

DÁIL ÉIREANN

AN COMHCHOISTE UM POIST, FIONTAIR AGUS NUÁLAÍOCHT

JOINT COMMITTEE ON JOBS, ENTERPRISE AND INNOVATION

Dé Máirt, 6 Nollaig 2016

Tuesday, 6 December 2016

The Joint Committee met at 11 a.m.

MEMBERS PRESENT:

Deputy Niall Collins,	Senator Aidan Davitt,
Deputy Stephen S. Donnelly,	Senator Paul Gavan,
Deputy Maurice Quinlivan,	Senator James Reilly.
Deputy Noel Rock,	
Deputy Bríd Smith,	

DEPUTY MARY BUTLER IN THE CHAIR.

The joint committee met in private session until 11.10 a.m.

Scrutiny of EU Legislative Proposals

Chairman: The first matter of business is COM (2016) 662, under Schedule A, which is a proposal for a decision of the European Parliament and of the Council on the participation of the Union in the Partnership for Research and Innovation in the Mediterranean Area, PRIMA. It is proposed that this proposal warrants further scrutiny. Is that agreed?

Deputy Bríd Smith: I reiterate the concerns expressed in private session regarding Israeli participation in this initiative. Given that one of the elements of PRIMA relates to the provision of water and food, there is significant cause for concern arising from Israel's record of depriving Palestinian communities of water, deliberately diverting supplies away from Palestinian lands and engaging in the persistent persecution of local farmers by destroying one of their best resources, namely, their olive trees. We must question Israeli participation in this programme. I note the concerns that have been articulated about how the proposal might impact SMEs and research activity in this country. We should also record our concern about Israel's role in the programme, particularly in regard to the provision of food and water.

Chairman: We have agreed that the proposal warrants further scrutiny and have requested an information note. The committee will discuss the matter further in January. Is that agreed? Agreed.

Sitting suspended at 11.12 a.m. and resumed at 11.15 a.m.

Economic Impact of Brexit: Discussion (Resumed)

Chairman: I remind members, witnesses and persons in the Gallery to ensure their mobile telephones are switched off or in aeroplane mode for the duration of the meeting as otherwise they interfere with the broadcasting equipment.

The next matter for consideration is a discussion on the likely economic impact of Brexit, with particular emphasis on jobs and enterprise and the steps being taken to mitigate the risks that present. We are very happy to welcome Mr. Chris Hazzard, Northern Ireland Minister for Infrastructure, and Mr. Máirtín Ó Muilleoir, Northern Ireland Minister of Finance, to the meeting today. The committee has been engaging with stakeholders on this topic for the past two months.

Before we commence, I draw the attention of witnesses to the fact that by virtue of section 17(2)(I) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to the committee. However, if they are directed by the committee to cease giving evidence on a particular matter and they continue to do so, they are entitled thereafter only to qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and they are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person, persons 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 remind our guests that their presentation should take no longer than ten minutes. I invite the Minister, Mr. Hazzard, to make his opening statement.

Mr. Chris Hazzard: Go raibh maith agat, a Chathaoirligh. I thank the committee for the invitation to attend the meeting. On 23 June, 56% of voters in the North democratically expressed their wish to remain within the European Union. They did so because it was in their political, economic and social interest to do so. The unilateral decision by the British Government to withdraw from membership of the Union and drag the North of Ireland with it, without our consent, is both disastrous and profoundly undemocratic. I welcome the opportunity to engage with colleagues in the South given the economic position in which we find ourselves.

I will outline the work we have undertaken to date. My officials have been working to identify and consider the challenges, whether operational, regulatory or financial, our Department faces and will face in the future. That work has involved our engaging bilaterally with key sectoral stakeholders such as our ports and airports to help us better understand the wider implications Brexit may have for them as businesses. We have had several useful meetings with the relevant representative groups, including the Freight Transport Association and the British Ports Association, to hear their collective concerns. My officials met with colleagues from the Department of Transport, Tourism and Sport on 16 November in Belfast to discuss emerging issues. I am keen that this engagement should continue as we work through the process and the direction of travel on fundamentally common issues becomes clearer.

At this early stage, one of my main concerns is the loss of access to critical European funding. For my Department, the financial and operational implications of losing access to infrastructure funding programmes from Europe are significant. We have worked, as has the Department of Transport, Tourism and Sport, to raise the profile of some of our most significant projects within the European Commission, with the specific purpose of attracting co-financing. These include the York Street interchange, the Newry southern relief project and the Belfast transport hub. The cross-Border dimension of these projects adds weight to each application and provided us with a reasonable expectation of success in securing funding. Despite the circumstances we find ourselves in, I am very much committed to pursuing opportunities to access EU funding programmes between now and a possible UK exit from the Union. There has been a good level of co-operation throughout Ireland - I mean between the Administrations in Dublin and Belfast - to support the securing of EU funding for cross-Border projects. We need to build on this activity and ensure that it continues into the future.

