow parents full choice in how they care for their children. Parents who choose to care for their own children in their own homes must be supported. Instead they are being undermined. I also acknowledge the increase in the home carer tax credit by €300, which is, of course, welcome. However, it is not sufficient to make up for the loss of an entire income should one parent choose to stay at home to mind his or her children. It is nowhere near sufficient. There is blatant discrimination against parents in the home by this Government.

In regard to those on middle incomes, I said earlier I very much welcome the increase to €35,500 of the income above which earnings are taxable at the higher rate, together with the changes to the universal social charge, USC. These affect our middle-income earners, who over the last decade have become our working poor. Small business people and small farmers are our new poor. They work hard, they pay for everything and they get very little in return. These are the people who try to work overtime to meet the rising costs of living and are penalised for doing so by being brought into a higher tax rate. This little bit of relief will be welcome, but it will not be sufficient to ease the pressure on middle income earners. These are the parents who do not receive Student Universal Support Ireland, SUSI, grants for their children, who struggle with childcare costs and who are paying mortgages and rising rents. They are the parents of sick children who do not receive medical cards or they cannot get medical cards themselves. If they have an underlying illness they struggle to meet rising insurance costs, and they are trying to support their adult children in meeting these costs as young adults cannot possibly do so. That is obvious. We do not need Social Justice Ireland to tell us that. Everybody knows that.

The increase in the disability budget is, of course, welcome but how far will it go to address the huge waiting lists. Young children with special needs are waiting 18 months or more for an assessment of needs but the Disability Act 2015 sets down in law that an assessment must be carried out within three months of application. What good is it having disability legislation and nice platitudes if the Government does not act on them? Even after assessment, children who require access to speech and language therapists, occupational therapists, physiotherapists and psychologists are left languishing on long waiting lists, meaning that young children do not receive the early interventions they require so badly. I want a guarantee that extra funding will

be put into employing more therapists and urgently reducing these waiting lists. It is a crying shame and an indictment on the Government.

Where is the reintroduction of the mobility allowance and motorised transport grant? The Minister of State, Deputy Finian McGrath, railed about it for years when he was in opposition. Shame on him that it has not been reintroduced.

I appealed to the Government last week, and during previous budgets debates, regarding a land tax. Once again, the Government has ignored calls to introduce a land tax on holdings of more than 750 acres. With large conglomerates such as Coolmore buying up all the land in County Tipperary and surrounding counties, it has become increasingly difficult for young farmers and family farms to extend their farms because they simply cannot compete against these conglomerates that receive large tax breaks for their industry, such as stallion fees and other supports. They pay no tax. We must support our family farms and allow them to be able to compete, extend and grow. Farmers in County Tipperary cannot compete in the purchase of lands while the Coolmore empire continues to grow. It is well over 25,000 acres now. It is a crying shame. The Government refuses to tax it or touch it. What grip does it have on the Government that it will not do this? It did not do it last year in the Finance Bill but this year I will push hard to get it done because it creates an unfair playing field.

The cost of a packet of cigarettes has once again increased, which is welcome as a way to meet the huge health costs associated with smoking but it is no good as a revenue raising measure if we do not tackle the huge losses to the State as a result of the massive levels of counterfeit cigarette smuggling. The Government must continue to tackle the issue of counterfeit cigarettes in the market. The fines associated with smuggling must be increased drastically to remove incentives for smugglers.

Insurance costs for businesses and young individuals continue to cripple our country and I have seen nothing to address this. There was not a single reference to this huge blight on our economy.

I notice the Minister made no mention of the national broadband plan in his speech. I know the Minister for Communications, Climate Action and Environment is embarrassed by what is going on. When will we get serious about the importance of broadband, particularly for businesses in rural Ireland, students and farmers trying to fill out application forms? It is discriminatory against rural dwellers. Rural-proofing is a farce. We are entitled to the same service, no more and no less, and the Minister of State should know this.

Deputy Seán Kyne: It is in the capital plan of the Department of Communications, Climate Action and Environment.

Deputy Mattie McGrath: Our rural town centres are continuing to die on their feet. Just this week, yet another shop closed on the main street of Tipperary town, bringing the number of closed businesses on the street to more than 21. Most rural towns are the same. I have called for an extension of the living city initiative to rural towns to help bring life back to our town centres. I have also called for a reduction in, or relief towards, planning costs for the change of use of vacant buildings and shops and supports for living over the shop as mechanisms of providing accommodation for smaller households and of revitalising our town centres. It is a no brainer. Tell the local authorities to waive the charges. Get these derelict buildings rejuvenated. Boost the economy by doing the work, take people off the housing lists, and we have more than

3,000 people on the list in Tipperary, and bring life back to our main streets and town centres.

I welcome the increase in the NTPF to try to alleviate our huge waiting lists. Waiting lists for the treatment of the sick and elderly should be a huge source of shame to all of us, especially the Government. We have elderly people waiting more than three years for hip operations and cataract treatment, and children waiting for orthodontic treatment and scoliosis treatment. The list is endless. How far will this funding go to reduce these waiting lists? Today has been a beautiful day. Given the numbers we have on trolleys reached crisis point during the hottest summer in years, how will our hospitals manage during the winter? Unless we address staff recruitment and retention issues, our health services will continue to suffer and I am just not positive about the measures taken today.

The budget will allow for major changes to the fair deal scheme, which I welcome. We fought hard for it. The Rural Independent Group tabled a motion on this last year and I thank Maura Canning of the IFA for the help she gave us. Under the existing regime, farm families are required to set aside 7.5% of the value of their land annually to fund a place in a nursing home. From next year, the bill will be capped, as it is for everybody else, which is only fair. This is in line with what we in the Rural Independent Group sought.

The Government has missed a golden opportunity. Last year, I said the budget was like a shower of snow that scattered widely and melted away. It is certainly an election budget but it has failed to deal with health. We were lucky to get an extra €800 million from corporation tax but it will be sucked into the black hole of the HSE and the Government refuses to tackle it. There are some great people working in the HSE but there is waste and a number of management layers and structures and we see the failure. A very sad funeral is taking place this evening. There have been many other funerals and there will be many more to come. People have been given death sentences and no one has been held accountable. The Minister refuses to resign or hang his head in shame. For the ten years I have been here, the HSE has grown by €1 billion every year, with few outcomes and long waiting lists.

Deputies Michael Healy Rae, Danny Healy Rae, Michael Collins and I have brought people to Belfast in buses at weekends to get simple basic treatments. We have volunteer doctors going out to Third World countries to do these 20-minute operations but we cannot have them for our own people. We send them up to Belfast. The Government has failed to grasp the nettle on housing, health and justice. Deputy Michael Healy Rae mentioned the Garda Síochána. In Tipperary, there have been huge cuts to overtime. We expect gardaí to be the peace line between us and anarchy. I salute them for the work they do. In early September, they were threatened with overtime cuts for the rest of the year. It is an outrage and an insult to them. Some of them are sleeping in cars. Some of them are working in Garda stations, such as that in Clonmel, which are not fit for animals, never mind gardaí, prisoners or visitors. The Government is failing to act on the most basic issues. We have Army personnel in Syria waiting to come home, and the Government just laughed and said they will be home in two weeks. This is despite the gallant service they have given the country. The budget is a missed opportunity and it is very sad.

Deputy Michael Harty: I am very disappointed with the references in the budget to the health service. There is no appreciation of the health reality that faces ordinary people on endless waiting lists that are stretching and increasing year on year. This year, health spending has gone over budget by €700 million and a Supplementary Estimate will have to be introduced to cover it. We will add €1.05 billion to the health budget next year. Without meaningful reform, undoubtedly there will be an overrun in excess of €700 million next year.

Sláintecare is a plan to attempt to address these issues but there was scant reference to it in the Minister's statement, which was most disappointing. One must remember what Sláintecare is attempting to do, which is to reorient the health service towards primary and community care and deliver a single-tier health service that can be accessed not by finance, but by need, so that money should not inhibit people seeking a health service and they should receive treatment in a timely fashion. Sláintecare also attempts to move towards universal healthcare, particularly universal primary care. It attempts to integrate our primary care services with our hospital services.

Sláintecare outlined a funding model, which was completely ignored in the implementation strategy, of establishing a ring-fenced national fund that would be a single buyer for all health services. Of course, Sláintecare had an implementation plan. The Government is now using Sláintecare as a fig leaf for all of the ills of the health service and it is turning to Sláintecare as the solution to everything. Of course, it has the solutions to everything but only if there is funding. The budget did not outline how Sláintecare would be funded or how the transitional funding necessary to implement it would be put into place.

The budget has put the cart before the horse. It has expanded eligibility for free care before expanding the capacity to deliver it. It has given 100,000 people free access to primary care. This is welcome and it is in line with the Sláintecare recommendations but Sláintecare stated this could not, and should not, happen unless there is an expansion in capacity of general practice to deliver it. Tomorrow, the Department will go into negotiations with the representative organisations on GP contractual matters. It offers 100,000 people free care without general practice having the capacity to deliver that. What will it mean? People will end up in out-of-hours services or the accident and emergency department seeking care because general practice does not have the required capacity. Ireland has 64 GPs for every 100,000 of population and in Australia there are 120 GPs per 100,000 of population. Many GPs in Australia are Irish, with over 1,000 doctors in Australia who were trained in Ireland. Taking it as a given that it takes €250,000 to train a doctor, with 1,000 Irish doctors in Australia, it means there has been a gift to the Australian exchequer of €250 million. Taking the number of doctors in Australia, New Zealand, Canada and the UK and extrapolating the cost of educating them, it seems odd that our health service is repelling those doctors and causing them to emigrate. Billions of euro in Exchequer funding goes towards educating doctors who are going to work in different health services because those services provide opportunities to develop career options and give better working conditions and a quality of life.

We will see the waiting times to see GPs lengthening and the amount of time a GP can spend with a patient will shorten. We know 20% of our graduates work outside Ireland, 40% work part-time and 50% are unwilling to take up the responsibility of running a general practice. We can educate as many GPs as we like but the same proportion will emigrate, work part-time or not take up general medical service lists. We know 35% of GPs are over the age of 55 and 20% of those wish to work part-time. These are startling figures and unless we change our system, we will lose those GPs. In last year's budget speech, the Minister stated €40 million would be provided for primary care development, which would allow a number of initiatives to be progressed. He said that in particular, the Government looked forward to further progress on GP contracts and was hopeful agreement could be reached with the implementation of additional services in 2018. However, in that one year, only three meetings took place on the negotiation of GP contracts and nothing happened. I do not know what happened to that €40 million but it certainly did not go to general practice.

Deputy Mattie McGrath: Shame.

Deputy Michael Harty: There is no reference in the budget speech to bed capacity, specifically to the delivery of 2,600 beds and in that the delivery of intensive care unit, ICU, beds. The lack of ICU beds in the Irish hospital system is inhibiting the rolling out of scoliosis treatment, for example, as the theatres and doctors are available but there are no ICU beds to allow the children to be cared for after surgery. We must expand our capacity in acute hospitals and particularly ICU beds. We must also expand our capacity in community beds, and again there is no reference to how those 4,500 community beds are to be delivered.

The National Treatment Purchase Fund will not fully address the issues facing our dysfunctional health service. Money going into the National Treatment Purchase Fund is important but it is not addressing the fundamental matters of waiting lists or specifically the wait for elective care, which now stands at 74,000. It blunts the matter but it does not address the fundamental problem.

Our health service is locked into its current state for at least the next three years. The lack of urgency in reforming the health service is staggering. In our area in the mid west, the University of Limerick hospitals group has the largest trolley count number in the country, and every day it has between 40 and 60 patients on that list. There is no recognition of the difficulties the reconfiguration in 2008 caused to the mid west and the people in the region will face the same problems they faced this year next year and for two subsequent years.

I will speak to some matters relating to the sustainability of rural Ireland. Although these may not relate specifically to the budget, they are pertinent to the Government policies delivered over the past year. In particular, I refer to the closure of rural post offices. The closure of a post office brings into question the financial sustainability of a community that loses it. There is no question about that, and people in those communities feel they have been abandoned and they are not being valued by this Government.

Deputy Mattie McGrath: Hear, hear.

Deputy Michael Harty: The fabric of rural society is unravelling. We are losing our post offices and medical services along with our ability to survive. A Programme for a Partnership Government committed to delivering sustainability for our rural post office network but it has failed to do so.

I also refer to broadband, which is a major issue in rural Ireland. This Government has been in power since May 2016 and broadband for rural communities is as far away as ever. Rural Ireland is not a country for young people or young families, as it is now virtually impossible to work at home because of a lack of broadband. It is inhibiting job creation and it is not allowing people to live and prosper in a rural community.

This budget has not delivered because it has focused on so many small tax cuts and small increases in social welfare. Many people in a rural community would much prefer to have a guaranteed health service where they, their parents, grandparents and children would be guaranteed a service. They would forgo these minor changes if they could be guaranteed delivery of a proper health service. I am very disappointed by this budget. It is not sustainable or a long-term plan. It is certainly not sustainable in the delivery of health services.

Deputy Danny Healy-Rae: I commiserate with the family of Ms Emma Mhic Mhathúna,

who have lost a mother and a wonderful person. It is sad to think we are speaking about the health service tonight that was not good enough to save her life and let her down. She was a wonderful person and the people in Ballyferriter made her their own. She was witty and everything that one would ask for in a nice person. Our health service let her down. It is sad to think that nobody has been held responsible for what happened to Emma and many other women like her. If somebody's life was neglected or lost like this in any other system, somebody would be brought to account. It is time to call in the special branches of the Garda to see what happened and get a fair assessment. We must bring somebody to account for what happened in these sad cases. It is sad to think other women are out there with a death sentence hanging over them. They know they will die as well.

The Minister allocated €700 million more to the health service, bringing the total extra allocation for the year to €1.2 billion, but will it make a difference to those people waiting on trolleys? In Kerry general hospital this year there was an average of 25 people day after day waiting on trolleys before they could get a bed. Will it make a difference to people waiting for procedures for hips and knees? These are people roaring with pain for the past four months and we have been asking about their treatment here day after day since we came back. We want the orthopaedic section of Tralee general hospital open again but it is still not open. Will it make a difference to the hundreds of people who still must travel to the North to get cataracts removed? This month Deputy Michael Collins and I will take two buses full of people. We will take two buses in November and another bus in December. We have taken people up all year. Will it make a difference to front-line staff who are clearly overworked? We need more nurses but cannot recruit them. Will nurses be paid properly? Will doctors and consultants be paid properly so that we will have a proper complement in University Hospital Kerry? Will this money open the six beds in Dingle Community Hospital that are closed? Will it open the other half of the new community hospital in Kenmare, only half of which has been open since the opening of the hospital?

Will it make a difference in mental health where there is clearly an underspend and half the people are not being seen? In our neck of the woods, I am sad to say that we are losing people practically every week to suicide. No proper attempt is being made with the mental health services.

Medical cards are so difficult to get. We all know the farmers or business people who are working for themselves - the self-employed - never think about health insurance or getting a medical card until they actually get sick. They have a stroke or heart attack, are in the hospital, apply for a medical card and are there for a number of weeks before the medical card comes but the medical card will not pay for the bill that is outstanding or has accrued since the patient went into hospital. I again ask that the medical card cover the person from the date they apply for it. If they are entitled to it, it should apply from the date on which they applied for it.

While there was some small improvement with the fair deal scheme in respect of capping the number of years, the scheme is very unfair on farmers. The entire value of the farm is assessed in deciding whether the person will be entitled to the fair deal. Paying back all that money is too onerous on the young man taking over when the entire value of the farm is assessed.

In August, the IFA made several representations about €200 for suckler cow farmers because they are under savage pressure. We think they are getting about €40 but we are being told that it will be so difficult to get that it may not be worth the trouble. We asked for €5 for the hillside sheep men and got nothing. There is money for forestry, which is welcome if the

Government deals with the blockages in forestry where a farmer will only get a grant for his or her forestry if it is 80% green ground. It is the other way round on many farms. It is 80% the other way and only 20% is green ground.

We do not have enough gardaí in rural areas minding our very isolated people. I know of two brothers who moved out of their house because they had been broken into and moved in with their nephew. There is a lot of talk here about climate change. It is ridiculous because if we deal with just one aspect of it, the temperature in Ireland has only increased by less than one degree since 1815. There is an awful lot of hullabaloo and talk about how we must do this, increase carbon taxes and put more pressure on hard-working people.

