

DÁIL ÉIREANN

AN COMHCHOISTE UM THITHÍOCHT, PLEANÁIL AGUS RIALTAS ÁITIÚIL

JOINT COMMITTEE ON HOUSING, PLANNING AND LOCAL GOVERNMENT

Déardaoin, 12 Iúil 2018

Thursday, 12 July 2018

Tháinig an Comhchoiste le chéile ag 9 a.m.

The Joint Committee met at 9 a.m.

Comhaltaí a bhí i láthair/Members present:

Teachtaí Dála /Deputies	Seanadóirí /Senators
Pat Casey,	Victor Boyhan,
Shane Cassells,+	Grace O’Sullivan.
Ruth Coppinger,	
Darragh O’Brien.	

+ In éagmais le haghaidh cuid den choiste/In the absence for part of the meeting of Deputy Darragh O’Brien.

I láthair / In attendance: Deputies Joan Collins and Eamon Ryan.

Teachta /Deputy Maria Bailey sa Chathaoir /in the Chair.

Business of Joint Committee

Chairman: Apologies have been received from Deputies Eoin Ó Broin and Fergus O'Dowd. I propose that we go into private session to deal with some housekeeping matters. Is that agreed? Agreed.

The joint committee went into private session at 9.05 a.m. and resumed in public session at 9.50 a.m.

Role and Remuneration of Elected Members of Local Authorities: Discussion

Chairman: At the request of the broadcasting and recording services, members and those in the Visitors Gallery are requested to ensure that, for the duration of the meeting, their mobile phones are turned off completely or switched to airplane, safe or flight mode, depending on the device used. It is not sufficient to leave them in silent mode as it maintains a level of interference with the broadcasting and recording systems.

There will be two sessions, in the first of which we will review the role and remuneration of the elected members of local authorities. I welcome the Minister of State, Deputy John Paul Phelan, and his officials.

I remind members of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the Houses or an official, either by name or in such a way as to make him or her identifiable.

Minister of State at the Department of Housing, Planning and Local Government (Deputy John Paul Phelan): I apologise for being a few minutes late. It is hard to predict the volume of traffic on the Naas Road, as Senator Victor Boyhan pointed out.

I am pleased to attend to provide the members of the joint committee with an update on the position in the review of the role and remuneration of the elected members of local authorities. I am joined by Mr Diarmuid O'Leary, Ms Louise Purcell and Mr. Grant Cooper from my Department.

The issue of supports for councillors is one to which I have devoted a lot of time and attention during my first year in office. I have attended the Seanad on four separate occasions to listen to the varying views of Senators on the matter. During this time improvements have been made to the supports provided for councillors. In November 2017 I co-signed amending regulations under section 142 of the Local Government Act 2001 with my colleague, the Minister for Finance and Public Expenditure and Reform, Deputy Pascal Donohoe. The regulations provided for a new allowance for councillors, worth €1,000 per annum and backdated to 1 July 2017, in recognition of their additional workload following the 2014 reforms. The amending regulations also gave effect to a new optional vouched expenses allowance worth up to a maximum of €5,000 per annum, for which councillors may choose to opt in place of an existing unvouched allowance worth approximately €2,500 per annum. The terms of the allowance are based on the public representation allowance for Oireachtas Members. This means, in effect, that councillors can now claim for the same range of vouchable expenses as Deputies, given that they similarly have a constituency base to serve.

A range of other supports is already in place to assist councillors in performing their functions. The main support is the representational payment which recognises the work councillors volunteer to undertake when they stand for election and subsequently serve their community. The representational payment is currently linked with a Senator's salary and was increased on 1 January by €246 to €16,891 per annum in proportion to the increased amount of a Senator's salary from this same date. Councillors also receive a composite annual expenses allowance designed to defray in a structured way reasonable expenses incurred by them in attending council meetings. The travel and subsistence elements of the allowance are based on the current Civil Service travel and subsistence rates. This ensures payments may be made on a tax free basis. It is important to bear in mind that the annual expenses allowance is just that, an expenses allowance. It is payable on the basis that it offsets costs incurred by the individuals claiming it. It is not and should not be considered as an income. However, I also believe it is equally the case that councillors should not be forced by circumstance to rely excessively on remuneration from travel expenses as a means of financial support. Many times I have expressed my strong belief that it is of great importance to support councillors appropriately, with due regard for transparency and accountability, to ensure they can carry out their role as elected representatives effectively and continue to give expression to local identity and concerns and set local priorities.

With that in mind and being fully aware of concerns expressed by councillors and in these Houses about the current remuneration regime, I agreed with the Minister, Deputy Paschal Donohoe, to the commissioning of a review of the role and remuneration of councillors. On 21 June I announced the appointment of Ms Sara Moorhead, SC, to conduct the review. I have provided the terms of reference for the review for the committee. As committee members can see, it is intended that the review will involve an in-depth examination of the role performed by councillors, including their statutory reserved functions, the political and community leadership role they perform, their governance responsibilities as council members and their representational role within communities.

An outcome of the review will be in defining fully for the first time the role of councillors. It is intended that it will inform an examination of the current system of remuneration for councillors, with a view to making proposals for a remuneration package representative of and commensurate with that role. The review will be informed by input from the Department of Housing, Planning and Local Government and the Department of Public Expenditure and Reform and consult fully with elected members and their representative organisations. In that regard, Ms Moorhead has met officials of both Departments and had preliminary consultations with delegations from the Association of Irish Local Government, AILG, and the Local Authorities Members Association, LAMA. I understand it is her intention in the coming months to consult more formally through various means councillors and their representative organisations, as well as wider stakeholders, as appropriate. I am sure members of the committee will have an opportunity to have an input into the review in due course.

The review will produce an interim report within five months, with the timing of a final report to be considered thereafter, most likely in the spring or summer of next year. When the review is completed, its findings will be the subject of discussion between both Departments. It will be submitted thereafter for consideration by the Government.

I welcome the committee's continued interest in this matter and thank committee members for their initiative in placing it on the agenda.

Deputy Shane Cassells: I thank the Chairman for facilitating me by allowing me to speak first. I must leave because I am attending the funeral of a former councillor who served in Na-

van for 16 years. As the parish priest said last night, the councillor epitomised everything that was good about public service. On the morning that is in it, I am glad to be able to speak on this subject matter.

I thank the Minister of State for his contribution. I agree with him on his dedication in addressing the matter, bringing forward a range of proposals and engaging with Senators, the Association of Irish Local Government, AILG, and councillors' representative groups.

I was elected as a councillor in 1999. In the intervening 19 years the role of councillor has evolved greatly. When I was elected as a councillor, there was no salary, but there was a payment for attending meetings. The point was made that the motivation in being elected was not remuneration but public service. No councillor has ever gone looking, cap in hand, for money because councillors are dedicated to serving their local communities. That is the motivation, but the nature of the workload has changed massively. The abolition of the dual mandate has proved very successful. What people wanted to see being achieved in Deputies no longer being able to sit on local authorities has come to fruition. They can now see the differences between parliamentarians and local councillors and go to councillors as their first port of call in dealing with a local issue. As a result of urbanisation during the boom, councillors are seen as having much broader scope when it comes to social policy and the development of an area, particularly in the context of development plans. The national plans brought forward in the Oireachtas have an impact on local councillors who have to be adept at dealing with them at local authority and regional assembly level. They give a huge amount of time to them and make a huge effort to be involved.

Councillors are subjected to the same visceral scrutiny by the public on social media as national politicians. We should be cognisant of this. They do not receive remuneration similar to that of a Senator or a Deputy, but they are attacked when things go wrong at local level. We should also speak about this as it is having an impact on our ability to attract new people into public service at local government level. If we want to see local communities being served well, we need to have a system under which we, as parliamentarians, can attract new people to serve their communities. This is tied to the issue the Minister of State is addressing. The scope of the work of councillors has been broadened. We see new economic sides being attached to it and there is also their involvement in planning. We have to be aware of this.

The Minister of State has said he wants the review to report within five months of its commencement. He has also said its report will be submitted thereafter to the Government for its consideration, with a view to producing a clear direction in advance of the local elections which are to be held in May next year. There is, however, no commitment to the introduction of the scheme, an issue I want the Minister of State to address because it is important. We might have a clear direction, but there is no guarantee that the outcome of the review will be implemented. Is there a commitment between the Minister of State and the Minister for Finance to implement the recommendations made not only on pay but also on the provision of supports? Councillors are not just talking about an increase in salary, they are talking about the functional supports that allow them to provide services to their constituents. I would like the Minister of State to address that matter.

Chairman: I thank Deputy Cassells, that was bang on five minutes.

Deputy John Paul Phelan: I did not realise that Deputy Cassells was elected to the council in 1999. We started at the same time. The world has changed for councillors in the interim. I was a student at the time and I was extremely happy to get a cheque for a couple of hundred

quid at the end of the month in order to keep my little Renault 19 on the road. The number of meetings we were obliged to attend was very different. The Deputy and I were present for the 100th anniversary of the introduction of local government in Ireland. The current system was introduced in 1899 and the centenary in 1999 really marked the end of an era. Many people the Deputy and I would have served with on councils in those days would have held their seats for 30, 40 or 50 years. They would not have been paid salaries, rather they just got a cheque for a small amount at the end of each month. Despite that, it was not always the wealthy or self-employed who served; it was often just the ordinary Joes who became local authority members.

The role of a councillor is such now that many employers are less than enthusiastic about allowing staff, particularly in light of the positions they hold in their places of employment, to serve on local authorities. One of the things that I hope will be included in the review is an examination of how it might be beneficial for employers to allow people to serve, particularly as there are a lot of people working for multinational companies. I am thinking of the guy who was elected with me in south Kilkenny in 1999 - Senator Grace O'Sullivan might know him - who was the manager of the warehouse of Bausch & Lomb in Waterford for 20 years. He found it horrifically difficult to get time off work. He is still on the council but he left his position with the company in question many years ago because he could not marry the two roles.

The Deputy is correct to state that it is not all about money. There are many other supports needed for councillors such as, for example, those relating to childcare and caring. Many councillors provide care for family members, whether it is their children or their parents. Whatever it is about the nature of people who are caring, they are sometimes attracted to the local authority role of, in effect, caring for their communities. What has also changed in the past 20 years is that there are some councillors now who talk a lot more about remuneration than there were in the past. Some 90% of councillors do not do it for the money but the other 10% do them a terrible disservice by whingeing about money all the time. That is not to say that there is not a case to be answered. That is why this is happening but sometimes it can cause rancour with the general public, which we are all here to serve. As I said, 90% of councillors do the job excellently but there are a few here and there who get the message a bit wrong.

In terms of the Deputy's statement on the treatment of councillors on social media, there is a broader discussion as to how public figures are treated on social media but he is correct that it is something that would make people think twice about standing for local election.