We have an opportunity to show a united front during negotiations in areas that would benefit both Administrations. In particular, we must lobby to retain a presence in EU transport infrastructure plans through continued participation in the trans-European transport network, TEN-T, programme and access to the Connecting Europe Facility or CEF funding mechanism. This activity would also help the South as the deconstruction of the North Sea-Mediterranean core network corridor would almost inevitably become further isolated in EU infrastructural terms.

I have a concern about access to the Single Market. If our access is heavily constricted or lost altogether, it will create problems for all sectors of the transport industry, including our ports, airports, road and rail infrastructure across the island. Sinn Féin strongly opposes the North being forced out of the EU. We believe that as part of the Brexit negotiations it is es-

sential that we argue the case for a designated special status for the North within the European Union.

I thank the committee for the opportunity to attend here today. It has been a pleasure and I look forward to answering questions afterwards.

Chairman: I thank Mr. Hazzard for his presentation. I call Mr. Ó Muilleoir to make his presentation.

Mr. Máirtín Ó Muilleoir: Gabhaim buíochas le baill an choiste as ucht an cuireadh seo a thabhairt dom bheith leo inniu. Bhí mé anseo ag tús na bliana nuair a sheol an choiste tuarascáil ar chomhoibriú trasteorann. Tá súil agam go mbeimid ag caint faoin ábhar sin amach anseo. Is pléisiúr ar leith é dom an seans seo a bhaith agam labhairt ar na himpleachtaí a bhaineann le Brexit. Ar ndóigh, bhí Port Láirge sa nuacht siocair an triúr fear óg a fuair bás ar na mallaibh. Ba mhaith liom mo chomhbhrón a chur in iúl faoin tragóid sin.

I thank the Chairman for the invitation to attend. In recent days Waterford has been in the news due to tragic circumstances and I extend my condolences to everyone concerned.

The Chairman is newly appointed to her role. I worked with the previous committee on the report on all-island economic co-operation and I hope that we will return to that work again.

On the issue of Brexit, I have detailed notes on the PEACE programmes, the INTERREG programmes and other areas. I will make three brief points initially and perhaps we will cover the other issues when we deal with questions.

The North is staring into a Brexit black hole. I see no opportunities in Brexit for economic improvements, cultural exchange, community uplift or peace building. I have failed to be persuaded by everyone who has said that we are on the cusp of massive opportunities. To avoid that calamity, it is my job, as Minister of Finance, to put in place the measures and actions that will ensure that we do not go over the Brexit cliff and instead find a way, most probably under some type of special case or status, where we continue to enjoy the benefits of European membership in the time ahead, in particular that EU programmes continue.

I make the existential point that the people who live north of the Border want to continue to enjoy the bounty of Europe. The peace process has been a defining happening of my lifetime. It would not have happened without the co-operation, intervention, help, support and assistance of the European Union. In my estimation, the membership of both parts of the island in the European Union has helped the equilibrium of the peace process. The European Union has acted as a guarantor for the peace process and it is essential that this role continues in the time ahead. There is a possibility that the bounty of Europe could be lost to my children, our children and grandchildren. We need to avoid such a calamity.

Recently, I visited the Centre Culturel Irlandais or the Irish College in Paris. On that occasion I was reminded that Europe continues to enjoy the bounty of the entire island of Ireland. It is for those reasons, which go to the very core of our values and beliefs, that we must defend the rights of the majority who voted to remain and ensure they continue to play a full role in the European Union.

My Department is located in the beautiful offices of Clare House that are located on the lough shore in Belfast and it affords me an opportunity to look out of my office window towards Bangor. In the year 590, St. Columbanus left Bangor Abbey to bring Christianity to Europe.

He travelled through Scotland, which is an interesting contemporary link, to Gaul that is now known as France, St. Gallen in Switzerland and Bobbio in Italy. Since that period, and beforehand, the people of Ulster have been proud to be Europeans. It would be a massive setback and would close a door on our future if, all these years later when we are supposed to be more sophisticated, forward looking and future focused, we allowed ourselves to be ejected from Europe.

I understand how terribly busy people are, but I hope the Chairman will lead a delegation from her committee on a visit to some of the transformative peacemaking, peace building and bridge building organisations that have benefited from PEACE and INTERREG funding, especially around the Border area but not exclusively on the Border. Right across business, culture and communities the committee will find groups that have deployed European funding to build peace and reconciliation. I hope the members of this committee get a chance to visit some of the groups in 2017.

Chairman: I thank Mr. Ó Muilleoir for his presentation. I invite questions from the floor and we will commence with Deputy Quinlivan.