The tourism sector has been dealt an awful blow by the addition of 4.5% to the VAT rate taking it from 9% to 13.5%. It is taking €466 million out of this sector. The stimulus was given in 2011 when the sector was on its knees and helped turn the country around in a big way. It was a big help to Kerry and created employment in hotels in Killarney, Dingle and Kenmare and residences all around the Ring of Kerry. Increasing the VAT rate could have a very serious adverse impact on this industry. I wonder where the Minister of State, Deputy Griffin, and the famous Minister for Transport, Tourism and Sport, Deputy Ross, were when this was being decided. What were they at while this was being put into the budget? For employers in the private sector, including hoteliers, Friday evening is not long in coming when they are paying staff, as the weeks go around very quickly. People in the public sector do not realise it but in the private sector, Friday evening comes around very quickly for employers and the self-employed.

Much has been said about housing. There is a four-stage approval process for projects costing over €2 million. While, there is a one-stage approval process for projects costing under €2 million, that will only build eight houses in Kerry, whatever about Dublin. It might build only one house in Dublin. We will get ten rural cottages from 2016 to 2021. The Land Development Agency will be just another layer of bureaucracy. The tenant purchase scheme has been under review for the past two and a half years and there is no account of it. Older people who have paid rent for the past 20 or 30 years and who might have saved a bit of money are not allowed to buy their houses. The Government is buying houses instead of building them and is competing with youngsters who are trying to buy houses. The Government should build its own houses and not compete in the private market with young people who are trying to buy a house and put a roof over the heads. The Government is limiting the amount of land being zoned, which is giving a monopoly to some.

We are urgently looking for the Killarney bypass to be reactivated and put on a programme because Killarney is being choked by traffic in the summer. In one way, it is good. It sends a signal that the county is booming but it not fair to people parking their cars on a warm summer evening when trying to get into the town of Killarney, which is what is happening. It is regrettable that a decision was taken to close the post offices when the Dáil was in recess. It is depriving small parishes of the identity they were proud to hold and loved dearly.

Deputy Catherine Murphy: Today, the Minister for Finance came in here to deliver what he believes to be a prudent and caring budget but in doing so, he used headline figures and very large numbers - billions and millions. However, it is only when one drills down into the detail, and we are starting to see that happen, that one can see that the headline figures start to lose their gloss. We have seen a bit of such decoding happen, and it does have to be decoded, already this evening when the Minister for Housing, Planning and Local Government, Deputy Eoghan Murphy, was forced to admit to *The Sunday Times* that the increase for affordable housing is

only €14 million rather than what was fanfared as €64 million. I think we would all agree that this is quite a significant difference in the headline versus the reality.

The Minister for Finance started off by acknowledging that Brexit is a major challenge facing the country and, of course, he is right and we all recognise that but so too is the housing crisis. This budget today does very little to recognise the importance of managing the housing crisis in a way that is not almost entirely dependent on the private market. The Minister began the housing section by talking about the need to find permanent solutions yet he then went on to commit funding to the most transient and insecure solution of all, which is HAP. In 2008, €493.5 million of the housing budget went on subsidising private rents. In 2018, payments to landlords stood at almost €1 billion and with the Minister's commitment of an extra €121 million to housing assistance payment, HAP, in today's budget we are well on the way to the projection that we will spend €2 billion a year directly to private landlords by 2022. It is impossible to spin that as a sustainable housing solution. The more that is spent in this way, the more difficult it will be to find permanent and sustainable solutions.

Additional funding for this flawed scheme will do absolutely nothing to address the issues that already exist within the scheme, such as the low thresholds despite ever-raising rents, and the fact that so many people cannot qualify for housing assistance payment or where they do, they struggle to find a landlord willing to accept it. There is a large gap between what is available and the thresholds for the housing assistance payment. Either way, it most certainly does not represent a permanent solution to the housing crisis. If that truly is what the Minister has set out to find, then he has gone in completely the wrong direction.

Watching "RTÉ News: Six One" earlier, I was infuriated to see how RTÉ had presented these measures. The report said that funds had been allocated to build 10,000 social houses in 2019. That sum mentioned would not do it and the Minister himself said that figure was a mixture of acquisitions, leasing and builds, but we do not know the breakdown. It might be 5,000 units from leasing, which would be a temporary solution. It is important that it be properly represented because there is great confusion about the numbers relating to housing, and the solutions and policies in the area.

The entire Budget Statement is an exercise in language decoding. The Minister told us that in the past year, 5,000 households have exited homelessness. He means that they are either in homeless hubs or in HAP tenancies, not that 5,000 households are in permanent and secure homes. If 5,000 households have exited homelessness and so many are still considered to be homeless, we must ask what precisely is the true extent of the crisis with which we are dealing and how many people are being damaged by it.

There is a revolving door situation with homelessness based on manipulation of numbers and classifications of what does or does not constitute being homeless. We now see routine reclassification. It all adds to the sense of peril being felt by families in precarious living situations. Many families who find themselves homeless now - I am sure the Minister of State hears this himself - will typically say that homelessness was not something they ever expected to happen to a family like theirs. They have been saying this for years at this stage and it happened with both this Government and its predecessor. A whole new section of society is now terrified of a call from a landlord or the bank. They often come in to clinics and explain that they are trying to keep the stress away from the children and that they are terrified that they are running out of time, for instance, having been given a six-month notice to quit, only to find it impossible to find somewhere. That is typical of people's lives. Today's budget does nothing

to mitigate that fear.

While the Minister wants to blow his own trumpet regarding balanced books and prudent budgeting, he seems oblivious to the fact that reliance on schemes like HAP is the worst kind of financial management. It only serves to ensure we keep pumping public money into private pockets at an ever increasing rate while failing to solve the housing crisis. Nor is it a satisfactory solution for tenants who find themselves with no security of tenure and left to the whim of the private rental sector, which is already one of the primary routes into homelessness. Rather than recognising the importance of creating a vibrant and secure rental sector that can play a part in an overall housing strategy, the Minister has chosen to exclusively focus on the sector from the landlords' perspective. There is absolutely nothing in today's budget for renters unless they qualify for HAP, which is a growing cohort and which affects younger people in particular. For a medium-income renter above the threshold for HAP, there is no rent security, no rent control, nothing to guarantee security of tenure and absolutely nothing to make those in the private rental sector feel safe from the prospect of losing their home at any minute. For that alone, the housing section of this budget is a massive failure.

I also question whether the Minister has fully thought through the implications of some of the housing measures announced today. For example, the 100% relief for landlords may actually further disincentivise landlords from taking on HAP tenants as the tax incentive for them to do so has now been reduced. Similarly has he considered that the 100% relief for refurbishments and improvements may now lead to landlords deciding to undertake refurbishment projects which they can then, under current legislation, use as a reason to hike the rent for existing tenants or evict tenants?

The opportunity was there to deliver a large-scale, truly affordable, public home building scheme. The moneys being put into the so-called rainy day fund are misplaced. For so many people experiencing this crisis, the rainy day is already here. That money would be better spent now to alleviate the housing crisis instead of spending many years to come pumping ever-increasing amounts of money into emergency solutions.

The same can be said regarding this budget's handling of the climate crisis. The Intergovernmental Panel on Climate Change report yesterday was stark to say the least. The climate change performance index placed Ireland as the worst performing country in Europe for action on climate change, which is ironic, indeed tragic, given our reputation as the Emerald Isle. The report was hard-hitting but today's budget was not. In fact after today's Budget Statement, and indeed past budgets by this Government I wonder if there is awareness of the issue's importance at all.

Instead of committing the funds required for key infrastructural improvements that would help us reach the targets to which we have signed up, we have pretty much conceded that we will miss the 2020 targets and as a result must pay massive fines, projected to be approximately €600 million by 2021. By missing the 2020 targets we put ourselves even further away from reaching the 2030 targets and facing even more fines. Not only is that not prudent financial management but we also are taking outrageous risks with the lives of our children, our grandchildren and their children by not addressing this issue during the last decade in which we had a chance to do so.

The Social Democrats alternative budget identified funding to help deliver solutions for Ireland to meet its responsibility in safeguarding the environment if the political will to so do

existed. The introduction of a new national retrofitting scheme on a significant scale and energy efficiency measures would be stepping stones to which homes and small businesses could subscribe without the need for cash upfront. This was previously described as a pay-as-you-save scheme but it never got off the ground to any significant extent. That scheme and others, for example, proper regulation in price competitiveness among energy suppliers, would mean people have the incentive to retrofit. The incentive would be enough to get large-scale take up.

The same decoding is required to understand fully the Minister's childcare proposals. Of course, we welcome the increased thresholds and the extension of parental leave. However, it cannot be repeated often enough that the Government's parental leave measure of an extra two weeks per parent will not come into effect until November 2019, over a year from now. The Minister talks about wanting to get to seven weeks "over time", and that is the crux. "Over time" could mean anything. It could be the following year. It could be in ten years' time. It is a big picture in terms of the promises but when one looks at the detail, it is disappointing given the magnitude of the cost of childcare in most household budgets.

While there are, of course, aspects of this budget that are welcome, the reality is far too much of it is coded language. This will be evident over the next few days as we see the departmental budgets. Another aspect is one must look at some of the measures repeatedly to be sure it is not a restatement of funding that is already announced. The areas that this has been most deficient in is the current housing crisis and the report yesterday on climate. These are two areas that we needed to act on in today's budget. For that reason, it is disappointing.

Deputy Eamon Ryan: There are many threads to this budget but there was no tapestry woven today. I will start by looking at those positive threads that one would welcome because it is important that we achieve the balance in politics of recognising where something is done right.

I was glad to see the relatively significant increase in overseas aid funding. It is critical for this country, particularly when we are in receipt of €9.5 billion funds in corporation tax which largely comes from our location. As the domestic centre of companies that deal in Europe, the Middle East and Africa, we more than anyone else have an obligation to meet those development goals and set 0.7% of our income to overseas aid. We are nowhere near there yet but if we repeated this next year, the year after and in subsequent years, and really went for that, it would serve our country well. It would back up what we did by signing the sustainable development goals in New York negotiated by an Irish civil servant. I welcome that increase and I hope that we can repeat it next year and subsequently.

I also welcome the investment in people with disabilities. It is hard sometimes to judge what is the clever and correct economic choice. If one looks back over the past 20 or 30 years, much of our funding was spent on health, education and social welfare. That, in the long run, can really strengthen an economy. We want an economy which is not merely about how much one can earn so that one can flaunt consumption, but how we can create a society where our economy supports those who have to care, and in doing so improve the environment and society, that my security is enhanced when the Minister's security is also provided for, and that society benefits when we support and look after the weakest among us. I welcome that spend.

Similarly, I welcome the investment or putting aside of money in the rainy day fund. I have been in government at times when we had incredibly difficult choices with €6 billion in cuts to make and I would have loved at that time had we had €2 billion that we could turn to. In the proper economic approach where one acts counter-cyclically, the Government has that fund

which it is allowed to spend within the European rules. I understand that this rainy day fund will allow us to expand spending at the time when the economy is contracting.

I am worried, I will be honest, that in this time of phenomenal growth - 7.5% growth is remarkable by any international comparison - we are still not in surplus and are still allocating an additional €1 billion next year to health. I do not dispute the need for health spending but it is of concern that we are seemingly unable to generate a surplus when one would think in this circumstance we would. For that reason, I welcome the investment in the rainy day fund.

When I read it first and heard the Minister speak, I said to myself that some of the investments in education were the sort of measures we were looking for. I refer to the increase in provision for capitation fees so that the vision of the late Minister and former Deputy, Donogh O'Malley, is carried out in full and one will not have parents wondering how can they afford books and transport. When one looks at it and does the maths on it, however, one realises that what is being provided for is not enough. It is so many threads but not, as I said, forming a tapestry by concentrating spending in a certain area. I wish we had gone further in education, particularly in that payment so that parents would not have to pay for primary and secondary school education.

Similarly, when I saw the €150 million investment announced for third level education, I said it is not enough but at least it is a step in the right direction. When one does the maths afterwards, again one realises that because the numbers of third level students are rising so dramatically there is no real increase. We need an increase for our economy to be strong and to stop the slide of our universities down the international league tables. I understand the main reason for that is the considerable change in the staff-pupil ratio in our third level colleges. The only way to address that is to provide the additional resources so that we teach in smaller classes, in tutorial systems rather than large lecture theatres. The funding announced today simply does not do that. It is not enough. I would prefer to have withdrawn one or two other threads and to put funding into that to give a clear signal to the rest of the world.

More than anything else, there is a certain shock among those in the environmental community as to the signal that went out today with regard to the Government's attitude to climate change. It should not be a shock to us because we are battling this day in, day out. I refer to the story around this carbon tax being pulled. It seems, at the last minute, because the Independent Alliance was unhappy with it and Fine Gael, similarly, took a political calculation that it would gain electorally from it rather than lose, they pulled it. That was a shocking decision. It is not that the carbon tax in itself was the key measure for us to take action on the issue. It is a useful tool, but it is only that. It is only one of many that we need to turn to. The fact that it was dumped at the last minute in this way sends a signal which is seen as a symbol of the Government's entire outlook and approach to the climate change issue.

The Minister's argument that we need to conduct further research, I will be honest, really stuck in the craw because this is the day after there was an international report that could not have been clearer. He must have been making his decision at the same time, if he was listening to the news or reading any newspaper of note, that the alarm bell sounded. In that decision, Fine Gael has hit the snooze button and said, "We do not care."

It was the same day, if the Minister wants economic analysis, that the Nobel prize for economics was awarded to Professor William Nordhaus, who is an expert and who has been writing for years on how one introduces a carbon tax. There is no shortage of research to show how

one does this. It would have been easy to have that done over the months. It was done by the Department of Finance - the tax strategy group produced a paper. We do not need that much significant additional analysis.

I was glad to hear the Minister on the radio this evening say he really wants to go to €80 a tonne, but waiting for 2030 to do that and putting off the day when we start to take action on climate change will cost us all dearly. It is a terrible mistake.

The Minister could have read the work that Professor John FitzGerald, Ms Sue Scott and other notable economists did here more than ten or 15 years ago, showing how one applies a carbon tax, and that if one redistributes the money by investing in clean technology solutions and in retrofitting people's homes to make them energy efficient and ensuring that one addresses the issue of fuel poverty, it has a net economic benefit.

9 o'clock

This is good for the economy. The analysis has been done. We have done it before and know how to do it. It could have been done at the flick of a switch or stroke of a pen but Fine Gael, because it does not care about climate change, said it will leave that out. This is because the Minister for Transport, Tourism and Sport, Deputy Shane Ross, wanted that. His only other thread in this budget seems to be the granny flat grant. According to breaking news, just one granny, in Clondalkin, will benefit from this new approach. That is a dramatic win for the Independent Alliance along with its scuppering of climate change action.

The Minister for Finance said in his speech that he wants to put in place a trajectory in line with the recommendations of the climate action committee. I am working on the committee and am very glad to be part of it. It is doing important and interesting work. Anybody who wants to follow that work should start by reading what was said by Ms Marie Donnelly, former head of renewables and energy efficiency in the European Commission. She made a presentation to the committee three weeks ago. It was a superb example of how, with an attitude of opportunity, ambition, endeavour and willingness to take risks, make mistakes and think big, what I propose is doable and good for our country. Ms Donnelly outlined the practical measures we could and should be taking. She advocated we should begin by stopping the use of fossil fuels in every Irish home and public building straightaway. As with everything Fine Gael is doing, it is putting this off for another ten years.

Also presented to us were the clear facts on the scale of the challenge we are facing. One cannot be exact about modelling but the best analysis we have from the EPA and SEAI is that, in the next ten years, we will need to reduce our emissions in areas such as transport, agriculture and domestic energy to about 400 million tonnes. Even if all the measures and additional steps the Government is saying it will take but which it will not were accepted, we would be looking at an emissions figure of 500 million tonnes. We are looking at 100 million tonnes extra that we have to cut. We might cut half of that by buying our way out using all sorts of funds and loopholes that the Government has negotiated with the European Union, but even if every single one of those was used there would still be a 50 million tonne gap. It is frightening and scary that when we asked public officials at the committee how they wanted to close the gap, they looked like rabbits caught in the headlights, not knowing what to say or do. Even more frighteningly, officials admit openly that there was no climate assessment of the national development plan, Project Ireland 2040, before it was agreed. How could this have happened in 2018 when the urgency regarding climate change is so clear? How did our political and public administrative

system allow a country that is already ranked second worst in the European Union, next to Poland, to sign off on a national development plan that was not fit for the purpose of addressing climate change, which is the direction in which our economy has to go?