On the Deputy's next point, I made it clear from the start that, as well as remuneration, this is about softer supports for councillors, such as those provided by secretarial assistants and research assistants. Fingal County Council is the only local authority that provides these supports. I do not know if it does so across every one of its municipal districts but I know that it provides secretarial support to councillors. Equally, if a person is running from his or her job to a full council meeting at 3 p.m., he or she needs to know what is his or her reserve function regarding a particular aspect of policy that is being discussed. In that context, it would be fantastically useful - for both councillors and the public - if there were the equivalent of parliamentary assistants within councils who could obtain the necessary information. When I attended council meetings 20 years ago, often the waters were a bit muddied and councillors had to feel their way through in order to find out exactly where they stood. Some of the older councillors had a method of putting the boot into some of the officials but that was not always necessarily the best way to operate.

On the question of whether there is a clear intention to implement the outcome, for me there very much is such an intention. It is no secret that this process has been delayed because the

Department of Public Expenditure and Reform guards the purse strings very tightly. However, the Government has made a decision to proceed with the review and to have it implemented before the next local elections. The idea is to ensure that people who are considering standing in those elections will know, before the end of this year, what will be their remuneration package and what their role will involve. That is the intention behind the interim report. I do not know how much information, etc., Ms Sara Moorhead will include in the interim report - knowing her, it will be a lot - but it will be the Government's job thereafter to implement her findings. There is no shortage of willingness on my part to deal with this issue, which has been kicked around for a long time now. We might as well take the bull by the horns at this point. Given that we are in the run-up to the next local elections, this is the opportune time to do so.

Senator Victor Boyhan: I thank the Minister of State for coming before us to discuss the remuneration relating to councillors. I was taken by his comment on the apathy of the general public regarding the pay and remuneration of councillors. This is an opportunity for me to place on record the fact that the representational payment is worth €16,891. This is subject to PAYE, PRSI and USC, with which I have no difficulty. That is the position and we need to send a message to the public in respect of it. Members of the public do not believe this to be the case. People I meet outside of politics tell me that there is great pay and that politicians get to go on jollies and have access to "chances", whatever they mean by that. That is how cynical people are but the reality is that we are paying our councillors a little over €16,000 each. Quite frankly, that is not good enough. Endless promises are made. I could paper the wall with the promises made by people in government to their party members. I make no secret of the fact that I circulate the agenda to people the day before every meeting of this committee. I tell them what is happening. Yesterday, I told them that the Minister of State would be here and that this matter would be up for discussion. I always invite comment. In that context, I received 12 emails before I left here at ten o'clock last night from people expressing their views. In summary, they used phrases such as "Not again", "More promises" and "What is going on?" They are frustrated. That is the effect. These people are of all parties and none and they are saying that despite all of the promises and commitments we are no further on. I would say that we are a bit further on. The Minister of State has appointed Ms Sara Moorhead to compile a report and let us focus in on that.

I want to be positive and move forward. We need greater clarity on the timeframes. I know that it is an independent process. The Minister of State established the process and is limited in the context of his own involvement. However, councillors observing these proceedings will want to know when the process will conclude. That is important, as is the engagement with councillors. We are not clear whether the review will engage with the AILG, which has done much hard work in respect of this matter, or LAMA. If it does engage with them, how will that happen? Does the Minister of State have any indication from Ms Moorhead or her secretariat as to how they will interact with councillors?

We do not need any more analysis because we know what are the problems. Councillors need proper payment. I will go out on a limb. Some members might consider it irresponsible of me to say so but I believe councillors should be receiving €25,000 to €35,000 a year. That is a fair level of remuneration for city and county councillors. I will make a submission to Ms Moorhead if I am invited to or have the opportunity to do so because I am of the view that is the sort of money needed. Let us stop messing and thinking it is about pence. It is not a few pence or a few pounds and, as the Minister of State pointed out, councillors should not have to rely on expenses. I am talking about proper pay for the proper work they do. In other words, a fair deal for councillors.

I will shut up at this point because I do not wish to keep repeating myself. I continuously engage with sitting county councillors of all parties and none and, right across the board, they tell me that they are frustrated with the process and what they perceive to be Deputies, Ministers and Senators on a cosy old jolly in Leinster House. They want action. I am saying that I believe the right and proper remuneration package for city and county councillors must be in the range of between €28,000 and €30,000. We should work towards that and I am committed to doing so because it is right, proper and fair. I thank the Minister of State for taking the time to attend.

Deputy John Paul Phelan: I am just trying to take a note of what Senator Boyhan was saying. He covered-----

Senator Victor Boyhan: On the large sums I am talking about.

Deputy John Paul Phelan: It has been my intention all along that this review will be completed and that the interim report will give people who are considering running - be it for parties or as independents - an idea of the position before the end of this year. The final report will be completed in the spring. That has always been my intention. I cannot really direct Sara Moorhead. I had a preliminary meeting with her to lay out my position and to discuss public submissions and councillors' submissions, as referred to by the Senator. She is very keen for the widest possible range of views to be submitted.

Sometimes when one reads contributions by Ministers from different Departments, the phrase "stakeholders" is used. Who is or is not a stakeholder is considered. When it comes to councillors everybody is a stakeholder because everybody has a local councillor or six, depending on where a person lives.

The basic pay of €16,800 for councillors is low and this is why the review is happening. I am trying to do my basic maths and I believe it is below the minimum wage for the hours that many councillors put in. The Department conducted a survey of councillors last year directly through the local authorities. More than 50% of councillors responded and said they were spending 26 or 27 hours on council business per week. This emphasises that it is not a full-time role. Some people spend full hours on it. While they should be remunerated on the basis that they hold part-time positions, councillors should not be paid less than they would get in the private sector for working the number of hours to which I refer. If Sara Moorhead's report comes back with findings in that regard, it is my intention to implement them.

On submissions from councillors, as well as submissions from the general public, there have already been face-to-face meetings with the representative groups. Ms Moorhead will survey councillors and she will try to dig down deeper into that 26 or 27 hours. Part of the scope of the review will be the genuine question regarding what we should and should not pay for in the work done by councillors. I suspect that we should be paying for a great part of the work, but perhaps there are elements of the work that do not represent value for taxpayer's money. I put it to Senator Boyhan that the Department of Public Expenditure and Reform is not always wrong. This is an opportunity to have an in-depth look at what councillors. Ms Moorhead is determined to do that. The review will not be informed by just the usual stakeholders, it will also involve the wider public and the local authorities. On the basis of what was said at the preliminary meeting held nearly a month ago, I understand that councillors will be surveyed.

The Senator referred to the 12 emails. I understand the point he is making because promises have been made over the years. I would be disappointed if people thought "Not again, more promises". This review is, however, being conducted by an outside person who will be an

independent chair, which is what councillors sought from the start. This person has no skin in the game but has a deep interest in the State and in how public affairs here might operate. She will come back with her independent report. She will issue an interim report in October or November and a full report in March. I cannot spell matters out more clearly other than to say that I absolutely intend to implement it. Earlier, I included a caveat to the effect that dealing with the Department of Public Expenditure and Reform is not a simple matter. However, there is a political will to grasp the nettle and it is my job to try to ensure the report's recommendations are implemented.

Senator Victor Boyhan: I hope we will all still be in the Oireachtas in a few months' time to see the Minister of State implement the report. It seems, however, that nothing will happen on this issue prior to the local elections next May. Given the consultations with Departments and the Government and in view of lead-in times, etc., let us be honest and fair and tell the people this.

Many of the people who are listening to this debate would be offended if they thought their job was being described as part-time in nature. There are many councillors for whom the role is full-time. The Minister of State's party is full of such councillors and I am talking to them. The Minister of State knows them well because he knows the system. I was elected in 1999 and there was no money then. I am not saying that money is everything but there are councillors who must dip into their own pockets and into their families' money in order to subvent their incomes.

A Fianna Fáil councillor in the midlands who has two children studying at UCD told me recently that she came home one day and her husband told her to get a real job because being a councillor does not pay. She said that she was making a commitment to her community and that she was a community advocate. He said that it was not paying the bills, that they had two children studying at UCD and that she could just get out of it because being a councillor is a waste of time. She was very disappointed but had to face the reality that she could not afford to stay in the business.

The role is full-time for many people and they do not want to hear that it is a part-time role. These people are full-time because they give it the commitment. The position needs their commitment. Not all councillors develop and progress at the same level, but there are many who give to the role seven days a week. They are in the Minister of State's own group and his constituency. I am sure they are great supporters of the Minister of State. He knows them. I do not have to convince him. We need to be clear that a lot of people are doing this seven days a week. This is not an exaggeration. All I ask is for a fair deal for the councillors and a fair day's pay. Senators, Deputies and Ministers are well paid. I want a fair crack of the whip for these councillors, who are local politicians. They deserve that recognition.

I acknowledge all of the Minister of State's comments, but let us be clear with Ms Moorhead going forward. I would not like to think that she might be told that being a councillor is a part-time role for a part-time salary. For many, it is a full-time role. Councillors also serve on sub-committees and educational boards and with other agencies that are affiliated to local government. It is important to note that many do this on a full-time basis and that the remuneration they receive is their only source of income. They could not do anything else because they devote so much time to being councillors.

I thank the Minister of State for coming before the committee. We now have greater clarity. Correct me if I am wrong but the reality is that there will not be a new remuneration package

for councillors prior to the local elections. If there is different information, perhaps the Minister of State will outline it.

Deputy John Paul Phelan: I do not think there is. If I had the report in by February or March, I would love to implement it immediately. However, it has to go through Government and it has to go through other Departments. Being perfectly honest, the new local authorities that will be elected at the end of May next year would be the obvious starting point. If it could be sooner, I would love it to happen.

I must reiterate that the discussions I had with Ms Sara Moorhead were principally in respect of the scheduling of reports and who will be making submissions. I was keen - and I was impressed by Ms Moorhead's keenness - that there should be different levels of public consultation and with the councillors.

The report I referred to predates my time in the Department. It was compiled by the Department in conjunction with each local authority. More than 50% of councillors in the State responded. The average number of hours worked by them was reported to be 26 or 27 per week. The Senator is correct when he says that for many councillors it is seven days per week. If 26 or 27 hours is the average, then half the councillors put in less than that while half put in more. I cannot remember the exact number that responded. It may have been 55% or 60%. The councillors in that survey themselves said it was a part-time job. It is not me saying this; it was based on the survey commissioned before I even became Minister of State.

Senator Grace O'Sullivan: It was great to hear about the Minister of State's experience as a councillor. However, it was at a different time. We now have a new, growing demographic and we are living in a new and, it is to be hoped, progressive Ireland. In my two years as a Senator, I have seen the work done by councillors. I have engaged a lot with councillors. I see what a competent councillor with ambition can deliver in the future to local and national democracy. I view councillors as the eyes and ears of local democracy that inform the national Parliament. As Ireland progresses councillors must have decent working conditions. That is necessary if we want to attract the best people to local democracy in towns and regions. Like a business, in order to attract the best people one must offer attractive remuneration and decent conditions.

I want to convey to the Minister of State the feedback that I received from councillors about the Department's latest review. To be honest, it was met with a certain scepticism. Many councillors noted that reviews have previously been conducted by the Government, the Association of Irish Local Government, AILG, and others yet there have not been significant improvements in pay and conditions. I hope that the review by Ms Moorhead will lead to a better outcome for councillors.