Deputy Maurice Quinlivan: I welcome both Ministers to the meeting. Mr. Ó Muilleoir in dramatic fashion mentioned the potential for Brexit to drag the North into a black hole. What are the implications for the Good Friday Agreement? What does the Government in the South need to do to ensure that the Good Friday Agreement and its structures are protected? What does the Government in the South need to do to ensure that the North is granted special status if Brexit goes ahead?

Mr. Máirtín Ó Muilleoir: I would like to put on record my thanks to the Department of Foreign Affairs and Trade. Recently, I visited Brussels and had a great opportunity to address 27 Ministers for Europe who hailed from the other 27 member states. The British were absent from the round table talks for the reasons one expects. It was a great opportunity for me to address the remaining 27 states. That was in part due to the help, support and encouragement provided by the Minister of State at the Department of Foreign Affairs and Trade, Deputy Dara Murphy, who has responsibility for European affairs, and the Irish Ambassador to the EU, Mr. Declan Kelleher. That common purpose that I have witnessed, across my Department and the Government in the South, will be vitally important in the time ahead. I hope this co-operation continues. We know that Brexit is not just a British and Northern Ireland problem, but affects all of us whether it is fisheries, the agrifood sector, manufacturing or the small business community - every aspect of life.

The North-South Ministerial Council recently held a meeting in Armagh. The Taoiseach made it clear at the event that he is determined to ensure that the North is not cut off from the bounty of Europe and continues to enjoy the benefits granted by EU membership. In my view, a Brexit contravenes the spirit of the Good Friday Agreement. It will be tested in court whether Brexit contravenes the letter, but it certainly seems to be a denial of the promise and hope that was inherent in the Good Friday Agreement of a fresh start to relations.

Every day brings a new report on the economic impact of Brexit but none of them has pointed to its benefits for the North. Chancellor Hammond has produced official figures and claimed that Brexit will cost the British Exchequer £60 billion. He has also said that the UK's economic growth will lose 2.4 percentage points between now and 2020. All of those negative impacts will be magnified north of the Border in Ireland. The recession and downturn predicted for Britain will be felt worse in Northern Ireland and will last longer. It is incumbent upon us

to create joint strategies to mitigate against the harmful effects of Brexit and, hopefully, find a better way forward.

I have lauded the European community but the greatest partner in the Good Friday Agreement has been the people of this State. There has been cross-Border co-operation and an all-island vote for the Good Friday Agreement. It is through partnership with the people of this State, Deputies and elected representatives that we will find a way through this. There is a strategy and a solution to this which will make sure we do not fall into that black hole.

Chairman: Would Mr. Hazzard like to comment on that?

Mr. Chris Hazzard: The Department for Infrastructure is a new Department bringing together three previous ones. The relationship at official level has been very good. The level of European funding in recent years has been close to €100 million for a wide variety of projects. When we think of infrastructure, we often think of roads, but vital funding has been provided for water projects and such funding is crucial for the future. We must remember that it is not only the hurdles that are placed in front of us immediately but the future opportunities that will be lost that are most depressing. We need seriously to examine that. I was recently in China and when we invest it is important to note the need for regional balance, which is an issue across Ireland. We do not want to leave communities in the north west and the west behind. That is a deficit I am trying to address. In the North and right across this State, we need increased investment in regionally balanced items of infrastructure. The European Union looks set to be a key deliverer of some of those. That would be a pressing development for the future.

Deputy Maurice Quinlivan: Mr. Ó Muilleoir mentioned all the reports he has read and all the reports that have been published, which most of us here have read also, and he said there is no benefit in them, and I agree with him on that. Our Minister for Jobs, Enterprise and Innovation said that the Brits do not know what they are doing regarding Brexit. We are in a dodgy situation. If a hard Border were introduced, how would that affect Mr. Hazzard's Department in the context of the airports, the three ports in the North and other infrastructure?

Mr. Chris Hazzard: The Deputy is right in what he said. We have heard that the constitutional chips have been thrown in the air and nobody has any idea how they will fall. Dick Cheney once talked about the known unknowns, but we are into an arena where we are talking about unknown unknowns in that the map ahead of us is very unclear. We know that the prospect of a hard Border would be a disaster. I have established a Brexit group in my Department and I am working with officials in the Department for Transport in London. When we engage with the freight and transport authorities in the ports, it is clear that this would be a disaster not only for the movement of people but for the movement of goods and services. When we consider some of our key infrastructure projects, and this goes back to my point about the lost opportunities, over the next generation a great deal of work will go into the development and enhancement of an eastern economic corridor, especially between Dublin and Belfast but also including Derry and Cork. We know that councils are very much active on this and are keen to explore the possibility of high speed rail links between those cities, which is something I am keen to explore and that we need to address. The impact of a hard Border on that development would bring us into unknown territory and it would also raise serious questions around funding. As I alluded to in my response to the previous question, through both the Connecting Europe Facility and INTERREG, we have been successful in securing in the region of €100 million in recent years and we can imagine what impact a hard Border would have on that.