What can we do? We could have listened to the advice of the ESB when its representatives were before the climate action committee. It said we need to invest perhaps €25 million this year in high-speed electric vehicle charging points. There is talk in the national development plan about having 500,000 electric vehicles within 12 years but there was not a word today about what the State might do to make this happen.

We might have taken the advice of Professor John FitzGerald, who in his presentation to the committee said we should be spending €5 billion on our social housing stock to improve it and make it energy efficient, and to help the people therein to create cosy homes and get out of fuel poverty. This could have been started and launched today. It would take ten years to ramp it up but we should have started today with a new scheme, and not just continue with the old schemes, which were about small retrofitting measures. We need to think big. We are to get rid of fossil fuels in a generation. This is not a matter of tinkering at the edges. We need system change. There was none of that in the budget today.

The national development plan states we are to have 45,000 houses built per year by 2021 when in truth we are in the territory of the granny flat grant. Only a handful of houses are being built this year. That is reality and that is why I sighed, scoffed and said “shame” when the Minister said we would have massive reductions in our emissions by 2030. This is not backed up by the reality of what is happening on the ground.

On housing, I have not even started to talk about the absence of any discussion about cost-rental housing as the reformative change about which I have heard so many Deputies on this side talk. I know that, in their heart of hearts, some Fine Gael Deputies also understand it is not just a matter of keeping the current system going and boosting the figures but also a matter of changing the system. There is none of that.

We could have changed our housing approach by putting aside money in budget 2019 to put solar panels on every single school and public building in response to the call from the Intergovernmental Panel on Climate Change, IPCC, yesterday. There was not a word about this energy transition today.

The position on transport is even worse. At a meeting of the climate committee, we heard there is not a single major public transport project in construction in Ireland today. With the exception of the Royal Canal greenway, there is not a single cycling project in construction today. While it is correct that we are increasing transport expenditure, as announced, it is expenditure on yet more roads. I am sure people driving on the N4 must think it is great that it will be upgraded but the traffic is heading towards a Dublin that is gridlocked and in which we are planning to take out people’s front gardens to try to cope with all the cars. There is no vision as to how it could have a different system based on public transport, walking and cycling, as set out in the national planning framework. It was ignored in the national development plan and ignored even more today in the budget.

There are no public transport projects being built this year and there will be none next year either. While I would love to see the BusConnects project, as promised in the budget today, carried out and while I would like to hear it said we will start designing the cycling projects,

we all know the cut in the carbon tax was reflective of an utter lack of commitment within the wider Dáil to that change. That is the problem.

On agriculture, I was glad last week to hear for the first time ever the chief executive of Teagasc recognising the reality that, in order to reach our climate targets and start playing our part, we would have to start considering changing tack and moving away from the policy of doubling everything, including dairy production, and massively expanding the beef sector and high-emissions agriculture. I am absolutely convinced that the alternative, the greener approach to agriculture, will pay Irish farmers better. Farmers are beginning to realise that and to see that the reform of the Common Agricultural Policy will allow us to start paying farmers properly for storing carbon, managing water and maintaining its quality, protecting biodiversity, allowing access to our land and providing high-quality food. The current system is not working. It may work for about 15,000 farmers but the wages of the other 120,000 are below poverty levels. The latter are ageing and the younger generation is not coming forward to take over. We need to transform Irish agriculture to give young people a sense of what the future entails. They are the people we will pay well and see at the front line of climate change action in this country. They are ready and able and will be brilliant at doing what is required but they need a bit of leadership and direction from the Government. We will not get that from Fine Gael.

Money was promised for forestry but there has been no thought put into changing the nature of forestry and no mention thereof. The IPCC report was correct in that there will be a massive amount of new forestry to try to avert the runaway climate change disaster that is unfolding. We have to do this in a way that is not just about repeating the process that saw monocultures, clearfelling, short-rotation crops and single-crop Sitka spruce everywhere. We should be setting ourselves the goal of filling people with hope and inspiring them to create forests that are a joy to walk through and that bring tourists to the country, protect wildlife, and provide really high quality timber. It may take another 50 years but, in our response, we need to think in that sort of timeframe. There is none of that in Fine Gael.

Some might ask why they should do what I propose or why they should heed the warning when the Americans, Brazilians and others are not following suit. In fact, one could point to every country.

In fact, one could point to every country. None is particularly good at this at present, which is really frightening. The Germans, whom everybody thought were brilliant with the *Energiewende*, are stuck now with their coal lobby needs. The UK had many early quick wins and was great on diplomacy but, similarly, it does not have a clever energy policy yet. Ireland is not alone. We are not the worst and we are not laggards. Fine Gael is the laggard, but the Irish people are ready, willing and able to do their bit. I am convinced of that. However, they need a Government that helps them and gives a lead.

What Mary Robinson said yesterday morning was right, although I do not know if the Minister of State, Deputy O'Donovan, heard her. The simple point she made is that we do this because it makes us human. When we build a town, city, neighbourhood or community where the walker and cyclist are kings we create a social transformation. One gets a better space. I am old enough to remember what it was like on the streets in the 1960s and early 1970s, before there were so many cars. It was more human and socially richer. Similarly with energy, when we start to put a solar panel on everybody's roof, with a heat pump at the back, an electric vehicle at the front and people balancing, trading and creating their own power that will be empowering for us as human beings, as it will be when we create a landscape where every county, acre,

parish and valley is special and is at the front line of the transition. The great advantage of the tackling climate change project is that it belongs to everybody. The response belongs to every political party, not to one and certainly not just ours. We must spread the belief that we can and should do this. We do it because it is special everywhere. It creates an urban environment that is special and a rural environment that is special. Everywhere is part of it because we are all part of the one integrated system that must rise to this incredible challenge.

We should be urging green in everything we do and we should do it for real, not just as a marketing ploy. If we do so, it weaves a cloth that is embroidered with dreams. It gives us a sense of purpose and a sense of being special as a country. We can and will be leaders in this, but we will not do it if we baulk every time a hard decision is required. We will not do it if we are afraid of making mistakes, and we will make mistakes. It will be difficult. However, in making mistakes we will be at the forefront of the industrial revolution that is happening. A better economy and a more humane society will emerge from it. This is the way the world and investment are going. As a sign, I heard this evening that we are about to launch our green bond tomorrow. I welcome that. It is another thread that gives one hope. The people in the bonds market say the reason they are doing this is that this is where the new economy is going. That is where the money is and it is what people want and expect a modern, enlightened, forward thinking country to be. In addition, it will be at a lower interest rate than if we were trying to raise money in the old fossil fuel economy.

We will be able to tap into it because people in Ireland are good at this transition. We are brilliant at balancing renewable power on a grid. We are good at efficiency. Our industry is relatively clean. Irish farmers are superb at managing their land. They should be given the chance and the signals to do it in a way whereby they are properly rewarded for storing carbon. Irish people are just as ambitious and keen to make this transition as any other people, if not more so. It is still a decent country with decent people who are willing to do the right thing, and in this budget at this time that would have been taking climate seriously.

Deputy Seamus Healy: I welcome the opportunity to speak on budget 2019. The budget is shamefully inadequate in view of the extreme crisis in housing and health and the need to fully restore cuts in welfare, disability provision, public service pay and pensions and other areas. Some might say that today's budget is a missed opportunity. It is not. It is a conscious and deliberate policy decision by Fine Gael, the Independent Alliance and Fianna Fáil to protect the massive increase in wealth of the Irish super rich from fair taxation and to make further tax concessions to them. Prudent budgeting does not require limiting spending to the shamefully inadequate figures in today's budget. The European Union's fiscal treaty does not require it either, and it does not forbid raising extra revenue provided it is recurrent. Significant additional income could have been raised if the Government was prepared to make the super rich pay their fair share in taxation. The Minister said numerous times that his income tax and USC measures are to ease the burden on those on low and middle incomes. Nothing could be further from the truth. This is a budget for the super rich.

What happened in this budget? According to the CSO, 1.18 million workers are on incomes of less than €30,000 per year. Some 1 million of them are PAYE workers and 180,000 are self-employed. They comprise 40% of the workforce. There is no income tax gain for the 1 million PAYE workers in this category, not even a cent. The income tax gain for the 180,000 self-employed is the princely sum of €40 per year, less than €1 per week. The EU tells us that inflation next year will be 1.3%, which will wipe out the huge figure of €40 per year. There is an increase of €5 in social welfare payments. Social welfare recipients must wait until next March

to get it and it does not go anywhere near restoring the pre-cut levels of payment. For the third year in a row there is no increase in child benefit.

Contrast that to what has happened to people of wealth, the rich and powerful in our society. The CSO says that 53,000 individuals have incomes ranging from €150,000 to €2 million per annum. They get the full tax and USC benefits of this budget, totalling €13.1 million. There is a golden circle of rich and powerful individuals in this society who have not been touched by the budget. There is no wealth tax on their assets, and they have huge assets. The top 10% of these wealthiest individuals have assets that are €40 billion above peak boom levels. They will not pay a cent on them. The overall financial assets are now €77 billion above peak boom levels and there is not a single cent of taxation on them either. The 300 wealthiest individuals who have €100 billion will not pay a cent on those assets.

Last week, the Comptroller and Auditor General reported on how these individuals avoided tax. He described it as tax avoidance by the super rich. Some 83 of these high net worth individuals, with in excess of €50 million in assets, declared taxable income of less than the average industrial wage of less than €36,500. It is shameful. With regard to the banks, Bank of Ireland, AIB and Permanent TSB had profits last year of €2.5 billion. They did not pay a euro in tax on them and they will not pay one euro this year or for the next 20 years. The last Government and this Government have exempted them from such tax. These are the banks that the taxpayer bailed out. They are the banks that brought huge and savage austerity on the backs of families throughout this country. They continue to evict families from their family homes, but they will not pay a single cent in tax. This budget continues the bonanza for landlords. The provision of 100% mortgage interest relief to them in respect of the purchase, improvement and repair of properties will be hugely damaging to the housing market. It will enable landlords to outbid young people in the purchase of houses and it will drive up prices even further. This provision should be withdrawn immediately. This budget also provides an additional €121 million for landlords under the guise of the HAP scheme, on top of the €1.1 billion provided in 2018 under this scheme for landlords. This is hugely damaging to housing and families. The Government is again putting its trust in private developers and private landlords to solve the housing crisis, which they have never done and never will do. It is time the Government changed its policy on housing. We need public housing on public land and in huge numbers.

This budget widens the divide between the rich and poor. Ireland is a wealthy country. Taking GDP per head of population, Ireland is wealthier than Germany, the UK, the US, France and Italy. Overall, Ireland is ranked eighth in the world in wealth terms. The top 10,000 earners here have incomes totalling €6 billion per annum, which is an average of €600,000 each. They have received the full benefit of the income tax and USC reductions over the past three years and in this budget. The top 5% of all income earners on incomes of €180,000 per annum received income tax and USC reductions in the past two budgets totalling €172 million. Today, they again will benefit in full from the income and USC reductions and fabulously wealthy people will escape any additional imposition on their massive and growing wealth.

The Society of St. Vincent de Paul, SVP, budget submission months ago sketched the background to this budget. Its document entitled, *Paving a Pathway out of Poverty*, sets out the situation for ordinary people in this country. Some 780,000 people are living below the poverty line; 70,000 children are growing up in poverty; 10,000 people are homeless, including almost 4,000 children; there are 100,000 families on local authority housing waiting lists; there are 102,000 working poor; 48% of people went without heating owing to cost; 520,000 adults have poor literary skills and, last year, the society received 130,000 calls for assistance and sup-

ported families to the tune of €27 million. Today's budget will do nothing for the people the SVP helped last year and have been helping for years. If the issues raised by the SVP are to be tackled, rich and powerful people in this society will have to be made pay their fair share. If national and local issues are to be tackled successfully and if public services are to be improved and additional services provided, wealthy people in this country, which is the eighth wealthiest in the world, must be made pay their fair share.

Issues need to be dealt with in my constituency of Tipperary. There is an urgent need for acute inpatient mental health beds in Tipperary. These beds need to be put in place to replace the beds lost when former Minister of State, Kathleen Lynch, unfairly, unjustly and, in my view, outrageously closed St. Michael's unit in Clonmel. Moneys from this budget must be ring-fenced to ensure beds are opened to replace those that were wrongly closed and to properly resource, staff and fund community mental health teams and CAMHS teams in Tipperary. Mental health services in the county are substandard, acute beds are non-existent and these issues need to be tackled urgently. I have raised them on numerous occasions and will return to them in the near future.

Communities in rural towns throughout the country, including Tipperary town, Carrick-on-Suir, Thurles, Nenagh and Roscrea, have been abandoned by this Government and by previous Governments. They need support from Government so that they can develop economically and socially and create jobs, boost the retail trade, build public housing and support community facilities. The Project 2040 plan is not fit for purpose when it comes to rural Ireland and, in particular, rural market towns. This plan must be revisited urgently to ensure towns such as those I have mentioned are targeted for development and job creation.

I have referred to the health services in Tipperary but I would like to address the issue of the assessment of needs for children with disabilities. Under the Disability Act 2015 assessments of need are required to be completed within six months of a referral but throughout the country, including in Tipperary, this provision is not being adhered to. The HSE is breaking the law in this regard. I have been contacted by numerous families who have been told in writing by the HSE in Tipperary that their child will not be seen for two years. It is vital that young children are assessed at an early age if they are to benefit from the services that should be provided for them. There is also a white elephant in Cashel, County Tipperary, in what was formerly Our Lady's Hospital. That hospital was upgraded at a cost of some €14 million and fully fitted out as a hospital, but the ward areas have been closed for years now. That refurbished area was to be opened up as a 65 bed hospital to provide step-down, palliative care and district hospital facilities. It is a shame that it is still vacant and it should be opened to provide a back up to the other hospitals in the area - South Tipperary General Hospital and University Hospital Limerick.

On roads, I welcome the additional investment of €40 million for the upkeep of local and regional roads. Regional roads and local roads, in particular, are in an absolutely atrocious state across the country, including in Tipperary. The figure which Tipperary County Council management has indicated would be needed to upgrade the roads in the county to a reasonable standard is €196 million. Obviously, €40 million nationally will not go very far on that. I wish to raise the question of the upgrading of the N24 to motorway status again. That is the lifeblood of social and economic activity all the way from Limerick to Wexford. The upgrade would include the bypassing of Tipperary town, Clonmel and Carrick-on-Suir. That needs to be done as soon as possible.

On education, the increase in capitation is welcome even though it is not huge. It would

appear that some money has been made available for leadership and working principals. I hope there is enough money in that to ensure that principals are able to properly carry out their functions on an ongoing basis and have the time and space to do same. There does not appear to be a change in class sizes, nor does there appear to be any provisions in place regarding official panels, which are badly needed.

I have spoken consistently about housing in this Chamber for a number of years. Like earlier speakers, I must also say that the provisions in this budget on housing are disappointing to put it mildly. The fact of the matter is that there is a housing emergency out there. It is time this Government acknowledged that emergency and implemented the Private Members' motion which was passed here last week, requesting the declaration of a statutory emergency by the Oireachtas. Unless and until that is done, the housing situation will get worse. On a daily basis I have families contacting me who are homeless, have got notice to quit or are couch-surfing with relatives and friends. The situation has gotten worse over the last 12 months and the provisions in this budget will certainly not make any effective difference to it. We need the emergency to be declared and we need evictions to stop. There is a need for families to be allowed to retain their tenancies in sale situations so that they are not forced out of their private rented accommodation into homelessness. We need a huge emergency building programme of public housing on public land and we need to do that quickly.

I ask the Government again to look at the proposal by Irish Water to bring water from the Shannon to Dublin. This is a hugely wasteful proposal which will be a waste of public money if it goes ahead. The pipes in Dublin are leaking over 50% of the water that goes into them. It is a situation that is seen nowhere else in the western world. In most European countries and cities the maximum leakage is in the region of 10%. The highest figure that we know of is in London which is at 25%. Apart from the words of the Fight the Pipe Ireland organisation in Tipperary and Ms Emma Kennedy who has done an analysis on this, a professor in Dublin City University has recently said that going ahead with this project is akin to throwing money out of an open window. As I have said, this is hugely wasteful and completely unnecessary. The pipes in Dublin need to be replaced because otherwise water will be sent from the Shannon into the ground in Dublin because the pipes will be leaking out over 50% of the water.

I am not at all happy that this budget deals with the real world in any way. This Government, the Independent Alliance and Fianna Fáil have lost all contact with ordinary people and this budget book of Estimates proves that.