I will relay a number of specific points to the Minister of State. Some carry more weight than others and I will refer to them in chronological order. Councillors should have franked envelopes just like the Members of the Oireachtas.

One councillor said that he had serious trouble accessing social welfare payments as the local authority will not acknowledge him as an employee. The councillor is a father of five children and only receives the income of a councillor yet he cannot access the working family supplement or any other supports. Does the Minister of State know how the councillor can be better served?

Councillors are obliged to pay their share of PRSI yet find themselves in the legal limbo of

not being deemed an employee or self-employed contractor. Therefore, they cannot access the family income supplement, FIS. It seems unfair to expect councillors to pay the going rate of PRSI in such circumstances.

All of my questions can feed into the review being conducted by Ms Moorhead. The payment to representatives, as currently configured does not include work on bodies such as the strategic joint policing committees and transport policy committees. I know of a particular councillor who does this essential work. His or her work is not taken into account even though an extra 16 meetings a year take place and that includes time spent on preparing for and attending the meetings. Will this matter be considered as part of the review?

Another councillor noted that after tax is paid the municipal allowance is of little or no benefit. It is also inaccessible to councillors in Dublin despite the fact that they represent far more constituents than most rural based councillors. I ask the Minister of State to correct me if this information is incorrect.

Another councillor mentioned the need to link a councillor's pay to a grade in the Civil Service. I know that the suggestion has been made a number of times. The proposal was meant to be considered by the Oireachtas committee on councillors' pay and conditions. Unfortunately, the committee has only met on a handful of occasions and has had little impact to date.

Some councillors want town councils to be restored, which I know the Minister of State will have heard before, to assist with the considerable workload. Town councils would recognise the different nature of local government representation between urban and rural areas. The councillors and I want to hear the Minister of State's view on re-establishing town councils. Will consideration be given to providing councillors with maternity leave or other supports to councillors who are parents, particularly of young children?

We know how much more difficult it will be for all parties to meet the next general election quota of 40% female candidates. If one cannot draw from a pool of female talent and conditions and supports are not made available to women then how will the 40% female quota be reached?

Many councillors are teachers. Unfortunately, they face issues when it comes to leave. They are entitled to ten days of leave during term time, which is subject to approval by the board of management of the schools. This matter can cause serious problems and clashes when it comes to covering council work adequately. There is another issue with vouched and unvouched expenses.

The review is welcome. I hope that Ms Moorhead conducts an indepth review and meets representative councillors from around the country or a cross-section of them so that she gets a deep view of local government at present rather than the same old story. I want councillors to receive decent remuneration and decent working conditions. If that is done then more people will be attracted to serving the public.

Deputy John Paul Phelan: The Senator is right. I was a councillor 20 years ago and it was a very different world. She has asked a lot of questions and I have noted as many as I could. She should put these matters in a submission to Ms Sara Moorhead. There are issues that are under consideration, such as the maternity leave issue. There is a local government Bill coming up and we might make a small adjustment to the Bill.

On the gender quota issue, I intend to submit a proposal to the Government. The status of

gender quotas for general elections is a stick approach rather than a carrot approach. By that I mean that any political party that does not reach the 30% quota, which will ultimately increase to 40%, will have its State funding cut in half. We do not have that stick approach for local elections because the funding of political parties will always depend on the vote that they get in a general election. That situation will not change and should not change. That is not to say that there cannot be an incentive scheme. Many political parties, or maybe all of them, have a gender equality or diversity officer. Perhaps some contribution can be made towards the cost of that role if political parties reach the 30% quota in this election, which will increase to a quota of 40%. I am working on the issue at present. Progress will take some time. I am only expressing my preliminary thoughts today. Local elections are vitally important to political parties because if they want to reach the quota targets for Dáil elections then local elections are a training or breeding ground for a lot of people who end up running for Dáil elections. Therefore, the parties would be foolish not to reach the quotas themselves.

In terms of the interaction that Senators have with councillors, a review of this nature has never before been conducted in the history of this State, and even before the State was formed, as to what councillors do, what we want them to do and how we want them to be paid. The outcome that I want at the end of the review, which is the same as what Senator O'Sullivan has just touched on, is to link councillors' pay to a grade in the public sector. Also, no politicians in the future will decide the matter, and it will not be decided by anyone here or the people who will come after us, but as part of public sector pay deals. That is what most councillors would prefer. That aspect is one of the primary purposes for the current review.

I am familiar with a councillor, and it is probably the same person, who has encountered social welfare issues. Councillors do not pay the correct stamp to get the PRSI benefits but that is not right. That is why linking councillors' pay to a grade in the public service is so important. I am sure that there will be a battle about the matter when the time comes and I look forward to enjoying the support of the committee when that happens.

The municipal allowance is payable in Dublin. The term "area committees" is used rather than "municipal districts". The reason there are no municipal districts for the large urban areas is that while it makes sense in large geographical rural areas to divide local authority areas, it is often the case that it could lead in an urban centre to unnecessary duplication. Where that geographical spread is not an issue, it can be easier to provide services from central local government. That municipal allowance is payable, however.

Deputy Pat Casey: I thank the Minister of State for attending. We welcome the review that is taking place. As the Minister of State identified, it is long overdue. People here have some understanding of the role of councillor, as most of us have been through it. Regrettably, the level of work councillors have to do is lost on the public. The evolving and changing nature of councillors' work must, equally, be recognised. One of the significant challenges facing us is whether we continue to see the role of councillor as a part-time one or whether it is becoming a full-time one as we move forward. I was selected in 2004 and saw huge changes in the type of work we had to carry out. One looks at the public side of it and how we interact with them. However, the whole administrative end of it is becoming more cumbersome and logistical. There are more legal implications behind it all. Just this week, we passed the Planning and Development (Amendment) Bill to provide for the office of the planning regulator. It will have an impact on local authority members and the way county development and local area plans will interact legally with regional plans, the national planning framework and how the Minister and others are directed. That whole area consumes more and more of a councillor's time.

Since 2014, an economic role has been taken on by local authorities. We then have the LCDC, which is a positive step but is insufficiently resourced. Anyone who has chaired an LCDC, especially in respect of trying to involve the Leader programme, has found it very challenging and time consuming. We are placing a greater administrative burden on local authorities. The Minister of State referred to the role of employer. As an employer, if someone came to me and said he or she wanted to run for the local elections, I would nearly tell them “Good luck, because it is not going to fit in”. The Minister of State is right that it is a challenge for employers. We do not see it as a positive thing any longer to have an employee who is also a local councillor due to the complications around it. We had many issues in Wicklow where meetings are held during the day and are not family friendly. They do not suit employers because councillors have to take time off. Are we attracting people any longer, given the complexities of the role moving forward?

The Minister of State mentioned soft supports. As a councillor, I felt there was nowhere to go for independent advice. A lot of that would have been around county development plans where one might have a different view or idea but must approach the author of the report with which one disagrees. One is stuck. They know the legislative background whereas one struggles to know what powers one has and what one can or cannot do. These issues arise more and more often as national policy impacts on local policy. We have a number of challenges in relation to wind policy, for example. Councillors do not understand fully their legal role in that process. I understand, as do most of us here, the huge role a councillor plays in delivering services to his or her local community, but the public, I think, does not understand the depth of that work. The challenge for us in the review is to determine whether the role remains a part-time one. If that is the case, what supports should we provide to allow councillors to carry out their work? It is more a few points than questions for the Minister of State, perhaps.

Deputy John Paul Phelan: I take on board fully the Deputy’s points about employees. While Ms Moorhead is aware of the issue, devising a solution that would be satisfactory for employers is difficult. However, it is an issue that has to be grasped. Otherwise, councils will be composed solely of wealthy, retired or unemployed people. We need a mix. The question is whether a system can be devised to provide people with more time off. There is also the lack of family-friendly arrangements. When I started 20 years ago, many of the meetings were held in the afternoons and evenings. That has changed to a great extent. Council employees and management have lives and families as well and the question of how to strike a balance is being considered. The role of the councillor has changed considerably and Deputy Casey is correct to state that the public has a view of what councillors do whereas the actual role involves a great deal more. However, I think the public still greatly values a good councillor in their area.

Deputy Pat Casey: I am not saying that is not the case.

Deputy John Paul Phelan: Deputy Casey struck on one of the key issues I referred to earlier, which is who councillors can approach for advice. That is one of those soft supports. I do not know whether it should be one person. In some of the larger authorities such as Dublin City Council, which has the second-largest elected chamber in the country at 63 people, it might need to be more than one person. In any case, there should be someone there whose role and function is to give the elected representative the full knowledge of what his or her reserved functions are in relation to a particular policy issue before a local authority. There is a gap in that regard currently but the whole area will be considered.

Deputy Ruth Coppinger: A review is worthwhile because, as others have said, it is particularly dangerous for spouses and partners of councillors. I hear reports of people losing social

welfare payments because their partners are councillors. This is happening. It has happened to one of our own and to several other councillors. The danger of the way it impacts on a family's income is that one will get council chambers populated by people who are retired or who otherwise have very flexible self-employment or business jobs.

I was a councillor for 11 years in an extremely busy ward. Not every councillor has the same workload, to be frank. It varies dramatically. There was massive development taking place in Fingal, for example, which meant it took hours on end every single week just to read the planning lists. In more settled areas, however, a councillor would have a much more stable workload. It is not a full-time job, although some councillors make it one because they decide to go to the opening of every envelope in the community. It should not be a full-time job. If it were to be one, we would need to review local government. In reality, local authorities have very few functions left. Bin services and water services are gone. There is practically no housing being built. Compared to the position a number of years ago, we must ask what councils are actually for when their powers have successively been taken away from them by a number of Governments.

I raise the issue of maternity leave. When I was on the council, I had a baby and was informed by the then Department of Social Protection that I would lose my maternity benefit as a teacher if I went to a council meeting or fulfilled my council duties. Officials on the council battled on my behalf, however. To receive maternity payments, one is meant to be sitting at home with one's child at all times, which is complete discrimination against anyone who can become pregnant. What we are saying then is that there is no maternity leave and a woman has to take time off. The councillor would be absent for six months, which is simply impossible for her.

The child benefit section of the Department of Employment Affairs and Social Protection needs to be spoken to about its handling of, and dealings with, female councillors. It is quite stressful for anyone in that situation. A woman has a baby and then finds out she may lose her maternity benefits because she happens to have been elected as a councillor. She might wish to continue going to meetings or reduce her workload or keep it at a certain level. Then she is told in a patronising fashion that she is meant to be 100% at home with her child to keep maternity benefits. Clearly, the message is that women are not meant to be councillors if that is to continue. We know there is under-representation. It is the same for all people with young children, unless they have a wealthy background or a good job that is flexible. There should be a system introduced whereby people can get leave from work. Otherwise, we will continue to have the type of councillors we have and not necessarily people who come from across the workforce, including the private sector and the public sector, which is what we need.

Deputy John Paul Phelan: I agree with virtually all of what Deputy Coppinger said probably for the first time in my life. She is correct about the workload varying dramatically. It also varies even within wards in the sense that some councillors do far more than others. Some councillors do many things that are not things the taxpayer should be paying for. That does not apply to every councillor. Senator Boyhan should reserve the grunts; no one interrupted him. No one here is seeking to whitewash every councillor. Senator Boyhan can rest assured that I will not do that; he should know me well enough. Anyway, it is proper that Ms Moorehead should look at the activities that councillors conduct and decide, from a taxpayers' point of view, which activities should and should not be funded.

It is also factually correct - Senator Boyhan is a man who normally deals in facts - that councillors were surveyed last year. More than half responded. The average put in 26 or 27 hours per week. That is not Deputy Coppinger's view, my view, the view of the Chairman or of

the Department. The survey was carried out in each local authority and it came back showing that councillor hours are not full time. That is not to say that some do not work full-time hours.

The workload varies dramatically as well, for example, in some of the large rural districts. I have in mind west Cork and south Kerry, where virtually half of the county of Kerry is in one electoral area. It has changed a little with the recent review of boundaries. Anyway, councillors attend events and meetings and carry out their role as representatives. This brings an extra hardship and workload in terms of travel. In west Cork, councillors may have to drive for a couple of hours to get to the monthly plenary session. There are differences between the role of councillors in urban centres and rural areas.

Deputy Coppinger raised the issue of maternity leave. The Bill approved by Cabinet this week will go before the Oireachtas next autumn. I hope the issue of maternity leave can be dealt with in it. We may need to have a discussion with the Department of Education and Skills and other Departments, probably at Cabinet level, to ensure there is some co-ordination between Departments when it comes to maternity leave. We need to ensure we do not present the image or reality to female councillors that they are not wanted or that they are supposed to be at home minding their child. That is a very old-fashioned view of the world.

Reference was made to people losing benefits. Means-tested benefits will always depend on the income coming into a house and what is deemed as income. If councillors' pay were to increase dramatically, it might mean that spouses might lose benefits. That is an issue primarily for the Department of Employment Affairs and Social Protection. We have no wish to see any adverse effects, for example, family members losing benefits. The job we are about relates primarily to the councillor, how to keep more people at it, how to make more people interested in running and allowing them to do the job effectively.

Chairman: I have some points to make as well. I concur with Deputy Coppinger's points on maternity leave. It is not the mere fact that a female councillor does not get maternity leave; it is that if she misses a couple of meetings she is completely out of the loop. Local authorities move fast. A female councillor is not marked down as on maternity leave; she is marked down as absent. If there are votes, it is as if the councillor did not bother to turn up rather than that he or she is at home with a child, whether the father or the mother. I welcome the fact that this is the first Government to undertake such a review and to take these issues into account.

Many committee members were on councils for many years. I served with Senator Boyhan for a long time. I was 12 years on my local authority. I saw a major difference between the time I started and when I finished, in particular with the workload involved. I did not go to the opening of every envelope. I did not see that as my role. My role was to be at meetings but I made sure to do my work and research before I got there.

Councils deal with development plans and that creates the environment to develop a given area. It is up to the councillor to ensure he or she is informed to make proper and accurate decisions that do not have unintended consequences. It takes hours for councils to deal with development plans or economic plans. I fully accept that not everyone does that, and that it is a choice. I chose to do it full time as did Senator Boyhan while Deputy Casey gave it everything. It is a choice for the individual to make. I ran knowing that it was a part-time role and I fully accepted that. I knew what the remuneration was when I ran and we have to fully accept that. When a candidate makes a choice to run, she knows what she is running for. However, the role is underpaid and I accept that not everyone does the same hours. We also need to accept that the hours local authorities meet vary depending on where they are in the country. Even in Dublin,

the four local authorities meet on different days and different hours. Dún Laoghaire-Rathdown County Council met in the evening. This meant a councillor could work during the day and attend meetings in the evening. Some councils meet during the day, which means councillors need time off work. We need to consider looking around the hours that committees and county councils meet to streamline it and make it more accessible.

It is important to make it more attractive to run for a local authority. That would strengthen the role of the local authority and the functions it has and the training required. In recent years, local authorities have changed dramatically. The focus was on taking the money away from training and conferences because of the allegation that people were abusing the system. Many councillors were not abusing the system and valued the training available. Those who did not abuse it valued it. However, not everyone did and that is out there.

To fulfil the role of councillor a person has to be accessible 24-7. Like Senators and Deputies, if a councillor is not accessible then people do not think that she is doing the job. Since the advent of mobile telephones, emails and text messages, a councillor is always following her job and always trying to keep on top of it. My local authority furnishes councillors with a telephone, laptop and printer. I presume that is the same in other local authorities. I can only speak from my experience, but when a councillor sought training in something it was provided.

The role of strategic policy committees could be strengthened. We see local authority members coming forward with housing plans. I know Deputy Coppinger said they were not doing anything, but they are. I completely disagree with that remark.

Deputy Ruth Coppinger: I did not say anything of the sort. I simply said the functions had gone down.

Chairman: The Deputy said they are not delivering in housing.

Deputy Ruth Coppinger: Yes, they are not.

Chairman: Some of them are. Some local councillors are proactive. When someone wants something done, that person must ensure she gets involved and does it. Some local councillors are doing that. Senator Boyhan will concur in this regard. Councillors in Dún Laoghaire-Rathdown County Council have come up with a good plan on housing on a cross-party basis. Sometimes when we want to get something done we have to involve ourselves and ensure that we are part of it rather than always being against something. In that way we can get delivery.

Another question is the ability to contact staff in local authorities since they work set hours. If one is working full-time in another capacity accessing answers to queries is not always possible. Issues like this need to be examined as well. We need to appreciate the work local councillors do. The majority of them become councillors because they want to make a difference in their communities, not because of the salary. Councillors across all parties get a hard time. There are good people in all parties and this needs to be recognised. If we had indicators regarding what they are doing, how they are performing and recognition of that work, it would go a long way.

Senator Victor Boyhan: I want to make a few brief comments on which I do not expect the Minister of State to respond. I do not doubt his personal capacity and eagerness to get on with this job but my role is to articulate what sitting councillors want me to articulate on their behalf, which is reasonable and fair.

Deputy Coppinger is of the view that being a councillor is not a full-time job. My experience of councillors of the left, specifically People Before Profit in Dún Laoghaire, is that they are full-time councillors and they perform their role effectively. My experience of engagement with city and county councillors on the left is that they more than any group of councillors perform the role of councillor on a full-time basis. I ask the Deputy to take that message back to her group and her political contacts in this House and the council of which she was a member. They are engaging full-time in the hope that they will gain election to this House, as in the case of the Deputy. Let us be fair; how councillors use their time is their choice. It is about choice. Some people are less involved in the committees but they take on other responsibilities. Good county managers and good county councils work well together. I acknowledge chief executives throughout the country who work hard and who are pragmatists. Good councillors and good chief executives work well together. They assist each other in the work of the council. Councillors are the first port of call when there is a crisis in a community, be that drought, flooding and so on, often receiving calls at 1 a.m. and 2 a.m. The Chairman will know that when we were councillors we were that first port of call.

I wish the process well. I do not doubt the commitment of the Minister of State to it. The sooner it is up and running the better. It would be helpful if Ms Moorhead could set out the timeframe for the engagement because as of yet we do not know when or where it will start. Keeping the communication flowing to councillors would also be helpful and might allay some of their fears. This is how it should happen in modular terms,.

Deputy John Paul Phelan: The Deputy's suggestion is not unreasonable. I will bring it to the attention of Ms Moorhead but ultimately she operates independently of me, as must be the case. I will ask Mr. O'Leary to relay the message regarding timeframes for submissions and the surveying of councillors.

I will now address a question from the Chairman. Councillors are accessible 24-7. The provision for councillors' laptops, phones and printers is not universal across the country, which is one of the issues that will hopefully be considered by the review. Senator Grace O'Sullivan raised the issue of vouched versus unvouched expenses. The days of unvouched political expenses are over forever. That said, Ms Moorhead might say something different in her report. Politically, they are gone. There was a lot of flack from councillors when they did not get an increase in their unvouched expenses. No politician will be increasing unvouched expenses for councillors or any other politician into the future. Those days are done. There will be a fully vouched system for councils similar to that for the Oireachtas. Prior to my appointment as Minister of State I was audited two years in a row. It is a time-intensive operation getting everything in order but everything was in order. This is the future for councillors as well. Not only will expenses be vouched, councillors will be subject to audit to ensure they are adhering to the rules.

I thank the committee for its involvement. I am sure we will have further engagement on this issue. The local government Bill was approved by Cabinet during the week. I urge all members to get stuck into it. I understand the committee has had some discussion on the Bill but there are important changes in it relating to Cork and Galway, in particular, and to the new joint structures for cities and towns across county boundaries that need to be implemented in advance of new local authorities being elected next year.

Chairman: I thank the Minister of State and his officials for attending this meeting and for their ongoing engagement with the committee. I propose that we suspend to allow them to leave.

Business of Committee.

Deputy Joan Collins: I thank the Chairman for allowing me to raise this question. In March, the Minister for Housing, Planning and Local Government asked the committee to give him two months to come back with wording on the Thirty-Fifth Amendment of the Constitution (Water in Public Ownership) (No. 2) Bill 2016, to which this committee graciously acceded. It is disappointing that the Minister has not yet come back on this matter. I received a letter on it today but as I have had a lot of correspondence and contact from people on the status of this Bill, I am taking this opportunity to raise the matter publicly. Does the Chairman know the status of the Bill?

Chairman: Everybody received a letter from the Minister today. I am aware that Deputy Joan Collins had meetings with the Minister on this matter and has an open line of communication with his officials in this regard. There are complexities around the wording. The Minister indicated in his letter that discussions and contact are ongoing between the Department and the Office of the Attorney General and that this active engagement has been considering different approaches to the wording of the constitutional amendment. Within the past week, the Minister has received written advice on the matter from the Attorney General. His officials are urgently reviewing this advice and he hopes to be in a position to bring a recommendation to Government on a wording capable of being prepared as an amendment to the Bill. The Minister's aim is to have clarity on the intended approach when the Dáil resumes after the summer recess in September. If that is the case, we will put it on the work programme. As I said, I understand the Deputy has had ongoing communication with the Minister and the Department since the most recent meeting on this issue.

Deputy Joan Collins: The key issue is that this committee gave the Minister time to come back to it on this matter. I accept that he has to bring any proposed wording to the Cabinet but he should first come back to the committee to explain that.

Chairman: The Minister committed at the last meeting to ongoing communication with the sponsors of the Bill. As stated in the letter, the Minister's officials are working on suitable wording for the amendment. I presume that in the interim there will be ongoing engagement with the Deputy as a sponsor of the Bill. Once the wording has been decided the Bill will be included in the work programme.

Senator Victor Boyhan: I thank the Deputy for raising the issue. I acknowledge the correspondence received today from the Minister. The Government is clearly committed to a public service remaining in public ownership and that has to be welcomed. I support the holding of a referendum on this issue. It is the right thing to do. I thank Deputy Joan Collins for taking the time to attend today.