Sitting suspended at 9.37 p.m. and resumed at 10.07 p.m.

10 o'clock

Business of Dáil

Minister of State at the Department of the Taoiseach (Deputy Joe McHugh): I move:

That notwithstanding the motion re sittings and business of the Dáil in budget week, agreed on Wednesday, 3 October 2018, the Dáil shall adjourn not later than 11 p.m. tomorrow.

An Ceann Comhairle: Is that agreed? Agreed.

Allocation of Time: Motion

Minister of State at the Department of the Taoiseach (Deputy Joe McHugh): I move:

That notwithstanding anything in Standing Orders, the financial resolutions by the Minister for Finance and Minister for Public Expenditure and Reform shall be taken and decided in accordance with the following schedule, and the proceedings thereon and on any amendments thereto, shall in the case of each resolution be brought to a conclusion by one question which will be put from the Chair not later than the times indicated as follows: Financial Resolution No. 1, to conclude within 20 minutes; Financial Resolution No. 2, to conclude within 40 minutes; and Financial Resolution No. 3, to conclude within 40 minutes.

Question put and agreed to

Financial Resolutions 2019

Financial Resolution No. 1: Tobacco Products Tax

Minister for Health (Deputy Simon Harris): I move:

(1) THAT for the purposes of the tax charged by virtue of section 72 of the Finance Act 2005 (No. 5 of 2005), that Act be amended, with effect as on and from 10 October 2018, by substituting the following for Schedule 2 to that Act (as amended by section 49 of the Finance Act 2017 (No. 41 of 2017)):

“SCHEDULE 2

RATES OF TOBACCO PRODUCTS TAX

(With effect as on and from 10 October 2018)

<i>Description of Product</i>	<i>Rate of Tax</i>
<i>Cigarettes</i>	<i>Rate of tax at—(a) except where paragraph (b) applies, €327.10 per thousand together with an amount equal to 9.04 per cent of the price at which the cigarettes are sold by retail, or (b) €376.82 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 €375.058 per kilogram.</i>
<i>Fine-cut tobacco for the rolling of cigarettes</i>	<i>Rate of tax at €360.827 per kilogram.</i>
<i>Other smoking tobacco</i>	<i>Rate of tax at €260.199 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 as well as an additional 25 cent increase on a 30 gram pack of roll-your-own tobacco.

There will also be an increase in the minimum excise duty on a pack of 20 cigarettes to €7.54. This measure will ensure all cigarette packs, regardless of price, will incur at a minimum the excise duty that would be applicable to a pack priced at €11. The price of a pack of 20 cigarettes in the most popular price category, assuming the full increase is passed through to the final retail price, will increase to €12.70. The excise duty component of this price will be €7.69. The total tax inclusive of VAT will be €10.06, which represents 79% of the price of a pack.

Ireland is proudly committed to a policy of high taxation of tobacco in order to encourage people, particularly younger people, to quit smoking. Thankfully, the policy is working. In 2007, some 24% of our people were daily smokers. By contrast, the HSE and Healthy Ireland survey figures for June of this year showed that figure had fallen to 18%. Furthermore, the quantity of cigarettes consumed per smoker also fell in that period. Increasing taxation on tobacco products is a key public health policy measure to continue this downward trend in smoking rates in Ireland and help us achieve our goal of being tobacco free by 2025. In revenue, the increase in tobacco product tax and the minimum excise duty are estimated to contribute €61.8 million in a full year.

Deputy Mattie McGrath: I do not smoke and I do not like smoking, but we are tackling this the wrong way. We have continually put up the price budget after budget, but for people who are addicted or find it difficult to stop smoking, and especially for working-class or unemployed families, this price is savage and it puts huge pressure on all aspects of the household budget for food, clothes and general living expenses.

As I said today as part of my budget contribution, we are not touching the whole illicit trade of cigarettes. The Minister mentioned the €7.54 excise duty on a pack of 20 cigarettes and the €61.8 million in revenue that might come in, but the amount of cigarette smuggling across the Border and from outside our shores that is coming in is shocking. We have seen studies about how dangerous smuggled cigarettes are, as they are not regulated and in some cases they are like smoking tar. We are not touching this issue at all. If we are discussing real health worries and issues, the damage those kinds of cigarettes do to people's lungs and general health is shocking. We should broaden our options here and not just put the price up by 20 cent, 50 cent or whatever every year, which has just become a habit now. Rather, we should seriously tackle the smuggling and importation of illegal cigarettes, which do greater damage to health and which do not provide any revenue.

Deputy Jonathan O'Brien: Our alternative budget also proposed to increase the excise by 50 cent and, therefore, we are clear that we support this measure. We are aware of the impact smoking has on people's lives, not just on smokers but non-smokers also through passive smoking. More and more research is carried out every year on the impacts of passive smoking. It is a public health issue and it is in everyone's interest to reduce the number of people who smoke. This is one way of doing it but a varied approach is needed, including a well-funded health

system, information programmes and encouraging people who smoke and have a smoking addiction to tackle that addiction.

While we support the increase in excise duty on cigarettes as one measure, and we will not vote against it, we will not support this particular measure tonight because a holistic approach is needed. As a stand-alone measure, this does not address those issues. If someone was able to say, for example, that the €61.8 million which we would get as a result of this was going directly into programmes to try to prevent people from smoking, one could stand over it. However, putting the €61.8 million into a budget which overall does nothing to help society is putting it into a black hole. We will not, therefore, support it nor vote against it.

Deputy Brendan Howlin: There is a resolution of this sort virtually every year. As budgets I myself was involved in framing included them, it would be odd if I did not support them. One of the most successful health measures we have taken is against tobacco, in tackling its distribution, sale and visibility, and this has had an enormously positive health effect on our people. The fact that the number of smokers is down to 18% of the population is an extraordinarily positive achievement, but we should obviously strive to go further.

Pricing is clearly a real consideration. People will have to make a real choice about spending the amount of money it now costs to feed an addiction. We need to give a positive incentive to people to quit. The corollary of high prices is continuing a proactive, supportive campaign for smokers because it is an addiction, which means it is difficult for them to quit. Some would argue the addiction is stronger than the addiction to heroin. We must ensure if we are to price people out of the ability to buy cigarettes, we must give them the supports to be able to get off the addiction.

In many estates around our country, people sell imported cigarettes that are not taxed in this jurisdiction. I am much more concerned, however, about the composition of those cigarettes, which might not be purely of a nature that would be bad for one's health. Rather, they might be extraordinarily bad for one's health, given some of the products that are included in these counterfeit cigarettes. I ask the Minister to give us assurance about the supports to combat smuggling that should accompany this measure. If we are to have high prices that will increase, which we have, we must ensure we do not facilitate in any way the smuggling of cigarettes and the provision of counterfeit cigarettes in our estates and on our streets. That means devoting some of the money we accrue from this tax to combatting smuggling and ensuring our customs officials are equipped to do that.

Deputy Sean Sherlock: As I have the ear of the Minister, and thus a captive audience, I plead with him and, by extension, the Government to look at the cost of nicotine-replacement therapies, which is exorbitant and which proves to be a disincentive to moving from smoking to therapies such as inhalers, lozenges or gum. If the cost is so prohibitive it acts as a disincentive. I understand it is covered by the general medical services scheme and, on that basis, the pricing mechanism is arguably far too high. There is profiteering going on with the cost of such therapies, and I ask the Minister to look at this issue.

Deputy Tom Neville: I also support the recommendation. Healthy Ireland carried out an extensive study on young people smoking in 2017, and last year I raised the issues of smoking and body image in young people, particularly regarding the use of social media and apps. In the Joint Committee on Children and Youth Affairs, on which Deputy Sherlock also sits, we had a discussion about social media, apps and everything that revolves around body image.

Smoking can often feed into that also and, therefore, I welcome what is proposed today by the Government.

Deputy Simon Harris: As Deputy Howlin rightly said, this is a long-standing policy of successive Governments whereby taxation plays a role in reducing the number of people smoking and, thankfully, we have seen the evidence of that. My colleague, the Minister of State, Deputy Catherine Byrne, is continuing to pursue that work through the Healthy Ireland agenda. I reassure Deputies that this is not the entire response of the Government in respect of reducing the number of people smoking. We have a range of supports through the health service. These include the HSE QUIT campaign, a multimedia QUIT campaign service, a specialist counselling staff and, as Deputy Sherlock alluded to, we have nicotine-replacement therapies covered by the GMS. I will take up the point that he raises. I also agree in regard to the issue of smuggling. I am pleased to inform the House that Revenue continues to attach a very high priority to this and seized approximately 32.4 million cigarettes with a value of €19.5 million in 2017. This House has taken a number of measures in recent years in the Finance Act 2012 and the Finance Act 2013 to try to continue to beef up and improve the powers of Revenue in that area. This is a sensible measure and I commend it to the House.

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

Financial Resolution No. 2: Capital Gains Tax

Minister of State at the Department of Finance (Deputy Michael D’Arcy): I move:

(1) THAT Chapter 2 of Part 20 of the Taxes Consolidation Act 1997 be amended, with effect from 10 October 2018, by substituting the following for sections 627 and 628:

“Charge to exit tax

627. (1) (a) In this section and in section 628 -

‘designated area’, ‘exploration or exploitation activities’ and ‘exploration or exploitation rights’ have the same meanings respectively as in section 13;

‘Directive’ means Council Directive (EU) 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market;

‘exploration or exploitation assets’ means assets used or intended for use in connection with exploration or exploitation activities carried on in the State or in a designated area;

‘market value’ means the amount for which an asset can be exchanged or mutual obligations can be settled between unconnected willing buyers and sellers in a direct transaction;

‘relevant event’ means one of the events referred to in subsection (2);

‘tax’ means corporation tax or capital gains tax chargeable by virtue of subsection (2);

‘the new assets’ and ‘the old assets’ have the meanings respectively assigned to them by section 597;

‘third country’ means a territory other than the State or another Member State;

‘transfer’, in relation to assets, means any transaction whereby (apart from the effect of this section) no liability to corporation tax or capital gains tax in respect of the assets, the subject of the transfer, arises, notwithstanding that those assets remain under the legal or economic ownership of the same entity.

(b) For the purposes of subsection (2), paragraph (c) of section 29(3) shall apply as if the reference in that paragraph to a trade were to a business and as if the references to a branch or agency were to a permanent establishment.

(c) A word or expression that is used in this section or section 628 and is also used in Article 5 of the Directive shall have the meaning in this section or section 628 that it has in that Article.

(2) For the purposes of the Capital Gains Tax Acts, a company shall be deemed to have disposed of the assets referred to in whichever of the following paragraphs is appropriate, other than assets excepted from this subsection by subsection (5), and to have immediately reacquired the assets at their market value (at the time of the occurrence of the event concerned) on the occurrence of any of the following events:

(a) the company, being a company that is resident in a Member State (other than the State), transfers assets from a permanent establishment in the State to its head office or to a permanent establishment in another Member State or in a third country;

(b) the company, being a company that is resident in a Member State (other than the State), transfers a business (including the assets of the business) carried on by a permanent establishment of that company in the State to another Member State or to a third country; or

(c) the company ceases to be resident in the State and becomes resident in another Member State or in a third country

(3) (a) Tax shall, notwithstanding subsection (3) of section 28, be chargeable at the rate of 12.5 per cent in respect of chargeable gains accruing on a disposal of assets to which subsection (2) applies (in paragraph (b) referred to as a ‘deemed disposal of an asset’), but this is subject to paragraph (b).

(b) A chargeable gain accruing on a deemed disposal of an asset arising from the occurrence of an event referred to in subsection (2) shall be chargeable at the rate specified in subsection (3) of section 28 where the event forms part of a transaction to dispose of the asset and the purpose of the transaction is to ensure the chargeable gain accruing on the disposal of the asset is charged to tax at the rate specified in paragraph (a) rather than the rate speci-

fied in subsection (3) of section 28.

(c) In this subsection ‘transaction’ has the meaning assigned to it by section 811C.

(4) Section 597 shall not apply where a company referred to in subsection (2) (c)-

(a) has disposed of the old assets, or of its interest in those assets, before the event referred to in subsection (2)(c), and

(b) acquires the new assets, or its interest in those assets, after that event,

unless the new assets are excepted from this subsection by subsection (5).

(5) Where at any time after the event referred to in paragraph (c) of subsection (2) the company referred to in that paragraph carries on a trade in the State through a permanent establishment—

(a) any assets which, immediately after the event referred to in subsection (2)(c), are situated in the State and are used in or for the purposes of the trade, or are used or held for the purposes of the permanent establishment, shall be excepted from subsection (2), and

(b) any new assets which, after that time, are so situated and are so used or so held shall be excepted from subsection (2), and references in this subsection to assets situated in the State include references to exploration or exploitation assets and to exploration or exploitation rights.

(6) This section shall not apply to an asset—

(a) which relates to the financing of securities,

(b) which is given as security for a debt, or

(c) where the transfer takes place in order to meet prudential capital requirements or for liquidity purposes, where the asset is due to revert to the permanent establishment or the company, as the case may be, within 12 months of the transfer.

(7) Neither section 628A nor 629 shall be construed as having effect in relation to this section as it stands substituted by virtue of a resolution of Dáil Éireann passed on 9 October 2018.

Value of certain assets to be accepted for purposes of Capital Gains Tax Acts

628. Where exit tax is charged in a Member State (other than the State) in respect of an asset by virtue of Article 5(1) of the Directive, the value of that asset established under the law of that Member State for the purposes of that charge to tax shall be taken, for the purposes of the Capital Gains Tax Acts, as the acquisition cost of that asset unless that value does not reflect its market value.”

(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).

An Ceann Comhairle: Amendment No. 1 is out of order.

Amendment No. 1 not moved.

Deputy Brendan Howlin: I move amendment No. 2:

To insert the following new section into the Resolution after section 628:

“Report on Exit Tax

A628A. The Minister shall within one month from the passing of this Resolution prepare and lay before Dáil Éireann a report on the number of companies that have been liable for the provisions of sections 627 and 628 of the Taxes Consolidation Act 1997 in each of the last 5 years inclusive of 2018; the total revenue raised in each year under these provisions; and the additional revenue that could be raised in 2019 if the Exit Tax was chargeable at a rate of 33 per cent.”.

I have been dealing with budgets for a long time in this House. When I saw the financial resolutions there was something unusual. They are normally in the ministerial pack which is circulated during the course of the Minister’s speech. They were not but I found them later. Two of the resolutions, this one and the next one, are unusual in that they do not need to be passed tonight. The idea of the financial resolutions is that there is usually a degree of urgency about a matter, such as a tax increasing from midnight for a particular and urgent reason.

Serious questions must be asked as to why this measure is tabled for tonight and not, in the normal way, in the Finance Bill, where there would be reports, teasing out, Committee Stage debate and all of that. That is not happening on this resolution. The capital gains exit tax is being reduced in this proposal from 33% to 12.5%. The Minister’s own budget book tells us that this will actually not raise any money. If we look at the financial tables, it says zero for this tax. If this is not really used and there is no impact on revenue, as the Minister is telling us in the published tables accompanying his budget speech, then leaving the rate at 33% would not impact on revenue unless there is something we are not being told.

This tax measure is aimed at ensuring patents, intellectual property and other assets cannot be moved abroad to no tax locations so as to avoid tax. That is good. The budget document states that this change is part of Ireland’s commitment to implementing the anti-tax avoidance directive. We have no issue with that. We support it and these rules are long overdue. The Labour Party has called for a standing commission on taxation for exactly these reasons. The question should be asked as to why the rate is being cut by nearly two thirds. There is no explanation for that. If this is never used, as would be implied by the zero impact on revenue, it has no impact and will not raise any additional money, as the budgetary documentation seems to imply, then why should the rate not be set at 33%? I refer to it not just being set but maintained because that is the rate.

Chartered Accountants Ireland published a useful note on its website on 1 October last. It says regarding the exit tax that Ireland currently has rules that provide for an exit tax. To give people an understanding of what we are talking about here, that is where the Irish tax-resident

company moves its tax residence away from Ireland, broadly, and that exit event triggers a deemed disposal of assets at market value for capital gains tax purposes, resulting in the potential normal capital gains tax of 33% applying. There are some exemptions to the rule and in practice it is not a significant issue for most Irish tax-resident companies. That is what the Chartered Accountants Ireland publication says. Under the EU's anti-tax avoidance directive, the existing rules will be tightened significantly, making it more difficult to escape the Irish tax charge on migration of tax residence. This could be assessed as making it more difficult to move valuable assets such as intellectual property out of Ireland but will possibly encourage existing groups to stay. That could be seen as a positive move.