Senator Grace O'Sullivan: I echo Senator Boyhan's remarks. We need to expedite this. There is public interest in this matter. I would like to see it on our work programme for September. As soon as the message is received from the Minister we should move to progress this Bill, otherwise it will be put on the long finger and the public will get agitated.

Deputy Ruth Coppinger: I thought that this was going to be a priority. In terms of referendums, this is a bit more real than the symbolic ones that are being proposed in October. If there are issues around the wording, this committee should have some opportunity to go through them. I do not know what the issue is for the Attorney General but I have an idea. It is disap-

pointing that the summer recess is starting and this has not progressed.

Chairman: There is complexity, of which Deputy Collins is aware, around group water schemes and all that goes with them. At least there are open lines of communication between the committee and the Deputies who sponsored the Thirty-fifth Amendment of the Constitution (Water in Public Ownership) (No. 2) Bill 2016. The intention on all sides is that as soon as a solution can be found we will bring it back straight away, if that is okay.

Deputy Joan Collins: Is it possible that the committee could reply to the Minister to thank him and ask him if it could be expedited as quickly as possible, maybe by early September?

Chairman: Yes. The Minister has said September-----

Deputy Joan Collins: The Minister had said June.

Deputy Ruth Coppinger: Could we ask for this to be an item for the committee in September?

Chairman: We can put it on the work programme as soon as they are ready. I presume the Minister will first meet the Deputies who have sponsored the Bill.

Deputy Joan Collins: Yes, he has indicated that he will do that.

Chairman: If Deputy Collins is happy with that and if the Minister is happy with that, we can proceed to put it on to the work programme.

Deputy Joan Collins: I do not believe it is up to me or the Minister being happy. It is up to the committee to be happy with it.

Chairman: There is no point in bringing it back to the committee and then having another postponement.

Senator Victor Boyhan: I think it is on the programme.

Deputy Joan Collins: I thank the Chairman for her time.

Chairman: We will suspend for a few moments to allow our next witnesses to take their seats.

Sitting suspended at 11.01 a.m. and resumed at 11.07 a.m.

Cost Rental Housing Model: Discussion

Chairman: During this session we will consider the cost rental housing model. On behalf of the committee I welcome Dr. Tom Healy and Mr. Paul Goldrick-Kelly from the Nevin Economic Research Institute; Dr. Larry O'Connell and Mr. Noel Cahill from the National Economic and Social Council; and Ms Eilish Comerford, Dr. John Bissett and Ms Rita Fagan from St. Michael's Estate regeneration team.

By virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of the evidence they give to the committee. However, if they are directed by the committee to cease giving evidence in relation to a particular matter and they

continue to so do, they are entitled thereafter only to a qualified privilege in respect of their evidence. Witnesses are directed that only evidence connected with the subject matter of these proceedings is to be given and are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person or entity by name or in such a way as to make him, her or it identifiable.

Members are reminded of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the House or an official either by name or in such a way as to make him or her identifiable.

I now invite Dr. Tom Healy to make his opening statement.

Dr. Tom Healy: Gabhaim buíochas as an gcuireadh seo chun labhairt leis an gcoiste. I thank the committee for this opportunity to speak briefly, along with my colleague Mr. Paul Goldrick-Kelly from the Nevin Economic Research Institute, NERI.

I will begin by acknowledging that the term and concept of cost rental has become very popular, widely used and, it seems, widely supported by all sides in the debate about housing. This is why it is very important that we are clear what it is that we are talking about. Our understanding of cost rental housing, which is elaborated in our own research, is that it is an arrangement whereby anyone can avail of secure, quality, rented accommodation in a way that covers the full cost of such accommodation but avoids inclusion of a profit margin in the overall cost of renting.

I will explain briefly what it does not mean. First, it does not mean that every individual couple or family necessarily pays the same rent everywhere for the same type of accommodation. Second, cost rental is not the same as social housing which typically refers to public housing for those who cannot afford housing otherwise. The third misunderstanding is that cost rental is some sort of new idea that is, on its own, the answer to the housing crisis. The fourth misunderstanding is that in some way a cost rental arrangement is a way of getting around EUROSTAT and Central Statistics Office, CSO, rules and interpretations of Government debt and expenditure. If that were the main reason for cost rental, it would be a bad idea.

Let me deal with the first point that cost rental is an arrangement as we understand it in use in a number of European countries. We would be glad to expand on that when we take questions later. It involves covering the full cost of site acquisition, design, building and long-term maintenance. In our proposal we envisage that cost rental would be undertaken by a single national commercial, public enterprise body. It would exclude the principle of a profit margin which can vary from 10% to 15%, if not more, of the final sale price of a house depending on location and circumstances. A single national agency operating such a scheme would have the benefit of pooling scarce resources and expertise. We know there is such a scarcity, as the activity in the construction industry is picking up. It would also give people access to affordable rents, pitched sufficiently high to cover the total cost and sufficiently low as to be affordable and below going market rates, especially, but not exclusively, in the greater Dublin area.

Cost rental is a departure, which makes it a bit difficult for people to understand. We think naturally about local authority-led initiatives in social housing. Local authorities have a statutory obligation to provide social housing - I would prefer the term "public housing" - and that needs to be continued and maintained. What we are proposing could complement the efforts of the local authorities to expand and accelerate greatly the output of affordable housing, for example, through leasing arrangements with a new public enterprise body tasked with long-term,

secure, high-quality rented accommodation.

There is a demand for accommodation from many different quarters and groups, including families and individuals, those who may be temporarily working in Ireland, and those who may be thinking about coming to Ireland but not quite sure where to get affordable accommodation. Unlike in Germany, Austria, the Netherlands and many other European countries, we are not used to the idea of a long-term quality rental sector. There is a cultural shift that will take time and require careful design and preparation.

Such a model would have the benefit in the long term of stabilising the Irish housing market. It would take time, but it would help to regularise the supply of housing during periods of bust, which is very typical in the construction industry internationally but especially in Ireland. Having stable funding and a public agency tasked with provision would enable us to regulate the supply of housing better in the long term. It also has the potential to calm the markets and put some downward pressure on rents where there is considerable excess demand, especially in some urban areas.

It would give choice to people. Not everyone wants to buy a home and many people can never afford to buy a home. There are many people in their 40s and 50s looking to retirement who are nervous about the affordability of accommodation if for one reason or another they are not on what we call the property ladder.

My final point relates to being on the books or off the books. It has almost become an art form for us ask EUROSTAT and the CSO how we could design something so that we could get it off the books. That is not the right question. The right approach is to establish the sensible thing economically and socially, and then see if it is possible to do this in a way that is off the books, in other words, not counted as general Government expenditure and debt. There are ways and models for doing this in other European countries which we are happy to expand on. Irrespective of whether it is on the books or off the books, an initial injection of equity and capital is undoubtedly required from the Exchequer. This obviously requires some lead-in time. The degree of urgency for housing is such that we need to scale up and accelerate the process quite considerably. We would be happy to take any questions or develop these points further as members wish.

Dr. Larry O'Connell: I thank the Chairman and members of the committee for inviting the National Economic and Social Council, NESC, to speak on the cost rental housing model. NESC is a Government body which advises the Taoiseach on strategic policy issues. The members are appointed by the Taoiseach and represent business and employers, trade unions, agricultural and farming organisations, community and voluntary organisations, environmental organisations, as well as heads of Departments and independent experts. Its composition means it plays an important and unique role in bringing different perspectives from civil society together with Government. Noel Cahill and I are members of the secretariat and are attending in that capacity.

The committee has asked us to provide an overview of the council's position on cost rental. We will draw on two published reports and have brought copies of each. The council has argued for a range of measures to help engineer affordability in housing. Its most recent report identified that land in public ownership is the most critical resource available to the State and recommended its use for permanently affordable housing. It argues that cost rental would represent one good way of using public land. In that report the council argues that the State could retain ownership of the land and make it available subject to rents being permanently affordable.

International experience suggests that cost rental is the most effective and fiscally sustainable way of achieving permanent affordability in housing. It is also the best way to achieve integrated mixed income housing, in contrast to the residual housing of low-income families. This is explained in our 2014 report on social housing.

The basic idea of cost rental is that a housing provider raises the finance to provide accommodation and charges rents to cover current and capital costs. In those systems internationally, those who cannot afford to pay the cost-covering rent generally receive a housing support. Rents in a cost rental situation will generally be lower than market rents. Typically there is some form of subsidy by way of provision of low-cost finance, loan guarantees or preferential access to land.

The lower rent is partly but not solely due to the subsidisation provided. Rents are not based on the maximum that the market will bear, but are sufficient to cover costs net of the subsidy. Over time the rents in cost rental accommodation may increase, but critically any increase will lag the increase in market rents. This has some similarity to paying a mortgage. Cost renting may involve pooling the historical costs of individual dwellings across a large housing stock.

Cost rental uses modest supply-side supports to underpin affordability. It also makes rent permanently affordable by ensuring that the equity that builds up over time as loans are repaid is used in the service of further affordable housing. Austria is a leading international example of how cost rental housing is a critical component of an effective, affordable and stable housing system. It provides extensive but modest supply-side subsidies for housing, mainly in the form of low cost finance. New social housing is mainly provided by limited profit housing associations that operate on a cost rental basis. They receive low interest Government loans which represent around one third of the total cost of housing. In Vienna they also benefit from access to land at a moderate cost. As a result, they charge rents to cover their costs and they are well below the market level.

In principle, all social housing in Ireland could be based on a cost rental model. It is a long-term possibility. In the short term a cost rental model could be initiated as an addition to the current model. It could be aimed at intermediate households that are struggling in the rental market but that are either ineligible for social housing or unlikely to be allocated it. Such housing could also be availed of by lower income tenants using the HAP scheme. Cost rental housing should be provided by a housing entity that has a mission to permanently provide affordable and socially integrated housing, rather than extract the full market value of its assets, or by an entity that has a legal duty to so. It could also be provided by a private provider, subject to such conditions in return for an element of a State subsidy.

The NESC has argued that cost rental accommodation would be an alternative to renting in the private sector. In the long term it would help to moderate rents in the private sector. As cost rental accommodation is less heavily subsidised compared to the current social housing model in which rents are very low, it can become a larger sector which can cater for a wider range of people. Cost rental accommodation is a realistic and secure long-term option, quite different from the current system. It offers a way of making housing affordable, is more fiscally sustainable and will in time bring much needed stability to the housing system.

Ms Eilish Comerford: On behalf of the St. Michael's Estate regeneration team from Inchicore in Dublin 8, I thank the joint committee for giving me this opportunity to address members.

St. Michael's Estate regeneration team was set up in 2001. Its membership comprises local residents, local community projects, volunteers and a worker from the canal communities local drugs and alcohol task force. St. Michael's Estate was a local authority flat complex located in Inchicore in the Dublin South Central constituency. There were 346 local authority homes on the site which was designated for regeneration in 1998. To date, only two phases have been completed, with 175 new replacement homes being built as part of two separate schemes on adjacent sites. Currently, it is a 10 acre site ready for development. Since 2002 there have been three proposed plans for the estate, the first of which was to have been publicly funded, but it was rejected by the then Department of Environment in 2004. A city council driven plan, which provided for a large density, followed it, but it was rejected in 2005 by the local community and all 52 city councillors. It was followed a public private partnership, PPP, model which was foisted on the community and collapsed spectacularly in 2008. Following the collapse of the PPP model, the community gathered and fought and secured funds to develop a scheme of 75 state-of-the art-homes, the Thornton Heights housing scheme, which was completed in 2014. We believe the current Department of Housing, Planning and Local Government and Dublin City Council's proposed plan under the housing lands initiative is a give-away to private developers. The developer will gain the maximum benefit from that type of development and we oppose this model. Instead we are proposing that a cost rental model be used to provide the housing and facilities. St. Michael's Estate can be a pilot scheme for a radical and workable solution to the housing issues plaguing Ireland.

Our arguments in favour of a cost rental model for St. Michael's Estate are based on three principles, namely, meeting housing need, reducing housing costs, providing real affordable housing and the promotion of long-term housing and community sustainability. The land in St. Michael's Estate is publicly owned and ought to remain in public ownership and be used for the public good. A cost rental model would create the conditions to have a real mix of income and household types which would create more sustainable communities. Local people could live in affordable rental accommodation in their own areas. It would also allow people to live near the city, as is the case in Vienna. It would relieve the pressure and burden experienced by those stuck in the unregulated private rental sector and offer another option other than taking out a life-long mortgage which subjects people to life-long debt. As the experts have told the meeting, it would pay for itself over time, would be crash-proof and take housing out of the hands of vulture funds. A cost rental model has been discussed in Government policy documents, including A Programme for a Partnership Government, Rebuilding Ireland and Social Housing 2020.

What we want for St. Michael's Estate is a publicly funded development to be built on this public land such that 300 homes would be built as part of a pilot cost rental model on the site. Community facilities and amenities should be budgeted for and built as part of the development. If we want communities to work, it makes sense to build them first to enable the people of Inchicore to have a benefit from the scheme from the very beginning. The tenure mix should be 150 households which would come from the social housing waiting list and that would pay differential rent, as they do now. The other 150 households would qualify from a new list created for those with incomes above the current threshold for social housing. The overall cost would be between €55 and €60 million. We are asking the committee to advocate that this funding be ringfenced in the budget. The financial outlay on the scheme would be recouped over a period of 30 to 40 years on the basis of rental revenue received from tenants.

As legislators and policy makers, we urge members to seek workable and imaginative solutions to the housing crisis. St. Michael's Estate offers such a unique opportunity to begin a

process of radical change in housing provision in Ireland.

Chairman: I thank Ms Comerford.

Senator Grace O’Sullivan: I thank the delegates for their presentations. It is very interesting to hear the range of views of the three groups.

I will begin with Dr. Tom Healy. His presentation was very succinct and he helped to explain the cost rental concept. It makes a lot of sense. He spoke about the housing market, the culture in Ireland of owning property and the changes we see happening because of demographic growth. The recession is over for the moment. Dr. Healy referred to the boom-bust cycle in the construction industry. From his experience of the cost rental sector and the evidence in other countries, how does he see it being introduced in Ireland? There is no doubt that we are in a housing crisis. The issues are felt across the board, including the lack of supply and affordability. There is a lack of public and social housing. There is, therefore, a real need for a housing model that would meet demand and the model Dr. Healy has outlined is potentially a good one that might be accelerated to tackle the crisis. What could be done to accelerate it, given the cultural difficulties?

There are vacant and derelict sites across the country. When we refer to a cost rental model, does it apply to new builds only or might local authorities adapt vacant and derelict sites to meet it?

With regard to the presentation made by the St. Michael’s Estate regeneration team, we hear that it is a community that has hit barriers. Given what the group is stating, how can its request be accelerated during a housing crisis to make it happen? The speakers referred to the private rental market and the vultures. We need to get away from this frenzy of people buying properties speculatively which fuelled the bubble we saw in the past and from which we should have learned. Given Dr. Healy’s experience, how can we avoid the bubble expanding with a system such as this that would create exactly what he said, a quality, long-term, secure rental sector that we need in this country?

Deputy Darragh O’Brien: I thank the delegates for their presentations. I read Dr. Healy’s opening statement, as I was slightly delayed at a meeting held prior to this one. I welcome our friends from St. Michael’s Estate, whom I have met on a couple of occasions with my colleague, Senator Catherine Ardagh. I will refer specifically to them.

I want to ask about the cost rental model. It has been outlined clearly how it would work. What is the view on the policy response to it? There is no question but that it is part of the solution. As my colleague, Senator Grace O’Sullivan said, we are in the middle of a housing crisis, as we have known for a number of years. There are 3,008 ha of zoned, serviced land, owned by the State, including St. Michael’s Estate. I have visited many other such sites, for example, on Oscar Traynor Road, the glass bottle site and O’Devanney Gardens where work on only 58 home has been started, although 600 families lived there previously. We need to raise the level of ambition and get some momentum behind the building programme.

What would the delegates like to see happen if they were in charge? We have heard about the cost rental model and that there will be a pilot scheme, but it has not yet started. We are no further down the line four or five years on. The reason people buy instead of renting is security. It is as simple as that. That is why people enter into lifetime debt and long mortgages if they can. It is because they at least feel they own it and cannot be turfed out. We must break that

mindset and ensure the cost of renting is reasonable and that there is security of tenure. We see people in the private rental market becoming homeless because it is not secure. That is why people aspire to buy. If Dr. Healy and his colleagues were in charge, how quickly would they roll out this model?

To follow on from Senator Grace O'Sullivan's comment, can existing stock be retrofitted and have the model applied to it? We have discussed the matter as a committee. I visited a number of sites in Dublin Central the week before last on which there were hundreds of boarded up units that were listed for refurbishment by the city council. They are not included in void lists because they are due for regeneration. I was in a place on Constitution Hill where there were three generations of a family living in a two-bedroom flat, yet on the first floor of the building, there were 12 flats boarded up. People say they would do them up themselves if they were given the tools. We are caught up in regulation and over-complicating the delivery of housing. Given the hundreds of units I saw in one constituency alone that were boarded up, could they be retrofitted to have such a system rolled out?

I thank Ms Comerford for her presentation and note that Deputy Joan Collins is present. At the group's request, a number of us wrote recently to the Minister for Housing, Planning and Local Government, Deputy Eoghan Murphy, to seek a meeting with him. We have not yet had a response, but he agreed verbally to have a meeting. St. Michael's Estate should be the first because we need to show that redevelopment and regeneration are happening somewhere because they are not happening in any of the flagship developments, for want of a better phrase, such as O'Devaney Gardens. We made a call on a cross-party basis for funding for public housing on that land. We were very clear about it and Fianna Fáil supports it. We want to make sure that after years of disappointment and the project being delayed time after time, we will push for the development of St. Michael's Estate. I commend the group's members for the work they are doing. With Deputy Joan Collins and others, I hope we can meet the Minister next week. Although the Dáil is due to rise for the summer, we will still be around and want to push for funding for St. Michael's Estate in the budget which must be a housing budget. It will be my focus and that of my party to ensure it will deliver in that regard. Since we met previously, have the members had any contact with the Department of Housing, Planning and Local Government on the redevelopment plans for St. Michael's Estate?

Deputy Ruth Coppinger: I welcome Ms Comerford, Mr. Bissett and Ms Fagan. It is rotten that the community has to come here to seek a meeting with the Minister for Housing, Planning and Local Government and put forward its own proposals when it has been let down on many occasions. The group is coming forward with its own proposals. I can understand why it considers the model it has put forward to be much better than the private model.

We need to have a major discussion on the cost rental system. The kernel of the problem is that we have a private rental market that is dominating the housing system. People have been allowed to profiteer, while public housing has consistently been allowed to run down and there was no provision during the period of the bailout, in particular. We have had many discussions at this committee. There is an ideological problem because we have a block whereby public housing is not being promoted. We recently received a report from Mr. Mel Reynolds which showed that we could build 114,000 dwellings on public land owned by either local authorities or NAMA and that the biggest hoarders of land in the State were local authorities. That is scandalous. Why are we not pinpointing it? In my area Fingal County Council could build 18,000 houses. It is one of the biggest local authorities sitting on land. It seems that some local authorities are even hiding their land and not declaring it, as reported on RTÉ last week. It is

not the case that we have the land and not the money because we do have the money. There is not as much left as we would like, but there is at least €4 billion in the Ireland Strategic Investment Fund which used to be the National Pensions Reserve Fund. It is being doled out for small private developments and to private businesses, but the most strategic need is for housing. The money could be used to build public housing.

One of the problems is the EU fiscal rules. There was talk about the need for spending to be off or on the books. It seems that algorithms are being used to circumvent the rules. In Damastown in my area plans for a mixed development were put forward because we would all like communities to have a variety of people. We do not want to have monocultural estates. It could be done in different ways and that is what we need to discuss. There is a burning need for social housing. There is a need for an affordable mortgage scheme for those who do not qualify for social housing and cannot buy anything in the private market. There is a need for an affordable rental scheme, such as that to which reference has been made. There are many young people, as well as middle aged and older people, who are being fleeced and whose lives are being damaged. They would like to rent and then move on. In Britain, one used to be able to have a council flat and then move on to something else.

There are different ways whereby a mix could be achieved. We could increase the council income threshold for eligibility, which is ridiculously low at the moment. I have heard from bus workers who do not qualify. When I grew up on an estate, everybody had jobs like that so there is a problem and it should not go uncriticised by the council.

I understand the scheme but I also understand that cost rental is now being pushed because it is fiscally sustainable, according to the report by Dr. Healy. We must retrieve the cost but Dr. Healy said that, in general, rents should be below market rate. Experience in other countries suggest the level should be between 70% and 80% of the market rate. That is much better than what people have to pay at present but even 70% or 80% of the market rate is not affordable in Dublin right now. In my area, rents are €2,000 and €2,200 and I am sure it is even worse in the city. Between 70% and 80% of that is still a lot. If the aim is to retrieve the money straight away, we have a problem.

There was a report last week on breaching the differential rent scheme and there is a campaign to get people in social housing to pay a lot more. They are comparing their rents with what others are paying and are trying to divide people in this way. It is important to maintain the differential rent scheme. The problem is that it is possible to have two people - living either next door to or across the road from each other but in the same scheme - and one is paying a differential rent and the other is paying perhaps €900. We need to demand a Government that breaches the EU fiscal rules and builds housing, with affordable mortgages and affordable rental for young and old people as well as social housing. I would be happy to help the witnesses in any way in this regard.

I have an issue with cost rental being pushed by some people who see it as a way of bypassing the public system. The housing situation is getting worse and I do not think it is just because the Minister is hapless. It is a policy decision and housing is not a priority. We have to demand that public housing is built and any rules which block that need to be ended.

Deputy Pat Casey: I welcome the presentations. I read some of these reports well over a year ago and it is frustrating to see how long it takes to get anything done. Dr. Healy referred to the question of whether something was on the balance sheet or off it but we have come so far in the housing crisis that we would look at anything that might be a solution. This offers an

off-balance sheet model that could be sustainable in the long term.