In reality, anything that reduces flexibility for existing groups or potential groups of new investors is not a good thing. All EU countries, however, will be obliged to introduce similar rules by January 2020 at the latest. There we have the nub of it. Under Article 5 of the anti-tax avoidance directive, we are obliged to have a measure compliant with the directive by January 2020. We have plenty of time to do this. We could do it in the convenience of the Finance Bill when we can go through this in some detail and not deal with it in 40 minutes with no notice and no background papers. That is why I have tabled the amendment seeking at least, if it is passed tonight, a report on it within a month. I am conscious of time but I want to say a few other things about it.

First, it begs the question of why the urgency. The Minister might give us some indication of why this midnight stroke of a pen approach to this long debated, and long in gestation, but distant timeline of January 2020 needs to be done suddenly and urgently tonight. It is unusual for such a major tax change, that apparently according to the documentation will have no impact on revenue, to be rushed through via budget resolution. In my long experience here, the normal way to deal with this matter would be by way of a proposal in the Finance Bill. The original sections 627 and 628 were anti-tax avoidance measures. They set a tax rate of 33% for capital gains that will accrue because this is, by the definition of the current law, a capital gain that will accrue. It is now envisaged that capital gains would not be taxed at the capital gains rate of 33% but would actually be taxed at the corporation tax rate of 12.5%. Why is that? Why is that neutral in respect of the volume of money that it will generate?

Why has the Department of Finance not published a tax expenditure report? What is proposed is a major change and it requires a budget resolution. Will we be sitting here in the future wondering why there was a windfall or a loss associated with this particular measure in respect of which we have no background information? I imagine most people in the House are not that familiar with it. Does the Minister know why this measure must be adopted tonight? Will he tell us? Are large technology companies planning to bring intellectual property into Ireland? Are they planning to do so tonight and is that the reason for this being done now? We need to know the answers to those questions before we are asked to vote on what is proposed. The industry has been lobbying for a reduction in capital gains tax to 12.5%. These are matters that should be dealt with properly in the context of the finance Bill.

A Department of Finance report published last month states:

Specifically, the ATAD exit tax regime seeks to tax unrealised capital gains where a taxpayer transfers its residence, transfers assets from its head office to a permanent establishment, or vice versa, in another territory, or transfers the business carried on by a permanent establishment to another territory, to the extent that the country from which the assets or business are transferred loses the right to tax the transferred assets or business following the

transfer.

Member States must introduce the ATAD exit tax, or bring existing exit taxes into alignment with [that particular] tax where relevant, no later than 1 January 2020.

Why is this being done tonight? I have many more questions to ask, but I want to allow other people to come in on this. Perhaps the Minister can give a very simple, straightforward explanation that will avoid the need for me to ask further questions.

Deputy Mattie McGrath: I also want answers to the questions Deputy Howlin asked, so I will not labour the point. Why is there a panic to introduce this tonight if the implementation date is January 2020? We normally vote on issues which take effect at midnight and which, for various reasons, cannot be changed or moved. Why is the rate changing from 33% to 12.5%? Perhaps the Minister will be able to put us at ease and explain the panic and the changes to the rates.

Deputy Jonathan O'Brien: Deputy Howlin covered most of what I wanted to say. It is very unusual to have a financial resolution such as this when there is no necessity for what is proposed to be done before midnight. The only reason I could find for the rush is in the note from the Government that accompanied the financial resolution. It states the measure is being implemented on budget night to provide certainty for businesses currently located in Ireland and for those considering investing here in the future. It also states that the rate will be 12.5%. The only reason we have been given is that it will provide certainty tonight, even though it does not have to be implemented until 1 January 2020. We have been given very little information about this measure. It would be better to deal with it during the passage of the finance Bill, when we can have a more detailed discussion on the reasons we are not looking at the tax rate of 33%, or even the non-trading corporation tax rate of 25%. Why is the rate being reduced to 12.5%? We have been given no reason for that. We know that certain sectors of the industry have been lobbying very hard for the 12.5% rate to be applied. For that reason, we will be supporting the amendment tabled by the Labour Party. If the amendment is not accepted and there is a vote on the financial resolution, Sinn Féin will oppose it because we do not believe it is appropriate that this be done before midnight. There is no reason or rationale for rushing this through. It should be dealt with during the debate on the finance Bill, for example, on Committee Stage, when we can look at all of the evidence and some of the supporting documentation. I am sure the Department has such documentation, but it has not been shared with opposition spokespersons. Without that, we cannot support the financial resolution, but we will certainly support the amendment being put forward by the Labour Party.

An Ceann Comhairle: Can the Minister allay the concerns of the Deputies?

Minister for Education and Skills (Deputy Richard Bruton): The existing provision is very narrow. It was introduced solely as an anti-avoidance measure to prevent certain behaviours where abuses were occurring in the transfer of assets while seeking to avoid paying capital gains tax. That anti-abuse measure has been successful and Revenue is not aware of any revenue stream that has been generated by this tax. The behaviour changed so the tax did not generate revenue. This is not simply a replacement for that exit tax, which was a specific measure designed to stop a certain type of behaviour. This will be a new tax measure, effective from tonight, and will apply to the removal of assets from Ireland. These will be intellectual property assets rather than immovable assets such as land or buildings because they would still be liable for corporate gains tax in Ireland when sold. This measure would apply to assets

moved out of Ireland which, unless this tax was introduced, would not represent a disposal and therefore would not be liable for any tax.

This measure was agreed with the European Union and is part of a broad range of anti-avoidance taxes we are introducing, including measures against controlled foreign companies, measures against hybrid transactions or entities and measures against interest abuses, which were advocated as being in conformity with the base erosion and profit sharing, BEPS, measures developed by the Organisation for Economic Co-operation and Development. These are measures the EU is taking which we have also agreed to take. It is being introduced now so that it will be effective from tonight. It is obviously prudent, when a tax of this nature is introduced, that it is introduced and implemented rather than introduced and then left for a large period of time. Such a measure could lead to transactions being executed specifically to avoid this impact. By introducing it in this way we avoid the possibility of gaming the regime. We need certainty in this area; the Coffey report on corporation tax advocated that certainty should prevail.

Deputy Howlin asked why we are not projecting significant revenues from this measure.

Deputy Brendan Howlin: No revenue is projected.

Deputy Richard Bruton: It is believed that most of the intellectual property now located in Ireland is not rising in value. Most of the intellectual property situated here includes items such as patents on pharmaceutical products. The value of this type of item declines as the patent runs out. Revenue does not anticipate that much of the intellectual property located here will raise revenue because capital gains will not generally accrue. There are international trends which show that intellectual property is moving from jurisdictions.

This is a measure we should have in our tax code. If we are going to have such a measure, we should have it and introduce it cleanly. Revenue did not predict an amount of revenue to be raised through this tax because most of the intellectual property located here is not of the sort that would be expected to raise revenue. In terms of budget arithmetic, it would not have been prudent to add a sum of money on which we would be building other spending commitments when there is no prediction of a yield at this point. However, depending on other assets being in place, this tax is expected to raise revenue in the future. I hope that has helped to address the concerns.

Deputy Brendan Howlin: I am afraid it has not. The Minister basically told me what I told him. He says it replaces the current narrow provision and is not simply a replacement for the current exit tax. The current tax is capital gains tax, payable at 33%. There is no explanation of why the taxation of this intellectual property should be at a rate of 12.5%. That question was not answered.

Before the Minister replies, I have read the Coffey report and this evening I read the directive so that I would be up to speed on it. This is a very careful and calibrated discussion. The notion that there is an agreed approach that should be rubber-stamped this evening in a Financial Resolution that the House has only seen an hour or two ago is not true. Article 5 of the anti-tax avoidance directive requires Ireland, by 1 January 2020, to have an exit tax in four particular circumstances that are set out in the report. We currently have an exit tax, which will be replaced by this provision. What are the considerations that the Government has given in transposing Article 5 of the anti-tax avoidance directive? Is that not a reasonable debate to have? Why has the Government landed on a rate of 12.5%? Can we not have a debate about that? I

know the Minister has been lobbied for this measure but it is a matter that should be debated in a democratic way in the finance Bill, not passed by fiat. I cannot amend the rate the Minister has set in the Financial Resolution. Nobody from the Opposition benches can amend it.

In 40 minutes, it is proposed to significantly change the taxation of intellectual assets in this country. That is not the way we should do our business. If we have learned anything from the way we have done business in the past, it is that this is not the way to do it. The Minister has given me no reason it has to be done by midnight. He says that no money will accrue from this measure and very few transactions will be subject to it. In that case, why not wait the ten days or so for the finance Bill to be published and debated properly?

Deputy Jonathan O'Brien: As Deputy Howlin stated, the Minister has not yet given us a reason for settling a rate of 12.5%. We know there was extensive lobbying of the Department to set it at 12.5%. I still do not understand why we are trying to push this measure through before midnight tonight in a 40-minute debate. It will have a profound impact, albeit not immediately because no income will accrue from it according to the Minister's estimates. However, we do not know what will happen next year, the year after or the year after that. The House is to push the measure through in 40 minutes on the basis that there is very little activity in this area. The estimates suggest it will be revenue neutral and will not generate income. That is the position as of now. We need a more in-depth and detailed explanation from the Minister. We have received no supporting papers from the Department, bar a couple of paragraphs about the base erosion and profit shifting, BEPS, report published in October 2015, and the need to transpose the relevant directive before 1 January 2020. There is very little detail.

It is a mistake to rush this measure. Once the Financial Resolution is passed, there is nothing we can do. The amendment which has been put forward calls for a report. If such a report were to find that we should have kept the rate at 33%, there will be nothing any of us can do because the Financial Resolution will have been passed. It would be more prudent to draw up the report before the finance Bill. If we are given that information, we can make an informed decision during the passage of the finance Bill. We seem to be doing it the wrong way around. We are making the decision and then we might have a look at a report. If the report indicates that we should leave the rate at 33% or set it at 25%, the horse will have bolted.

Deputy Richard Bruton: This is a new tax. It is the first time there will be a tax of this general nature applying to people who decide to move intellectual property but not realise those gains. This is a tax on exit, not a capital gains tax on a disposal. If a company exits, it has not realised the gain. It does not have disposal proceeds from which to pay a 33% rate. That is the reason it was thought reasonable to apply the corporation tax rate of 12.5%. We do not tax people on unrealised gains in our tax code. That is not the way in which capital gains tax applies. CGT applies when a disposal has been made and proceeds have been generated and tax is collected from those proceeds. In this case, what is being proposed is an exit tax on a company opting to move intellectual property out of the jurisdiction. It is being introduced as a new tax measure that is believed to be in accordance with the provisions of base erosion and profit sharing reports intended to help combat that sort of behaviour. It is an anti-avoidance measure.

Allow me to put this in another way. Suppose we did what the Deputies suggested and, having signalled the introduction of this tax, waited for several weeks and allowed companies to reorganise their affairs and not pay the exit tax. Would the Deputies not subsequently argue that it is a crazy approach to introduce an exit tax designed to change behaviour and the way companies move intellectual property around and then flag it and wait for people to decide

whether to avoid the implications of this tax?

What the Minister is proposing here is prudent. The measure, which would be effective from tonight, will give certainty. It will not lead to gaming of the regime by people seeking to artificially move assets ahead of an anticipated rate. It is being set in a way that is reasonable, given that these are companies not realising cash from which to pay. This is an exit tax and it is being levied at the same rate as corporate tax. Other countries that have applied this exit tax are using their corporate tax rate as well.

This is a correct measure. It is part of the approach which has been outlined in Ireland's corporation tax roadmap, whereby we are progressively dealing with elements of our tax code that have been subject to aggressive tax planning by companies. Deputies are aware of the changes that have been made in respect of the double Irish, non-resident companies and so on. We are prudently and properly moving to ensure that our tax code continues to be robust, defensible and correct in the way it is applied. We do not want any suggestions that harmful tax competition is involved. This is a legitimate tax. We are taking steps in a timely way, rather than leaving it to the last moment. We are doing it in a way that is fair and reasonable and taking the precaution of moving and agreeing it tonight in order that we are not exposed to potential aggressive tax planning on this particular measure.

Deputy Brendan Howlin: The Minister made a presentation as if this was all new. He referred to the Minister for Finance's publication, Ireland's corporation tax roadmap, a copy of which I have with me. The roadmap, which was published on 5 September, states this would be done by 2020. What happened in the past few weeks that requires this to be done tonight? There is no indication in this document that this must be done by way of a Financial Resolution.

We talk about having a more transparent way of budgeting. We are all for making the House more responsible for budgeting but this is not the way to do it. The Minister referenced discussions at European Union level. I was involved in discussions on the BEPS process at EU level. Discussions on anti-tax avoidance measures at that level were not limited to the BEPS reports. They were expanded to include the introduction of exit taxes for all member states. The anti-tax avoidance exit tax regime is designed to ensure that where a taxpayer moves assets or migrates his or her tax residence out of a state, that state taxes the value of any latent capital gain accrued during the period of residence in that state. That is the point I make to the Minister. We are taxing the latent capital gain accrued during the period of residence in Ireland if people move their intellectual property out of Ireland even though that gain has not yet been realised at the time or point of exit. That is what is included in the discussions at EU level. We have to have some debate about the tax regime that should be applied. The notion the Government has decided it should be 12.5% and announced it tonight without any discussion or debate at the finance committee and without any grounding documentation or any chance for others to look at what is happening elsewhere and what is the tax applying in analogous EU countries is not the way to do it. It is wrong. The financial resolution should be withdrawn and the debate should be allowed to proceed in the discussions on the Finance Bill in the normal way.

Deputy Jonathan O'Brien: It is a bit disingenuous of the Minister to say we have to do it tonight before-----

An Ceann Comhairle: I am sorry but I cannot hear the Deputy.

Deputy Jonathan O'Brien: I will shout if the Ceann Comhairle wants me to.

An Ceann Comhairle: No. I wonder whether the Deputy's microphone is working.

Deputy Jonathan O'Brien: It is a bit disingenuous of the Minister to say the reason we have to do this tonight is because companies may reorganise their tax affairs. Companies know this is happening. They know a directive has been set down and that all EU member states must introduce an exit tax. They all know it has to be done by 1 January 2020. It is not coming as a huge surprise to companies. There is no reason we could not have had a debate, looked at the reports and all of the options available to us and then come down in favour of a particular rate. I believe 12.5% is too low. There has been no discussion about it. No supporting documentation has been given by the Department on why we are settling on 12.5%. I do not know why it is not being kept at 33%. What I do know is we are not doing business correctly here tonight by trying to force it through within the next ten minutes. It is irresponsible and I support the call from the Labour Party to withdraw the financial resolution tonight because if the Government does not do so we cannot support it, even though we are in favour of an exit tax.

Deputy Brendan Howlin: Of course.

Deputy Jonathan O'Brien: It needs to be put on the record that we are in favour of this particular measure but we cannot support it being rushed through tonight with a rate being set at 12.5%. It would not be responsible on our behalf and it is very irresponsible on the Minister's behalf. He needs to reflect on this.

An Ceann Comhairle: I am conscious of the fact we have an order to conclude by midnight and that the next resolution may require-----

Deputy Brendan Howlin: We have 40 minutes for this resolution.

An Ceann Comhairle: Yes, but the next resolution may require some consideration also. I ask the Minister to address the concerns the Deputies have raised.

Deputy Richard Bruton: The Deputies are presenting this as if we are taking a capital gains regime of 33% and cutting it to 12.5%. This is not the case. The old regime the Deputies have spoken about was designed to stop certain abusive behaviours. It was defined narrowly and it stopped those behaviours.

Deputy Brendan Howlin: The Minister is changing that now, even that narrow -----

Deputy Richard Bruton: This is now a broad-based tax. Deputy Howlin explained why it is being levied at 12.5% and not 33%. He explained very clearly that this is a tax not based on the realisation of a capital gain but simply an exit and movement of the intellectual property to somewhere else. This is not a realised gain that generates cash that can be used to deploy. The principle being applied here is that the same regime-----

Deputy Brendan Howlin: "Latent capital gain accrued" is what I said.

Deputy Richard Bruton: The same tax regime is being applied as if it continued to remain in Ireland, which is using the corporate tax rate that would have applied had its contribution to generating an income stream remained in Ireland. The income stream that would have been generated by that intellectual property if the company had stayed in Ireland would have been at 12.5%. This is the principle on which the 12.5% is being raised. It is the way in which the flow of income from the asset would have been taxed had it remained in Ireland. It is not realising a cash sum from which the company can pay out the money.