We need to talk about public housing, and not social housing. This offers all of society an opportunity for a home because it goes way beyond the current social housing schemes. If we apply a differential scheme, the State will only pick up the difference so the model has huge potential. It would get over the issue of income limits because the rate would be based on a person's income. Both models propose a national body to manage it.

Dr. Kelly said that capital reserves would need to be built up. However, the credit unions have €700 million that they are waiting to invest in something such as this. The solutions are out there but they are not being delivered on, and that is frustrating.

Deputy Joan Collins: I am an advocate of the cost rental model, which Dr. Healy put forward two years ago, because it could be a game changer for our society. We should not get hung up on whether it is on the balance sheet or off it. We have to get the concept out there. We should not differentiate between social housing and cost rental - it should all be public housing. A person should be allowed onto a social housing list whether he or she earns less than or more than €42,000. It is important not to have divisions such as this in communities and there should be no NIMBYism about which people should be allowed to live in a community.

St. Michael's Estate is an example of how this can work. It is important that we get behind the St. Michael's Estate campaign for public housing on public lands because we have had reports that there is land for the OPW and the local authority to build 114,000 houses. We have to get the message out to the broader community. The regeneration team has been fighting for 20 years for proper housing, which would be for people in the community and not those from outside. They are not going to be houses for €340,000 or €400,000, which very few in my community in Inchicore could afford. What emphasis is the regeneration team putting on the role of amenities in the proposal? It was suggested that the amenities be built first.

Deputy Eamon Ryan: The witnesses, including those from NERI and Dr. Healy, have all played a very important role in respect of this issue. The NESC report on cost rental has been hugely influential. Inchicore should be the first large-scale example of its deployment. We have a small project in Enniskerry but it is not big enough in scale. There is potential for this to change our entire housing model and if we can get the Inchicore site done it will be hugely important. It is so obvious because everyone agrees that the system of subsidising rental is not working. It is incredibly expensive and maintains a divided and ineffective housing market and rental model.

I was very glad that our motion supporting cost rental passed with all-party support in the Dáil earlier this year. What is frustrating, however, is that the Department has been so slow, even though the Minister is making noises that suggest he agrees and despite the fact that it is in the programme for Government. The inability to translate that outward support for a concept into effective action is deeply frustrating.

While the Minister states that he is talking to the EIB and has one or two projects in mind, we should be thinking of ten or 20 projects, not just in Dublin but also in other cities. We should start in Inchicore within a matter of weeks and secure the necessary support for the capital funding to have a working model. I know the site well. It is located ideally close to the centre and meets all the national objectives in terms of restoring life to the core and creating diverse communities whose members can live close to work and schools. My simple message is that this is crying out to be done. I commend Inchicore and, in particular, Ms Comerford, Ms Fagan

and Mr. Bissett on showing such leadership. The State must respond to make this happen. The NESC report presents the economic analysis that gives us confidence that this is the right thing to do. I am deeply frustrated that it has not been turned into reality on a scale required to deal with the housing crisis in this city.

Dr. Tom Healy: There were a lot of questions. I will try to deal with them as quickly as possible. The first related to how long this would take and how it would be done in light of the culture that exists. The culture is very much that people should buy their own homes and that if they are renting long term in the local authority sector, they should have the right to buy their own homes. That is something we will have to rethink, as is the idea that a sprawling, low-density city is still possible and feasible. Paris city would fit well within the perimeters of our M50 and families can live there without the need, necessarily, for private transport. There are public facilities and services. I am not saying it is easy for people to live in those sorts of cities, but it is possible. There is an excellent public transport system of course.

The problem right now is that houses and apartments are being built in all sorts of places well outside Dublin. While there is nothing wrong with that, one has to ask where the commuter trains, extra tracks, bus corridors and other facilities, including medical and educational, are. Water is a major issue in parts of north County Dublin. It may be connected to recent new housing developments, I do not know, but there is clearly a need to look at all these things in the round. That is where local authorities and other public agencies have a crucial role to play. The housing needs of asset fund managers are not the top social priority right now in Ireland, but we should take note that 55% of asset fund managers polled recently in the UK said they were preparing to redomicile to the Republic of Ireland within five years of Brexit. One might ask what that has to do with Inchicore, the East Wall or Ringsend, but, in fact, it is a significant issue because it will place huge upward pressure on the demand for accommodation in Dublin city areas.

To get to the point, in our proposal on cost rental, we suggest the establishment of a single entity to be called the “Housing Company of Ireland”. It could, of course, be called any number of things. This company would sit beside and outside general government at central and local level and could do the work of designing, commissioning, building and maintaining services over time. It would gradually build up in terms of new builds as well as in terms of converting existing property also. The potential for the latter is limited, but it is there, in particular in some urban areas. The point touched on by the people from NESC is that this is a potential game changer. However, that does not mean it can happen overnight. It will take five, ten, 15 or even 20 years of cultural shift. We have to realise that we are grappling with 40 years of bad social policy, starting with the sidelining of the Kenny report in 1974 and the implications that has had for land values and land management over four decades, the dropping of a modest proposal to tax vacant sites in the 2014 budget and the policy of gradual withdrawal of the public sphere from housing. This problem did not begin in 2008, rather it goes back to at least the mid-1980s when, mirroring developments in the UK, local authorities withdrew significantly from the supply of housing. We need to unravel those unwise policy choices, which will take time.

I will comment briefly on the question of affordability raised by Deputy Coppinger. This is important. Clearly, we are not suggesting one single rent level for everyone. There is a possibility, which my colleague Mr. Goldrick-Kelly can discuss further, of cross-subsidisation whereby families with higher incomes could pay a somewhat higher rent level, still below the market rate. That would enable other families or individuals to pay a bit less. It is undoubtedly the case, however, that some form of subsidy would be required for households on very low or

modest incomes. It would be a better use, frankly, of the housing assistance payment to apply it for that purpose than to continue with the existing arrangement where the Exchequer is, in effect, subsidising private landlords in a market that is out of control.

Deputy Ruth Coppinger: May I intervene? I have to leave in ten minutes. It is very interesting to hear Dr. Healy say that it should still have a bearing on the person's income.

Ms Rita Fagan: We really appreciate being here because we do not often get to sit at tables like this to discuss large policies and models. I come from a local authority flat complex. Like any other community, people go out to work and pay rent. They do not get their accommodation for free as the prejudice out there suggests. People pay according to the income coming into the home. A lot of our communities have been prejudiced by what is said about them but like many public communities, they live quietly alongside others. For nearly 20 years, St. Michael's Estate has been involved in the battle for homes. The management of the estate was removed. I have been a community worker on the estate for 30 years. When we think about the big picture, we have to support estate management in communities, whether it is cost rental or no rent. That is an element that was taken away and the drugs then took over the city. In the long run, people could not take any more because everyone else, including the police, had pulled out. We lost a publicly-owned, very rich piece of land in the city with 346 homes and 1,500 people on it. If we had gone with the first plan that we sat down on, people would be living in their homes now. Ideology came into it, which meant public private partnerships.

We fought very hard and we have had to change our minds on cost rental and to realise that the land is very valuable. If we were calling for public housing on it, we probably would not get it. We have seen through the work of Mr. Bissett and Ms Comerford in other places that cost rental is a whole other model to consider in seeking to have some public housing and accommodation for others who cannot get mortgages. We have shifted towards that. After 20 years, the State has a moral duty to build on the site a good and sustainable community that has facilities, green spaces and 300 homes, giving people a chance to have a home. The Chairman might say that I have gone off topic, but we should be building public housing. There should also be new models. Young people who have been exposed to Europe or have travelled know that there are ways other than mortgages.

We have valuable land. The Constitution was mentioned. Many of the communities that have been red marked were poor people living on valuable land. We urge the committee to consider supporting the cost rental model for St. Michael's Estate, given its facilities and green land.

Ms Eilish Comerford: Deputy O'Brien asked whether the Minister for Housing, Planning and Local Government had responded to us. We met him a few weeks ago and put our case to him. He told us that he would get in touch and probably visit the site to have a conversation with us, but nothing has happened. In fairness, we need to follow that up ourselves with a request.

The frustrating thing is that we have been waiting 20 years for the vacant site in Inchicore to be developed. The cost rental model is attractive for us because some people on the waiting list have been there for 11 years and are getting nowhere. They find it difficult to get private accommodation. The monthly rent for private accommodation in Inchicore is €1,600. People have to move out of their area. There are also people who are just above the income threshold, so they do not qualify for social housing, but they want to live in the Inchicore area in Dublin 8 near the city centre. A new state-of-the-art children's hospital is being developed on James's Street,

which is ten minutes away on the Luas. If we do not have affordable accommodation, we will probably not attract people to work in the hospital. The idea of the model's cross-subsidisation is to make housing affordable so that most of someone's income is not spent on accommodation, leaving him or her little else to spend on anything else.

The schemes under Dublin City Council's housing land initiative could result in private development. Many people cannot afford to take out mortgages. They do not even qualify for mortgages. Prices are so high in Dublin that people cannot even afford to buy under the affordable housing scheme. That results in people being in situations where, if they get sick or lose their jobs, they may lose their homes. We must consider other solutions.

We need leadership in government. In the past 20 years, a new Inchicore primary care centre and a sports complex have been built and Richmond Barracks was redeveloped, but only 175 homes have been built. Something is wrong in the housing sector if we cannot get this right. We are asking the Government to show leadership. We welcome the cross-party support for this campaign. We urge committee members to table a motion on ring-fencing funding for this project and to do whatever it takes to implement this model at St. Michael's estate.

Regarding Deputy Coppinger's point, we support public housing and it should continue to be resourced alongside this model. We would be happy to meet the Deputy at any time she likes.

Chairman: I thank Ms Comerford.

Dr. John Bissett: I thank the committee for the invitation. A few points struck me. It is important not to forget that the housing issue has to be tied to the issue of economic equality. When we discuss the sliding scales of possible rental structures within the cost rental model, the ideal situation would see no income differentials between people. There is significant economic inequality between groups in this country, so we need to consider this matter seriously. It is not the housing that creates the economic inequality. Rather, the housing reflects the economic inequality. Our public housing system is not essential in and of itself and has not just manifested somehow. It is purely a reflection of the inequalities that exist within society. What we get in the public housing sector at the moment is a particular class of people who are clearly defined and demarcated on the basis of income. We should aim for a radical reduction of income and wealth inequalities across society. That would aid us phenomenally in changing how our housing structure looks. We are doomed to repeat mistake after mistake if people continue to be poor living in public housing. To use the dreaded word "holistic", the State cannot divorce housing policy from issues of economic inequality. They have to be addressed together.

I ask the committee members to think, please, about how they will deal with this question as legislators. I would challenge them on whether they have an interest in it and believe it is important, given that the State seems to believe it is not important, that economic inequality can continue regardless and we can have a society that is based on class and gender axes and is increasingly divided racially, given that poorer immigrant communities now live on the fringes of the city in high-rent private accommodation. This is a fundamental issue.

Home ownership has been engineered through policy decisions. Dr. Conor McCabe's book, *Sins of the Father*, describes how housing policy was manufactured in Ireland in the 1940s, 1950s and 1960s just as it was manufactured in other countries. Large capitalist organisations saw housing as the mechanism for wealth extraction and capital investment. They continue to view it as a mechanism for wealth extraction.

The thrust of the cost rental model is to make housing a public good. I take Deputy Cop-pinger's point. Ms Comerford and I are involved in a group called Housing Action Now. We do not just want to see this done on a local level in St. Michael's Estate, crucial as that is. Rather, we want to see it done at a national level. Given that we view housing on a European level as well, we are also involved in the European action coalition for housing.

At the national level, it is critical that we be able to meet the scale of our housing problem. Housing policy and Rebuilding Ireland have failed. They are not doing what they are supposed to do. The reason for this is that the current Administration still believes that the market has all of the solutions to the problem, but it does not. The State will have to make an intervention. Within the field of power that is politics, one Administration will be replaced by another because people know that the scale of society's housing crisis is problematic for them. The State has to respond at some level. The market does not have the solutions.

Regarding home ownership, a significant number of people in mortgage debt are at risk of repossession due to the housing policies that caused and drove the previous crisis. As such, it is not as simple as saying that home ownership is still the way to go. Using St. Michael's Estate as an example, the idea behind the cost rental model is to change our housing system and policy.

During the crash, and as outlined in the NERI paper - other people have given presentations at St. Michael's Estate - the Austrian housing system continued building sustainable blocks of housing year on year because the state was geared up to deliver its housing policy and meet need. We need a sustainable housing policy. It does not take much common sense to work out that leaving it all to the extraction of wealth from the housing system will be problematic. The consequences of that policy can be seen everywhere.

Chairman: I wish to clarify one or two points because I did not speak in the first round. This is cross-party and we normally take the politics out of this committee to get houses built, but I did sit at the national economic dialogue all day where we had various stakeholders across many different sectors and then there was the break-out session for housing and housing delivery. The commonality that was around that table was not to touch policy now because it is working. While it has taken time to get to the point where it is now, they are starting to see those indicators of commencement orders, houses being built and local authorities having targets and the funding to do it, although that has taken time, but they are saying that those indicators are moving in the right direction. I am not disagreeing with anything that was said. I am just putting that out because that is what came from the national economic dialogue. Local authorities have applied for funding for delivery, the procurement process has been changed from eight stages to four stages and other streamlining has happened.

I understand the frustration with St. Michael's Estate and, while everything is being put in place to make things happen, the complexities around that are very frustrating and I accept that. We have to get it right. This is taxpayer's money so it has to be invested in the right manner. Otherwise it would be a misuse of taxpayer's money. There are ongoing negotiations nearing finalisation with St. Michael's Estate and we will bring back the comments about the Minister and the Department visiting the site.

Did Dr. O'Connell wish to come in?

Dr. Larry O'Connell: I will make an overarching remark to begin. The NESC has made it very clear in terms of international evidence that the market does not provide for more than 60-70% of people's housing needs anywhere. It is not just in Ireland. Every country finds itself

having to intervene proactively in the market to cater for the housing needs of society. The recent NESC report makes it clear that such intervention cannot just be arm's length. It needs to be much more proactive in terms of engaging on the land issue. In the view of NESC, that is clearly required in the direction of policy.

On the issue of cost rental, I sometimes think of it as akin to talking about a start-up. We have a rental model that is a single type of provider. All of the market rental is provided by a profit-oriented business model. We are trying to encourage a new business model with cost rental. That will lead to a very disruptive change which will make the market more balanced in the end in that there will be competing providers making very different offerings. If a disruptive technology like that is being talked about, any start-up needs support, such as from Enterprise Ireland, to get off the ground. Once it gets off the ground, we have seen, as Deputy Eamon Ryan has pointed out and when the international economic model is looked at, that it can be sustainable. In the start-up phase, however, there are issues and difficulties that have to be resolved, and Deputy Copping referred to some of those, such as how the levels of rent would be set, how its connection with existing rental payment systems would be worked out, how the fact that rent may still not be affordable for people is dealt with, and other policy interventions may be required in such cases to make cost rental affordable. Those issues need to be worked out. I am not in a position in any way to comment on Government policy and I will not be an apologist for it but it is a fact that some of those issues have to be worked out and that modelling needs to take place. It is my understanding that such work is under way.

A certain amount can be done to model those exercises, look at the literature and work out what needs to be done. If progress is going to be made, however, and a recent NESC report is clear on this, then projects are the key to doing it. It is heartening for us to see that the policy system receptive to it now, and Mr. Cahill has been one of the people championing cost rental for many years, but it is fantastic to hear of a project coming from St. Michael's Estate and a group which is looking at this and saying it can see how this can work. To move forward on this will require many projects. That will work out some of the remaining issues and that is the key to working forward. We believe that there is an appetite now within the system for cost rental and that it is accepted. To resolve some of the issues, modelling will be required but in the end it will require projects to make progress.

Chairman: Does Mr. Cahill wish to come in?

Mr. Noel Cahill: I will comment briefly. On how we might get started with cost rental, in the first instance, a local authority which has land would be in the position to do some cost rental developments. The issue of being on or off the books has slowed things up too much. There would be benefits if an entity could be created formally outside the government sector. One of the benefits would relate to the economic cycle. When recessions come, there is invariably pressure to cut spending. In the Austrian case, however, cost rental providers have continued to build during recessions, something that has been facilitated by the fact that the entities are formally outside of government. One could start with local authorities but ideally cost rental would be done with other entities such as a public body that operated on a somewhat commercial basis, but there are various models.

Chairman: Does Mr. Goldrick-Kelly wish to come in?

Mr. Paul Goldrick-Kelly: I will make a short intervention reiterating what has been said, but there is an overarching aspect to this in that what would be a game changer is the idea of an integrated market. The key here is that the cost rental model would enter into the market as a

large enough player that it would influence developments elsewhere. Private sector, for-profit providers would have to respond to rents set in this cost rental model. It would act not simply to house people on current lists, which is undoubtedly important, but also act to stabilise the market as a whole and prevent these swings back and forth. That would influence the question of profitability or percentage of market rent. This system itself would enter into the setting of market rent. Markets would have to respond to the rents in the cost rental sector.

It should be seen as an intervention with many facets. There is the intermediate term of housing people who need to be housed, and that is crucial, and the issue of supply, but there is the longer-term issue of having a housing market that is stable over time and is not subject to these swings which we have seen.

Chairman: I will bring in Deputy Pat Casey and Deputy Eamon Ryan for 30 seconds each because we are well over time. I will be a stickler on that.

Deputy Pat Casey: Ireland has a social housing stock in or around 9%. If we are to move to the cost rental and public housing model, what percentage of the housing market does Dr. O’Connell think the State should control, either through a housing company of Ireland or directly through the State which would have a sustainable balancing factor on the market?

On the model itself, I am not sure how long Austria has the cost rental model, but as soon as the loan and finance costs are paid, I assume that the rent does not come down and that the money is reinvested. Is that reinvested in replacement of stock or in a combination of replacement stock and-or bringing the cost of renting down even further? That is why I am not too sure exactly how long Austria has that system in place. Is that the vision Dr. O’Connell sees because the big cost in all of this is the finance cost? If we start this today, in 20 years an entire cost and expense will have been removed, but yet, I assume that the tenant will not get an 80% reduction in the rent. Something that might happen there is that it is reinvested into replenishing the supply and-or subsidising rent moving forward.

Deputy Eamon Ryan: I was also at the national economic dialogue and, in the discussions I had and in some of the public forum discussions, I heard many people calling for a cost rental model. I accept that more housing has been built but it is still a fraction of what we need. It is not a party political point when I say that I fundamentally disagree that we need to leave things as they are. We need a radical change in our housing policy. What Dr. Healy said about the mistakes of the past 40 years is so true and I do not see us changing. This is not a numbers game. It is about changing society. Dr. O’Connell is right that we must test it and learn from our mistakes, but we need ten projects and not one or two. We need St. Michael’s by all means, but we need ten projects. If we do not do it now, the horse will have bolted. This is when we have the money, the growth and the population to cater for. If we are not willing to reform and do things differently, my children will grow up in a society where the same housing crisis and issues will come back and this will have been a missed opportunity. I must register a completely different view on the desire for radical change at scale.

Chairman: I know Deputy Ryan was not at that break-out session, but I am just relaying what was said by some who are professionals in this area, including approved housing bodies, the Construction Industry Federation, An Taisce, chartered surveyors and the Royal Institute of the Architects of Ireland. I am just relaying the commonality. These are people who work in the sector. With regard to the housing summit and licensing agreements, where we have State-owned land or lands with more than 100 units, 23 initiatives are under way for delivery on licensing agreements. There are many pieces to this and cost rental is one of them. I believe cost

rental is a huge piece of the solution to the crisis. I commend those involved with St. Michael's Estate on their commitment to the regeneration of the site and I wish them the very best of luck. I do not know whether anybody wants to come back in on any particular comments to finish up.

Dr. Larry O'Connell: With regard to the number of projects, NESC calls for an ambitious programme of flagship projects and not just one. We can provide further details on how rents have changed in Austria. There would be a drop at the end of the line, and it is very important with regard to pensions that people's rents do not stay high. There is a programme of reinvestment and the rents stay stable. At the point when somebody reaches retirement, one would hope the rents would drop and would be significantly lower. Mr. Cahill will comment on the composition.

Ms Rita Fagan: The maintenance of any community is very important. When things are let run down, they change.

Deputy Pat Casey: The cost rental model includes a maintenance fee within it, which is vital. It is what has been lacking in local authorities.

Mr. Noel Cahill: With regard to the size of the sector, we did not put on number on it. A number of European countries have approximately 20% or more than 20% social housing. The highest share of social housing I am aware of in a European country is the Netherlands, where it is approximately one third. Here, it needs to be substantially higher than it is at present. Over time, we would be looking to get to 20%, including existing social housing. With regard to what happens to rent in the long term, it will generally be the case that surpluses build up and they become the equity which can be used to fund some of the cost of new developments. Austria has a feature whereby, in the very long run, there is a massive fall in rents. There are reasons for and against it. It is more common that it does not fall massively. The funding can be used for new development and refurbishment.

Chairman: I thank all of our witnesses for coming in today. As ever with housing, we would love more time but we have a voting block coming up in the Chamber. I thank all of the witnesses for attending today and for the information they have shared with us.

Before we finish up I wish our clerk, Fiona Cashin, the very best. She is not going on maternity leave just yet but this is her last committee meeting. She will be hugely missed because she is a tremendous asset to the committee. She has been vital to the delivery of many reports on issues we have been trying to proceed with. I wish her and her partner all the very best for the future. She will only be dying to get back in here to get a bit of rest. She might come back in here to get a bit of sleep when she has a newborn.

The joint committee adjourned at 12.26 p.m. until 9.30 a.m. on Wednesday, 19 September 2018.