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The Deputy is saying he is in favour of an exit tax but he wants to signal that an exit tax will arrive. The Oireachtas will not-----

Deputy Jonathan O'Brien: Companies know that already.

Deputy Brendan Howlin: The Minister is saying it will accrue no money.

Deputy Richard Bruton: -----knowing that it is imminent, allow companies time to avoid paying their dues.

Deputy Jonathan O'Brien: Companies know it is imminent.

Deputy Richard Bruton: As the Finance Bill passes through the House this can be fully discussed with the Minister.

Deputy Brendan Howlin: After 2020.

Deputy Richard Bruton: To withdraw this now would be to clearly signal to companies that we are giving an open invitation-----

Deputy Jonathan O'Brien: It should never have been tabled in the first place.

Deputy Richard Bruton: -----to make arrangements to avoid the impact of this exit tax. That is what we would be doing. There will be opportunities for Deputies to seek to change the Finance Bill in due course. It is always open to the Oireachtas to reconsider its position but it would be highly imprudent for us to decide here, having signalled we will introduce it this evening, to withdraw it and give people the chance to plan their arrangements in such a way that they avoid the very thing everyone says they are in favour of.

Deputy Brendan Howlin: You are saying they will accrue no money for doing it.

Deputy Richard Bruton: The reason we are not predicting a revenue stream on which we would set out spending proposals is that Revenue has advised it would not be prudent.

Deputy Brendan Howlin: So nobody is going to move.

Deputy Richard Bruton: That is the case. Deputy Sherlock understands that many pharmaceutical companies are on patent incomes that decline and do not rise in value. Much of what we have on the basis of intellectual properties here is not something on which Revenue would make an assertion of a planned revenue stream that we would use and dispose of in other areas. What we are doing here is correct. There will be opportunities for it to be discussed as the Finance Bill passes through the House but it would be highly imprudent for us not to proceed with implementing this measure by way of financial resolution and leave ourselves exposed to people removing assets in a way that would be unfair.

Amendment put:

<i>The Dáil divided: Tá, 45; Níl, 59; Staon, 41.</i>		
<i>Tá</i>	<i>Níl</i>	<i>Stاون</i>
<i>Brady, John.</i>	<i>Bailey, Maria.</i>	<i>Aylward, Bobby.</i>
<i>Broughan, Thomas P.</i>	<i>Barrett, Seán.</i>	<i>Brassil, John.</i>
<i>Buckley, Pat.</i>	<i>Breen, Pat.</i>	<i>Breathnach, Declan.</i>

Dáil Éireann

<i>Burton, Joan.</i>	<i>Brophy, Colm.</i>	<i>Browne, James.</i>
<i>Collins, Joan.</i>	<i>Bruton, Richard.</i>	<i>Butler, Mary.</i>
<i>Collins, Michael.</i>	<i>Burke, Peter.</i>	<i>Byrne, Thomas.</i>
<i>Connolly, Catherine.</i>	<i>Byrne, Catherine.</i>	<i>Cahill, Jackie.</i>
<i>Crowe, Seán.</i>	<i>Canney, Seán.</i>	<i>Calleary, Dara.</i>
<i>Cullinane, David.</i>	<i>Cannon, Ciarán.</i>	<i>Casey, Pat.</i>
<i>Daly, Clare.</i>	<i>Carey, Joe.</i>	<i>Cassells, Shane.</i>
<i>Doherty, Pearse.</i>	<i>Corcoran Kennedy, Marcella.</i>	<i>Chambers, Jack.</i>
<i>Ellis, Dessie.</i>	<i>Coveney, Simon.</i>	<i>Chambers, Lisa.</i>
<i>Ferris, Martin.</i>	<i>Creed, Michael.</i>	<i>Collins, Niall.</i>
<i>Fitzmaurice, Michael.</i>	<i>D'Arcy, Michael.</i>	<i>Curran, John.</i>
<i>Funchion, Kathleen.</i>	<i>Daly, Jim.</i>	<i>Donnelly, Stephen S.</i>
<i>Harty, Michael.</i>	<i>Deasy, John.</i>	<i>Dooley, Timmy.</i>
<i>Healy-Rae, Danny.</i>	<i>Deering, Pat.</i>	<i>Fleming, Sean.</i>
<i>Healy-Rae, Michael.</i>	<i>Doherty, Regina.</i>	<i>Haughey, Seán.</i>
<i>Healy, Seamus.</i>	<i>Donohoe, Paschal.</i>	<i>Kelleher, Billy.</i>
<i>Howlin, Brendan.</i>	<i>Doyle, Andrew.</i>	<i>Lahart, John.</i>
<i>Kelly, Alan.</i>	<i>Durkan, Bernard J.</i>	<i>Lawless, James.</i>
<i>Kenny, Martin.</i>	<i>English, Damien.</i>	<i>MacSharry, Marc.</i>
<i>Martin, Catherine.</i>	<i>Farrell, Alan.</i>	<i>McConalogue, Charlie.</i>
<i>McDonald, Mary Lou.</i>	<i>Fitzgerald, Frances.</i>	<i>McGrath, Michael.</i>
<i>McGrath, Mattie.</i>	<i>Fitzpatrick, Peter.</i>	<i>Moynihan, Aindrias.</i>
<i>Mitchell, Denise.</i>	<i>Flanagan, Charles.</i>	<i>Moynihan, Michael.</i>
<i>Munster, Imelda.</i>	<i>Grealish, Noel.</i>	<i>Murphy O'Mahony, Margaret.</i>
<i>Murphy, Paul.</i>	<i>Griffin, Brendan.</i>	<i>Murphy, Eugene.</i>
<i>O'Brien, Jonathan.</i>	<i>Halligan, John.</i>	<i>Nolan, Carol.</i>
<i>O'Reilly, Louise.</i>	<i>Harris, Simon.</i>	<i>O'Brien, Darragh.</i>
<i>O'Sullivan, Jan.</i>	<i>Heydon, Martin.</i>	<i>O'Callaghan, Jim.</i>
<i>O'Sullivan, Maureen.</i>	<i>Humphreys, Heather.</i>	<i>O'Dea, Willie.</i>
<i>Ó Broin, Eoin.</i>	<i>Kehoe, Paul.</i>	<i>O'Keeffe, Kevin.</i>
<i>Ó Caoláin, Caoimhghín.</i>	<i>Kenny, Enda.</i>	<i>O'Loughlin, Fiona.</i>
<i>Ó Laoghaire, Donnchadh.</i>	<i>Kyne, Seán.</i>	<i>O'Rourke, Frank.</i>
<i>Ó Snodaigh, Aengus.</i>	<i>Lowry, Michael.</i>	<i>Ó Cuív, Éamon.</i>
<i>Pringle, Thomas.</i>	<i>Madigan, Josepha.</i>	<i>Rabbitte, Anne.</i>
<i>Quinlivan, Maurice.</i>	<i>McEntee, Helen.</i>	<i>Scanlon, Eamon.</i>
<i>Ryan, Brendan.</i>	<i>McGrath, Finian.</i>	<i>Smith, Brendan.</i>
<i>Ryan, Eamon.</i>	<i>McHugh, Joe.</i>	<i>Smyth, Niamh.</i>
<i>Sherlock, Sean.</i>	<i>McLoughlin, Tony.</i>	<i>Troy, Robert.</i>
<i>Shortall, Róisín.</i>	<i>Mitchell O'Connor, Mary.</i>	
<i>Stanley, Brian.</i>	<i>Moran, Kevin Boxer.</i>	
<i>Tóibín, Peadar.</i>	<i>Murphy, Dara.</i>	

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<i>Wallace, Mick.</i>	<i>Murphy, Eoghan.</i>	
	<i>Naughten, Denis.</i>	
	<i>Naughton, Hildegarde.</i>	
	<i>Neville, Tom.</i>	
	<i>Noonan, Michael.</i>	
	<i>O'Connell, Kate.</i>	
	<i>O'Donovan, Patrick.</i>	
	<i>O'Dowd, Fergus.</i>	
	<i>Phelan, John Paul.</i>	
	<i>Ring, Michael.</i>	
	<i>Rock, Noel.</i>	
	<i>Ross, Shane.</i>	
	<i>Stanton, David.</i>	
	<i>Varadkar, Leo.</i>	
	<i>Zappone, Katherine.</i>	

Tellers: Tá, Deputies Brendan Ryan and Sean Sherlock; Níl, Deputies Joe McHugh and Tony McLoughlin.

Amendment declared lost.

Question put: "That the motion on Financial Resolution No. 2 be agreed to."

<i>The Dáil divided: Tá, 61; Níl, 45; Staon, 40.</i>		
<i>Tá</i>	<i>Níl</i>	<i>Staon</i>
<i>Bailey, Maria.</i>	<i>Brady, John.</i>	<i>Aylward, Bobby.</i>
<i>Barrett, Seán.</i>	<i>Buckley, Pat.</i>	<i>Brassil, John.</i>
<i>Breen, Pat.</i>	<i>Burton, Joan.</i>	<i>Breathnach, Declan.</i>
<i>Brophy, Colm.</i>	<i>Collins, Joan.</i>	<i>Browne, James.</i>
<i>Broughan, Thomas P.</i>	<i>Collins, Michael.</i>	<i>Butler, Mary.</i>
<i>Bruton, Richard.</i>	<i>Connolly, Catherine.</i>	<i>Byrne, Thomas.</i>
<i>Burke, Peter.</i>	<i>Coppinger, Ruth.</i>	<i>Cahill, Jackie.</i>
<i>Byrne, Catherine.</i>	<i>Crowe, Seán.</i>	<i>Calleary, Dara.</i>
<i>Canney, Seán.</i>	<i>Cullinane, David.</i>	<i>Casey, Pat.</i>
<i>Cannon, Ciarán.</i>	<i>Daly, Clare.</i>	<i>Cassells, Shane.</i>
<i>Carey, Joe.</i>	<i>Doherty, Pearse.</i>	<i>Chambers, Jack.</i>
<i>Corcoran Kennedy, Marcella.</i>	<i>Ellis, Dessie.</i>	<i>Chambers, Lisa.</i>
<i>Coveney, Simon.</i>	<i>Ferris, Martin.</i>	<i>Collins, Niall.</i>
<i>Creed, Michael.</i>	<i>Fitzmaurice, Michael.</i>	<i>Curran, John.</i>
<i>D'Arcy, Michael.</i>	<i>Funchion, Kathleen.</i>	<i>Donnelly, Stephen S.</i>
<i>Daly, Jim.</i>	<i>Harty, Michael.</i>	<i>Dooley, Timmy.</i>
<i>Deasy, John.</i>	<i>Healy-Rae, Danny.</i>	<i>Fleming, Sean.</i>
<i>Deering, Pat.</i>	<i>Healy-Rae, Michael.</i>	<i>Haughey, Seán.</i>
<i>Doherty, Regina.</i>	<i>Healy, Seamus.</i>	<i>Kelleher, Billy.</i>

<i>Donohoe, Paschal.</i>	<i>Howlin, Brendan.</i>	<i>Lahart, John.</i>
<i>Doyle, Andrew.</i>	<i>Kelly, Alan.</i>	<i>Lawless, James.</i>
<i>Durkan, Bernard J.</i>	<i>Kenny, Martin.</i>	<i>MacSharry, Marc.</i>
<i>English, Damien.</i>	<i>Martin, Catherine.</i>	<i>McConalogue, Charlie.</i>
<i>Farrell, Alan.</i>	<i>McDonald, Mary Lou.</i>	<i>McGrath, Michael.</i>
<i>Fitzgerald, Frances.</i>	<i>McGrath, Mattie.</i>	<i>Moynihan, Aindrias.</i>
<i>Fitzpatrick, Peter.</i>	<i>Mitchell, Denise.</i>	<i>Moynihan, Michael.</i>
<i>Flanagan, Charles.</i>	<i>Munster, Imelda.</i>	<i>Murphy O'Mahony, Margaret.</i>
<i>Grealish, Noel.</i>	<i>Murphy, Paul.</i>	<i>Murphy, Eugene.</i>
<i>Griffin, Brendan.</i>	<i>Nolan, Carol.</i>	<i>O'Brien, Darragh.</i>
<i>Halligan, John.</i>	<i>O'Brien, Jonathan.</i>	<i>O'Callaghan, Jim.</i>
<i>Harris, Simon.</i>	<i>O'Reilly, Louise.</i>	<i>O'Dea, Willie.</i>
<i>Heydon, Martin.</i>	<i>O'Sullivan, Jan.</i>	<i>O'Keefe, Kevin.</i>
<i>Humphreys, Heather.</i>	<i>Ó Broin, Eoin.</i>	<i>O'Loughlin, Fiona.</i>
<i>Kehoe, Paul.</i>	<i>Ó Caoláin, Caoimhghín.</i>	<i>O'Rourke, Frank.</i>
<i>Kenny, Enda.</i>	<i>Ó Laoghaire, Donnchadh.</i>	<i>Ó Cuív, Éamon.</i>
<i>Kyne, Seán.</i>	<i>Ó Snodaigh, Aengus.</i>	<i>Rabbitte, Anne.</i>
<i>Lowry, Michael.</i>	<i>Pringle, Thomas.</i>	<i>Scanlon, Eamon.</i>
<i>Madigan, Josepha.</i>	<i>Quinlivan, Maurice.</i>	<i>Smith, Brendan.</i>
<i>McEntee, Helen.</i>	<i>Ryan, Brendan.</i>	<i>Smyth, Niamh.</i>
<i>McGrath, Finian.</i>	<i>Ryan, Eamon.</i>	<i>Troy, Robert.</i>
<i>McHugh, Joe.</i>	<i>Sherlock, Sean.</i>	
<i>McLoughlin, Tony.</i>	<i>Shortall, Róisín.</i>	
<i>Mitchell O'Connor, Mary.</i>	<i>Stanley, Brian.</i>	
<i>Moran, Kevin Boxer.</i>	<i>Tóibín, Peadar.</i>	
<i>Murphy, Dara.</i>	<i>Wallace, Mick.</i>	
<i>Murphy, Eoghan.</i>		
<i>Naughten, Denis.</i>		
<i>Naughton, Hildegarde.</i>		
<i>Neville, Tom.</i>		
<i>Noonan, Michael.</i>		
<i>O'Connell, Kate.</i>		
<i>O'Donovan, Patrick.</i>		
<i>O'Dowd, Fergus.</i>		
<i>O'Sullivan, Maureen.</i>		
<i>Phelan, John Paul.</i>		
<i>Ring, Michael.</i>		
<i>Rock, Noel.</i>		
<i>Ross, Shane.</i>		
<i>Stanton, David.</i>		
<i>Varadkar, Leo.</i>		
<i>Zappone, Katherine.</i>		

9 October 2018

Tellers: Tá, Deputies Joe McHugh and Tony McLoughlin; Níl, Deputies Aengus Ó Snodaigh and Brendan Ryan.

Question declared carried.

Sitting suspended at 11.20 p.m. and resumed at 11.22 p.m.

An Leas-Cheann Comhairle: I advise the House that we have 40 minutes remaining. There are no time restrictions on Members but I suggest that they think of colleagues when they contribute.

Financial Resolution No. 3: Value-Added Tax

Minister for Justice and Equality (Deputy Charles Flanagan): I move:

(1) THAT the 9 per cent rate of value-added tax which is provided for in subsection (1) (ca) of section 46 of the Value-Added Tax Consolidation Act 2010 (No. 31 of 2010) and which applies to the supply of goods and services referred to in paragraphs 3(1) to (3), 7(b) to (e), 8, 11, 13(3) and 13B(1) to (3) of Schedule 3 to that Act, be increased to 13.5% and that the Value-Added Tax Consolidation Act 2010 (No. 31 of 2010) be amended accordingly.

(2) THAT this Resolution shall have effect on and from 1 January 2019.

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

This resolution provides for an increase of the VAT rate to 13.5%, with effect from 1 January 2019, on all services and goods to which the 9% rate currently applies, with the exception of newspapers, periodicals and sporting facilities. The proposed change will apply to catering and restaurant supplies, tourist accommodation, cinemas, theatres, museums, historic houses, open farms, amusement parks, certain printed matter, hairdressing, the sale of live horses and greyhounds and the hire of horses. The increase is estimated to raise €466 million in 2019 and €560 million over a full year.

The 9% VAT rate was introduced as a new temporary reduced rate as part of a jobs initiative from July 2011 to December 2013. It was aimed at boosting tourism and at the creation of additional jobs across that sector. From budget 2014 it was decided to retain the 9% rate to support increased numbers of jobs and, latterly, due to the weakness of sterling following the UK vote to leave the European Union.

During last year's Finance Bill, the Minister for Finance committed to undertake a comprehensive study of all aspects of the 9% VAT rate to better inform any decision on the reduced rate. The review of the 9% VAT rate, analysis of economic and sectoral developments published in July, assesses the 9% VAT rate's relevance, its cost, value for money, impact to date, and the estimated impact were it to be removed. This matter was debated at an appropriate Oireachtas committee. The review found that tourism expenditure was more sensitive to income growth and the economic cycle than price changes, which reduced the relevance of the VAT rate applying to the sector. The review found that there was a lack of competitiveness in

the sector and that if the 9% rate were increased, it would likely not materially impact demand or employment in the sector.

With economic analysis indicating that there is a decline in competitiveness across the sector, that the majority of activity at the 9% rate is driven by income growth more than price, and that the retention of the rate provides little additional benefit relative to its cost, the Minister has decided to return these items to the 13.5% rate. In the case of newspapers and sporting facilities, however, VAT will be retained at the 9% rate to assist national and regional newspapers to remain competitive and to meet the challenges of the modern media landscape. The 9% VAT rate is being retained for sports facilities to encourage healthy activity through facilities remaining affordable across the sector.

Deputy Michael Fitzmaurice: While it is widely acknowledged that things have been booming in the Dublin area, we must be mindful of small hotels in rural parts of Ireland which will not have beds full tonight and which struggle during the week especially. We must also be mindful of restaurants. We ought also to take into account that we are trying to keep people visiting here from England as tourists. It is not a good idea to put added costs on top of them. I am fearful for the small operators who are struggling. I acknowledge that tonight, in Dublin, one probably would not get a hotel bed and those hotels are charging pretty strong prices. However, it is like a weighing scale where one might put a few pounds on one side but the other drops. It may be detrimental to rural parts of Ireland.

An Leas-Cheann Comhairle: Deputy Peter Fitzpatrick was the next to indicate. I remind the House that we will try to accommodate everyone.

Deputy Peter Fitzpatrick: It was widely reported that the VAT measures introduced some years ago to help tourism and hospitality would be reversed and, unfortunately, that has proven to be the case. Today, the Minister stated that tens of thousands of extra jobs were created in the tourism sector since the measure was introduced in 2011 and that the sector has never supported more employment than it does today. It supports 240,000 jobs and provides balanced regional growth, as the Minister confirmed. Why would the Government threaten this by reversing a measure that was designed to protect and support our tourism sector? It makes no economic sense.

The Minister stated that this increase will allow him to reduce his reliance on other taxes, such as corporation tax, and prevent increases there. The Government wants to increase the costs of local indigenous businesses so that we do not have to increase taxes on companies which pay the lowest rate of corporation tax in the EU.

I was very disappointed when the Minister did not acknowledge the threat of Brexit to the tourism sector, especially along the Border area. There is no doubt that Brexit will be a great challenge to tourism. Now, more than ever, it needs all the support and help to maintain its growth.

Coming from the constituency covering Louth and east Meath, I know better than most the value of a thriving tourism sector. My constituency has some of the best tourist attractions in the country. The Carlingford Peninsula in the north of the county has attractions such as Carlingford village, the Cooley mountains, many walking routes and a new greenway from Carlingford to Omeath.

Deputy Sean Sherlock: We are getting a tour of Louth.

Deputy Peter Fitzpatrick: Further south there are the historic towns of Dundalk and Drogheda, the many attractions of the Boyne valley and the seaside villages of Laytown and Bettystown. These areas suffered greatly when the economy collapsed and we faced years of austerity. Now we have the threat of Brexit which will be particularly felt in Border areas.

The 9% VAT rate has been critical to Louth and east Meath's tourism success, having brought Ireland more closely in line with the tourism VAT rates in the European countries with which we compete. Tourism is one of our largest indigenous industries and is essential for prosperity and economic well-being. I have always advocated for keeping the VAT rate at 9% and will continue to do so.

As the UK plans to leave the EU, there is a level of uncertainty about what Brexit means for many things and we must consider what it will mean for the future of our tourism and hospitality sectors. We are still in the process of achieving sustainability, and much of our tourism and hospitality is seasonal. We rely on tourism from the UK market, with tourists from the UK being our largest overseas market. As the euro has grown more expensive relative to sterling, visitors are spending less. Since the announcement of Brexit in 2016, the number of UK visitors has reduced. The UK market presents a challenge. With that in mind, I cannot understand or agree with the decision to reverse the VAT rate from 9% to 13.5%. The measure was a great help to the tourism sector at the time of its introduction and I firmly believe it should be retained to help it to cope with the undoubted fact that Brexit is looming. I, for one, cannot support the proposed measure and will not be voting in favour of it.

An Leas-Cheann Comhairle: Next up is Deputy Michael Healy-Rae. Let us try to confine contributions to two minutes to give everyone an opportunity to speak.

Deputy Michael Healy-Rae: I will do my best, but this is an important subject. In the past few weeks and months I have certainly been contacted by many people who are working in the sector and who tonight have been left reeling by the decision to provide for a massive increase from 9% to 13.5%. It will hit the most vulnerable because it is the smaller businesses involved in the tourism and hospitality sector which will be most adversely affected. They have been contacting me all evening to state they cannot believe the Government would do this. I must say to the Minister of State at the Department of Transport, Tourism and Sport, Deputy Brendan Griffin, a colleague of mine from County Kerry who will be aware since he entered politics that I never criticise if I do not have, that it is ironic that a Minister with responsibility for tourism who comes from County Kerry can agree to this measure. It is ironic that he has agreed to vote in favour of it tonight and hurt small business people on the Ring of Kerry who, as he knows every bit as much as I do, work so hard to keep their doors open. They are creating employment in local areas. I am not talking about big business but about small hotels, guest houses and restaurants. I am talking about people who are trying to keep their doors open. Tonight they are fearful that this massive increase will prove detrimental to them. That is why I am so disappointed that it is being allowed to happen.

Deputy Brendan Griffin: The Deputy did not support the measure from day one.

An Leas-Cheann Comhairle: I am trying to get everyone in and ask the Minister of State to refrain from interrupting.

Deputy Brendan Griffin: It was merely a point of information.

An Leas-Cheann Comhairle: The Minister of State can play in Fitzgerald Stadium.

Deputy Brendan Griffin: Deputy Michael Healy Rae did not support the measure from day one. It is complete hypocrisy.

An Leas-Cheann Comhairle: If the Minister of State is here to represent the Government, I will give him an opportunity to speak. I will put him on the list.

Deputy Michael Healy-Rae: I heard the word “hypocrite” being used. I will put it this way. I am keeping my word to the people of County Kerry who lobbied and asked me to make sure the VAT rate would not be increased from 9% to 13.5%. I will not drive a nail into their coffin. I will do everything I can to support them, as I always have done. It is a retrograde step to see Deputies, especially from rural Ireland, not only County Kerry, voting in favour of this increase. It will hurt small businesses, especially in rural Ireland, at a time when we should be trying to keep them going.

Deputy Jonathan O’Brien: I will be brief in order that as many Members as possible will be able to speak.

This measure goes too far. No doubt, as has been said, the hotel sector in Dublin is booming. One of the difficulties, however, is that one cannot have a regional VAT rate outside Dublin. Therefore, we must look at it in the round. The difficulty my party has is that the measure is being extended across the sector. It is not only for hotels that the rate is being increased to 13.5%. It is also being increased for local hairdressers, cinemas, museums, restaurants and cafés. For us, that is a step too far and it is being done in one big jump. Many of the businesses about which I am talking are small and family-owned and it is too much in one year to jump from a rate of 9% to 13.5%. For these reasons, we cannot support the proposal. In saying that, we understand the hotel sector in Dublin is booming. One cannot even find a room in which to stay. Even in the past 12 months, prices have doubled. Therefore, we would fully support reverting the rate back to 13.5% for the hotel sector. However, extending it across the entire sector is a retrograde step, one we cannot support. We will be voting against the proposal.

Deputy Mattie McGrath: My first question is for the Minister of State, Deputy Brendan Griffin. Where is the Minister for Transport, Tourism and Sport, Deputy Shane Ross? This is of his making. He is supposed to be the Minister with responsibility for tourism, but he knows nothing about the country. Dublin might be booming but the country outside it is not. I refer to the small publican who serves food, as well as small businesses and small and bigger hotels. In any town in County Tipperary, on any night of the week, bar the weekend, one could park a train or drive it on the street as there are no cars. Rooms are not full. It might be a different story in Dublin. Has the Minister gone to see the granny flat or mind his granny? Where has he gone tonight that he is not here to move the resolution? It is his area of responsibility. He is supposed to be Minister with responsibility for tourism, of which, like everything else, he is making a damn bad job. First, he tried to penalise people in rural Ireland in driving. Now this is a total negation of duty.

I, too, am surprised by the Minister of State, Deputy Brendan Griffin. I do not want to be personal, but as a Minister of State who comes from the country, he will be aware of how difficult it is in rural Ireland. He will be aware how important is the 9% VAT rate. The figures which show the boost it gave tourism - I was given them today - are significant. There was talk during the week that the Government might increase it by two percentage points, but increasing it by four and a half is scandalous. The Minister of State came to Lismore to launch the Munster Vales for us in County Tipperary, west Waterford and east Limerick. We are trying to

promote tourism, of which this proposal flies in the face. It shows that the Government does not care about rural Ireland, especially small business people and hoteliers. Look at all of the employment, including summer jobs, created. Look at all of the people who are gaining work experience. This was a measure that worked. Why fix it if it is not broken? It is a pure negation by the Independent Alliance. Its members leaned over and had their bellies rubbed. Is the Minister receiving €50 million as a kind of slush fund to spend on vanity projects? No doubt they will be all in south Dublin or parts of the plush suburbs. They will not be in County Tipperary or County Kerry. It is disgraceful that he has been given a sop of, as I said, €50 million. This measure should have been left alone, or perhaps the rate could have been increased by one percentage point and in time increased incrementally. The studies are available. They show that it was successful. It is a disaster for rural Ireland.

An Leas-Cheann Comhairle: The informal agreement is that Members have two minutes each.

Deputy Brian Stanley: The increase is too severe. A rate of 13.5% for hotels is fair enough as we all are aware that hotels, not only in this city but also in large towns and other cities throughout the State, have increased their prices dramatically. The 9% rate has served its purpose. In fact, we have arrived at the point where the hotel sector is booming. However, I am surprised at the Minister for Justice and Equality, Deputy Charles Flanagan, proposing this measure for the restaurant sector as someone who represents the rural constituency of Laois-Offaly. The fact is restaurants and cafés in counties such as Laois and Offaly are struggling because of high costs. Hairdressers are also struggling because of high costs. The Minister will be aware, as he must be, hearing it like I do from those who work in small businesses such as cafés and hairdressers in towns in our constituency such as Mountmellick, Portlaoise and Mountrath, that they have faced significant increases in rates, water charges and energy costs. Energy costs went up while we were all off for the summer. The energy companies shot up their prices by as much as 6% or 7% when nobody was looking. This increase is happening at a time when these businesses are under severe pressure.

Fine Gael is supposed to be the party of small business. Is it the party of big business because small businesses are taking a hit? What we, in Sinn Féin, are saying clearly is that going to a rate of 13.5% for hotels is fair enough, but other businesses in this sector such as hairdressers and cafés simply cannot take a 50% increase in the VAT rate. We propose that the rate rise to 11%, an increase of two percentage points. That is as far as it should go as that is as much as they can absorb. I am sure the Minister has been lobbied on the issue, as I have been. It is not fair on small businesses in counties such as Laois and Offaly that this is happening. I propose that the rate be 11% for these businesses.

Deputy Danny Healy-Rae: This is a savage attack on rural Ireland. Dublin and the big urban centres are not hurting. This is a direct attack on small businesses in County Kerry. If one looks at any part of the Ring of Kerry or any rural area in County Kerry where there is a small guest house, bed and breakfast accommodation and a small restaurant, one will see that they will struggle to keep the doors open between now and St. Patrick's Day. They face an uphill struggle and things are bad enough without hitting them with this savage tax as they have no way of making the money up. They cannot increase their rates because they would not be competitive. They still have to pay their employees. As I said earlier in the day, when one is an employer Friday evening comes very fast and one must find the money to pay everyone. I am very surprised by what has happened. I believed we were safe when we had a Minister of State from my constituency. I did not or would not expect anything from the Minister for Transport,

Tourism and Sport, Deputy Ross, because he is totally against rural Ireland. I cannot understand what has gone wrong with the Government because it was the reduction in the VAT rate that bailed out the sector and helped it to survive and keep going.

An Leas-Cheann Comhairle: I call Deputy Carol Nolan.

Deputy Danny Healy-Rae: They were just getting level and starting to get on their feet but now they are being trounced back down again.

An Leas-Cheann Comhairle: If I were unreasonable I could allow somebody to speak for the next 20 minutes. We must take the vote at 12 o'clock. I just ask Members to be reasonable. It is in their own interest. I ask for an informal agreement that each Member should have about two minutes.

Deputy Carol Nolan: The proposal to increase the VAT rate to 13.5% is extremely unfair. I do not support any VAT increase, particularly in rural counties, regardless of whether it is the 11% rate proposed by some parties or 13.5%. It is extremely unfair.

I have been contacted by many owners of small businesses from counties Laois and Offaly and learned that they are absolutely struggling to pay rates and to meet ever-rising insurance costs. The Minister, Deputy Flanagan, will know this from his town, Mountmellick. I have heard many concerns coming from there also.

The proposed measure will have a serious impact on the progress that has been made. It is slow progress in regional areas. We are not making the same progress as areas such as Dublin, which was mentioned. We have the Hidden Heartlands tourism strategy but it is in its infancy. We do not know with certainty whether it will work. Therefore, it is an absolute insult to small businesses to turn around and slap them with this measure when they are struggling to keep their doors open every day. Many restaurants and hotels in rural areas, particularly in regional areas such as Laois and Offaly in the midlands, will struggle. Only earlier this week, Gerard Brady, head of tax and fiscal policy in IBEC, expressed serious concern over the proposed measure, stating that higher prices when consumers are facing rising costs will lead to fewer customers and lower expenditure among those customers who are spending. The increase will be absorbed in urban areas but not in rural areas, which are struggling.

Deputy Declan Breathnach: I commend the sector, which lobbied hard, certainly on social media, not to have this issue before the House tonight. What is being experienced by the sector in rural areas is not being experienced elsewhere, particularly Dublin. I refer in particular to the food sector. It is inevitable that this resolution will be passed tonight but I appeal to the Minister for Finance, who, unfortunately, is not here, to bring about some form of remission or to carry out a review of rates in conjunction with the measure. I cannot wait for the new rates Bill to be introduced in the House. It will allow people to pay on the basis of ability or accrued income where they are making profits. The industry is struggling in the Border region. I firmly believe the move is the wrong one.

I wish to comment on the support for local newspapers. I understand the logic to the argument about their survival. It is very difficult coming from a Border constituency to understand why I can buy a newspaper for £1.30 in Newry when that same newspaper costs €2 in this jurisdiction. There is something wrong with the system and it needs to be addressed, particularly in regard to cross-Border development and tourism in the Border region.

Deputy Brendan Howlin: The 9% VAT rate was brought in initially by me and the former Minister for Finance, Deputy Michael Noonan, as a job creation effort in 2011.

Deputy Charles Flanagan: Temporary.

Deputy Brendan Howlin: It worked. It was funded by a very unpopular levy on pensions, over which the Minister will recall we were beaten up. It worked as a job creation effort. It is now clear that there are very large hotel groups coining money that do not need a taxpayers' bailout but there are a number of others who will be affected by this measure. I refer to small family restaurants, small family hotels, small operators in the hairdressing industry and so on who need the support of countervailing measures.

The Minister will have very broad support across the House in regard to the big hotel groups that are coining money but we do need to have specific measures for the others. Before this measure takes effect early next year, there will be time to introduce supportive measures to ensure the family enterprises are not hit. They need to be assured tonight that they will be helped out when this measure is introduced in January.

Deputy Eugene Murphy: This is a really retrograde step. I have spoken about it to restaurateurs in particular. I spoke to restaurateurs in Ballinasloe only yesterday and to those in other parts of my constituency, including Strokestown, Castlereagh, Carrick-on-Shannon and Termonbarry. All of these people pleaded with me not to allow the rate of VAT to increase to 13.5%.

There was great enthusiasm in recent months when the Hidden Heartlands initiative was announced. There was a real feeling in the community that it represented a new beginning. However, this has been very much dampened today by this announcement. Like Deputy Brendan Howlin, I ask the Minister for Justice and Equality to go back to the Government with this issue, even if the result is an increase of 2%. The increase will mean jobs will be lost. We must take account of the fact that smaller restaurants and small family hotels have faced significant increases in insurance costs. Their premiums have increased by more than 100% in recent years. Revaluation has taken place. These people are struggling. This is the last thing they want. There is no doubt that part-time jobs, which have been very important to the rural areas, will go. Again, I appeal to the Minister strongly to go back to the Government and at least try to do something in regard to this matter. It is serious.

An Leas-Cheann Comhairle: I remind the other Members that, given the number who still wish to contribute, there may not be time for the Minister to respond. If they could speak for about a minute and give the Minister time to respond, there will be sufficient time. Otherwise, they will not have time. It is not a matter for me; it is the House that decided this.

Deputy Kevin O'Keeffe: It is ironic that the Minister for Transport, Tourism and Sport, Deputy Shane Ross, and other members of the Government have tried to tell us in the brief period in which I have been a Member of the Dáil that they cannot differentiate legislatively between rural Ireland and the greater urban area of Dublin. On this issue, we are told there cannot be a different VAT rate for rural areas and Dublin because of the legal implications. It is ironic that the Government can hide behind the legislation stipulating we cannot have separate tax arrangements for rural areas and Dublin. Did the Government not examine alternative taxation arrangements?

Down through the years, many small hotels thrived on the profit from nightclubs. The nightclubs are doing no business now.

Deputy Martin Ferris: All of us are very conscious of the position of small hotels, small guesthouses, pubs and hairdressers in rural areas by comparison with that of big hotels in Dublin, which can increase prices for their own selfish benefit. The measure being introduced is a mistake. In saying that, I do not believe it is realised that people working in the small hotels, guesthouses and pubs are all local. They are on the minimum wage. Whatever few bob they get is circulated in the local economy and helps to sustain the local economy.

I cannot help but feel that Fianna Fáil is going to vote against this. If its members do not, the are absolute hypocrites. They are hypocrites if they stand up here and castigate this resolution and then vote the other way. Mother of Jesus, what are ye at, lads?

An Leas-Cheann Comhairle: I call Deputy Pat Buckley.

Deputy Martin Ferris: Will ye stand on your own two feet? Have a bit of balls, stand up and play it by your conscience. That is what you should do.

An Leas-Cheann Comhairle: Deputy Ferris, you are a long-standing Member of the House and you know you address the Chair. Deputy Buckley has one minute.

Deputy Pat Buckley: I can say a great deal in one minute. First, I wish to be associated with all the comments of the Sinn Féin Deputies. Members have spoken repeatedly about the effect this will have on small businesses and particularly on rural Ireland. There has already been the issue with the post offices. I will repeat what I said here last week. Fianna Fáil Members are speaking out of both sides of their mouths. They are whingeing and playing the violin today. They are hurlers on the ditch. I call on them to have the balls to oppose this tonight, if they have the balls.

(Interruptions).

Deputy Pat Buckley: They are hiding behind the blue buttons. They do not have the balls.

Deputy Martin Ferris: The blueshirts and the blue buttons.

An Leas-Cheann Comhairle: Deputies, restrain yourselves. You got your opportunity and there are other Members who wish to address the House. Deputy Michael Collins has one minute.

Deputy Michael Collins: West Cork is reeling in shock after this news today. It is an increase not of 1% or 2% but of 4.5%. It is an absolute disaster for rural Ireland. This budget has turned its back on rural Ireland just as previous budgets did. Who else is running the show here? It is the Minister, Deputy Ross. That Minister has already turned his back on the people of rural Ireland. He has been doing it for the last number of months and he is doing it again. He did not protect the rural people who have hotels that have to close down during the winter. How does he expect them to stay open or to continue to create employment? I ask the Fianna Fáil Members not to abstain on this issue but to vote against it and vote for the people. All of us should vote against this measure tonight.

Deputy Mick Wallace: I declare that I have an interest in the restaurant industry. The Government does not understand how VAT affects the food and restaurant industry. Only the big restaurants will benefit from this. One could not defend the hotels given the prices they have charged for hotel rooms in Dublin for some time. However, I know many restaurants that will struggle to survive after this change. I know from our own books and how it works that this

will be a problem, and it is not confined to rural Ireland. The small restaurants of Dublin will struggle to make ends meet with this new arrangement. The food industry is different and the Government has not come to terms with how it works. This will do serious damage.

Deputy Sean Sherlock: Given that I only have a minute and the fact that this resolution will come into effect from 1 January 2019, I ask the Government to look at this again in the Finance Bill. It is clear there will be unintended consequences as a result of the proposed implementation of this measure. We have been contacted throughout the evening by many people from all the sectors that have been discussed tonight, ranging from restaurants to barber shops to hairdressing salons. It is clear that it will have a massive effect whether one lives in rural Ireland, a large urban conurbation or a middle sized town. Will the Government review this or is there any scope for examining it again so we can have a wider debate? The debate should not be condensed into mere minutes as it has been tonight. I accept that you, a Leas-Cheann Comhairle, must organise the business in this way.

An Leas-Cheann Comhairle: Thank you for taking your colleagues into consideration. Deputy Martin Kenny is the last speaker before I call the Ministers to reply.

Deputy Martin Kenny: We all understand the situation in Dublin and in many urban centres where hotel prices have gone out of the reach of many people who wish to stay in them. However, tourism in the north west was down 16% last year, so there are parts of the country where there are problems. We recognise that it cannot be applied geographically and must be applied across the board. Therefore, it is appropriate to increase it to 13.5% for the hotel sector, but we believe 11% is far enough for the restaurant and other sectors. The Government needs to examine the areas that are under stress, particularly the Border counties where there are problems due to Brexit. It must provide more funding there and, perhaps, consider a means of providing for a break for hotels in other areas, particularly through local authority rates. That could be considered later in the Finance Bill. It must be addressed.

Fianna Fáil must step up to the mark on this. Its Members cannot continue to hide behind the blue button.

Minister of State at the Department of Transport, Tourism and Sport (Deputy Brendan Griffin): I acknowledge the massive lobbying that took place over the last number of months by people in the industry, people I work with every day. I also acknowledge the challenge this change will bring for many people around the country. However, this rate was introduced by the Government as a temporary measure in 2011 for three years. Many of us fought hard in 2014 to have it extended and again in 2015, 2016 and last year. We were unable to get it extended this year. Meanwhile, some of the Members who are shouting the loudest on the other side of the House tonight are the same people who did not support it on the first day. That is completely hypocritical and misleading.

With regard to supporting the industry, particularly in Border, peripheral and rural areas, such as the rural community I come from, there was a good news story in the budget today for tourism. There is a 25% increase in the amount of money provided for tourism spend in 2019. Nobody is talking about that tonight. That is an unprecedented increase in tourism spend. It will be targeted at rural communities, increasing the regionality and seasonality of the tourism industry and managing the current unprecedented success in Irish tourism.

Deputy Joan Burton: How much is it?

Deputy Brendan Griffin: If we do not manage the tourism industry properly there will be a bubble scenario where we could potentially see a crash in the industry. We have seen it happen previously and there is nothing to suggest that we will not see it again.

Those who are charging more will pay more. The hotel in Dublin that is charging €400 for a room will pay an additional €18 as a result of this measure. The hotel in Belmullet, west Clare or south Kerry that is charging €59 will pay €2.65 extra. Yes, it is a charge the hotel would prefer not to have, but those who are charging more will pay more under this. I am confident that the package of supports for tourism that will be put in place as a result of today's budget in terms of domestic product development, sustainable development and international marketing will return a significant extra amount for Irish tourism and will allow us to sustain the tourism industry into the future so future generations will benefit from it.

Minister for Justice and Equality (Deputy Charles Flanagan): I acknowledge the expertise of the Minister of State, Deputy Griffin, in this regard. Many of the Deputies who have spoken on this issue have made a contribution to this debate each year over the last six years. As the former Minister, Deputy Howlin, conceded, this measure was designed as a temporary measure in a time of economic and social trauma. It was under review in every budget from 2014 to 2017. This time last year, the Minister for Finance committed to carrying out an impact assessment of a reversal to the original VAT rate. We have seen that assessment and it does not point to the sky falling in or to the disaster for rural Ireland that was mentioned by the Deputies. In fact, with regard to bed and breakfast accommodation, over three quarters of registered bed and breakfast accommodation providers are not in the VAT regime and do not pay any VAT. I do not subscribe to the argument of the sky falling in.

In response to the Deputies who have sought support for tourism related businesses in rural Ireland, the Government has allocated a further €35 million to the Department of Transport, Tourism and Sport to provide more targeted supports for the sector. That will bring the total expenditure of the Department to €168 million. This allocation, in the form of targeted supports, will ensure that small businesses in the entertainment industry in rural Ireland will benefit. It will ensure that bed occupancy and seat occupancy in restaurants can be improved.

0 o'clock

I acknowledge the success of the Wild Atlantic Way and Ireland's Hidden Heartlands, which is only beginning to impact on a part of the country that has not benefitted to any great extent from tourism endeavours. I welcome the money allocated today for the development of greenways and blueways throughout the country, which will add significantly to the tourism footprint in other parts of the country - Ireland's Ancient East, for example. The impact on rural tourism of the increase in VAT-----

An Leas-Cheann Comhairle: As it is midnight, I must interrupt the Minister.

Deputy Charles Flanagan: I acknowledge the temporary nature of this-----

An Leas-Cheann Comhairle: If the Minister continues, I have a problem.

Deputy Charles Flanagan: We are now reverting to the pre-2011 rate .

Question put: "That the motion on Financial Resolution No. 3 be agreed to."

<i>The Dáil divided: Tá, 64; Níl, 36; Staon, 43.</i>		
<i>Tá</i>	<i>Níl</i>	<i>Staon</i>
<i>Bailey, Maria.</i>	<i>Brady, John.</i>	<i>Aylward, Bobby.</i>
<i>Barrett, Seán.</i>	<i>Buckley, Pat.</i>	<i>Brassil, John.</i>
<i>Breen, Pat.</i>	<i>Collins, Michael.</i>	<i>Breathnach, Declan.</i>
<i>Brophy, Colm.</i>	<i>Connolly, Catherine.</i>	<i>Browne, James.</i>
<i>Broughan, Thomas P.</i>	<i>Crowe, Seán.</i>	<i>Burton, Joan.</i>
<i>Bruton, Richard.</i>	<i>Cullinane, David.</i>	<i>Butler, Mary.</i>
<i>Burke, Peter.</i>	<i>Daly, Clare.</i>	<i>Byrne, Thomas.</i>
<i>Byrne, Catherine.</i>	<i>Doherty, Pearse.</i>	<i>Cahill, Jackie.</i>
<i>Canney, Seán.</i>	<i>Ellis, Dessie.</i>	<i>Calleary, Dara.</i>
<i>Cannon, Ciarán.</i>	<i>Ferris, Martin.</i>	<i>Casey, Pat.</i>
<i>Carey, Joe.</i>	<i>Fitzmaurice, Michael.</i>	<i>Cassells, Shane.</i>
<i>Collins, Joan.</i>	<i>Fitzpatrick, Peter.</i>	<i>Chambers, Jack.</i>
<i>Coppinger, Ruth.</i>	<i>Funchion, Kathleen.</i>	<i>Chambers, Lisa.</i>
<i>Corcoran Kennedy, Marcella.</i>	<i>Grealish, Noel.</i>	<i>Curran, John.</i>
<i>Coveney, Simon.</i>	<i>Harty, Michael.</i>	<i>Donnelly, Stephen S.</i>
<i>Creed, Michael.</i>	<i>Healy-Rae, Danny.</i>	<i>Dooley, Timmy.</i>
<i>D'Arcy, Michael.</i>	<i>Healy-Rae, Michael.</i>	<i>Fleming, Sean.</i>
<i>Daly, Jim.</i>	<i>Healy, Seamus.</i>	<i>Haughey, Seán.</i>
<i>Deasy, John.</i>	<i>Kenny, Martin.</i>	<i>Howlin, Brendan.</i>
<i>Deering, Pat.</i>	<i>McDonald, Mary Lou.</i>	<i>Kelleher, Billy.</i>
<i>Doherty, Regina.</i>	<i>McGrath, Mattie.</i>	<i>Kelly, Alan.</i>
<i>Donohoe, Paschal.</i>	<i>Mitchell, Denise.</i>	<i>Lahart, John.</i>
<i>Doyle, Andrew.</i>	<i>Munster, Imelda.</i>	<i>Lawless, James.</i>
<i>Durkan, Bernard J.</i>	<i>Nolan, Carol.</i>	<i>MacSharry, Marc.</i>
<i>English, Damien.</i>	<i>O'Brien, Jonathan.</i>	<i>McConalogue, Charlie.</i>
<i>Farrell, Alan.</i>	<i>O'Reilly, Louise.</i>	<i>McGrath, Michael.</i>
<i>Fitzgerald, Frances.</i>	<i>O'Sullivan, Maureen.</i>	<i>Moynihan, Aindrias.</i>
<i>Flanagan, Charles.</i>	<i>Ó Broin, Eoin.</i>	<i>Moynihan, Michael.</i>
<i>Griffin, Brendan.</i>	<i>Ó Caoláin, Caoimhghín.</i>	<i>Murphy O'Mahony, Margaret.</i>
<i>Halligan, John.</i>	<i>Ó Laoghaire, Donnchadh.</i>	<i>Murphy, Eugene.</i>
<i>Harris, Simon.</i>	<i>Ó Snodaigh, Aengus.</i>	<i>O'Brien, Darragh.</i>
<i>Heydon, Martin.</i>	<i>Pringle, Thomas.</i>	<i>O'Dea, Willie.</i>
<i>Humphreys, Heather.</i>	<i>Quinlivan, Maurice.</i>	<i>O'Keefe, Kevin.</i>
<i>Kehoe, Paul.</i>	<i>Stanley, Brian.</i>	<i>O'Loughlin, Fiona.</i>
<i>Kenny, Enda.</i>	<i>Tóibín, Peadar.</i>	<i>O'Rourke, Frank.</i>
<i>Kyne, Seán.</i>	<i>Wallace, Mick.</i>	<i>O'Sullivan, Jan.</i>
<i>Lowry, Michael.</i>		<i>Ó Cuív, Éamon.</i>
<i>Madigan, Josepha.</i>		<i>Rabbitte, Anne.</i>
<i>Martin, Catherine.</i>		<i>Ryan, Brendan.</i>

<i>McEntee, Helen.</i>		<i>Scanlon, Eamon.</i>
<i>McGrath, Finian.</i>		<i>Sherlock, Sean.</i>
<i>McHugh, Joe.</i>		<i>Smith, Brendan.</i>
<i>McLoughlin, Tony.</i>		<i>Troy, Robert.</i>
<i>Mitchell O'Connor, Mary.</i>		
<i>Moran, Kevin Boxer.</i>		
<i>Murphy, Dara.</i>		
<i>Murphy, Eoghan.</i>		
<i>Murphy, Paul.</i>		
<i>Naughten, Denis.</i>		
<i>Naughton, Hildegarde.</i>		
<i>Neville, Tom.</i>		
<i>Noonan, Michael.</i>		
<i>O'Connell, Kate.</i>		
<i>O'Donovan, Patrick.</i>		
<i>O'Dowd, Fergus.</i>		
<i>Phelan, John Paul.</i>		
<i>Ring, Michael.</i>		
<i>Rock, Noel.</i>		
<i>Ross, Shane.</i>		
<i>Ryan, Eamon.</i>		
<i>Shortall, Róisín.</i>		
<i>Stanton, David.</i>		
<i>Varadkar, Leo.</i>		
<i>Zappone, Katherine.</i>		

Tellers: Tá, Deputies Joe McHugh and Tony McLoughlin; Níl, Deputies Jonathan O'Brien and Michael Healy-Rae.

Question declared carried.

Financial Resolution No. 4: General

Minister for Finance (Deputy Paschal Donohoe): 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 12.20 a.m. until 10 a.m. on Wednesday, 10 October 2018.