I attended the trans-European transport network, TEN-T, conference in Rotterdam earlier in

the summer in advance of the referendum result. There is a growing concern across the island of Ireland that we do not do as well when it comes to transport funding because of the isolated and peripheral nature of transport in Ireland. We rely heavily on road transport while the direction of travel throughout Europe is moving away from road to rail transport, but we are heavily reliant on road transport, especially on our eastern corridor. In terms of advancements in the years ahead, I recently met the Confederation of British Industry, CBI, and the Irish Business and Employers Confederation, IBEC, regarding their recent report, Connected, which sets out proposals to deliver large parts of what we want to do. We would have relied heavily on both the North and the South being member states. To return to my first point, it is not only the hurdles that it throws up today but the damage that it does to future opportunities.

Deputy Niall Collins: I welcome our two guests and thank them for attending. I wish to ask Mr. Ó Muilleoir about InterTradeIreland, which I understand comes under his remit.

Mr. Máirtín Ó Muilleoir: Unfortunately, it does not but I have deep interest and involvement in it.

Deputy Niall Collins: Representatives of InterTradeIreland made a presentation to this committee and we also met them at the All-Island Civic Dialogue, which took place in the Royal Hospital, Kilmainham. I certainly got the impression from them, although they did not say this directly because they probably would not be able to do so given the positions they hold, that they are being sidelined or finding it difficult to navigate their way through the political complexities that the Ministers have to work with in the North of Ireland. They have a huge role to play in promoting trade between the North and the South and advancing common goals in that respect. What can the Ministers, in particular Mr. Ó Muilleoir, do to help them become more central in promoting trade on both parts of the island? I brought this to their attention the day they appeared before the committee. They prepared a report, which was to be discussed at a meeting in Newry, but it was not politically signed off. That is how it was reported. I am sure Mr. Ó Muilleoir is very familiar with that. He might comment on that.

Mr. Máirtín Ó Muilleoir: I am a big fan of and an advocate for InterTradeIreland. I visited its Newry headquarters and its representatives showed me the courtesy of bringing me to some businesses which had benefited from the work they do with small and medium enterprises, not only in the Border region but further afield. I would like to see the realisation of their vision for an all-island economy. They have a great saying, namely, that the Border is on the periphery of two economies but in an all-island economy it is at the centre.

Unfortunately, InterTradeIreland does not fall under the remit of my Department. It is the responsibility of the Minister for the Economy. In terms of its approach the Irish Government has agreed that it would like there to be no more cuts to InterTradeIreland's budget. That is a position with which I am very sympathetic. The decision on funding for InterTradeIreland will be a matter for the Minister for the Economy and the ball is in his court. We need to reach a resolution of these matters and I am confident we will be able to do so. All the all-island bodies start their financial year on 1 January. In the interim, if there is any support I can give InterTradeIreland to fulfil its obligations, duties and tasks, I will be pleased to do that. I am very pleased that one of the first packages of funding under INTERREG, and the Deputy knows we had some hiccups in securing that money, went to InterTradeIreland. It is around €12 million or €13 million but I could be corrected on that. That has meant that it has been able to work with those companies in the Border region in particular which have grave worries about the future of Brexit. The Deputy can take it from me that I will go back and ask again where we are at with InterTradeIreland, and if I can help in any way to showcase its work or be an advocate for it, I

will certainly will do that.

Deputy Niall Collins: I thank Mr. Ó Muilleoir for his response. Does he believe, or can he say, that InterTradeIreland is being marginalised and is that a concern?

Mr. Máirtín Ó Muilleoir: I think it is a magnificent group. Its representatives talk a great deal of sense. If the Deputy is asking me in the midst of this Brexit crisis whether this would be a good time to give more support and resources to InterTradeIreland, my answer would definitely be “yes”. If any Minister comes forward and makes a case to me for additional funds for those who are trying to mitigate the disastrous impact of Brexit, the Deputy can be assured that Minister will be pushing an open door. I believe we are on the same page on this. The more central InterTradeIreland becomes not only to the debate on this - its does its analysis and research - but to the actions on the ground to help companies, the happier I will be.

Senator Paul Gavan: I welcome the two Ministers. We would probably all agree that in the light of Brexit, but even regardless of it, and particularly now, it is important we take an all-island perspective on the matters of the economy and society. I want to home in on what Mr. Hazzard said as he mentioned the Department of Transport, Tourism and Sport a few times in his opening statement. The level of engagement there will be key. What is the level of direct engagement between the Minister, Mr. Hazzard, and the Minister for Transport, Tourism and Sport, Deputy Ross, on key transport matters that we face on both sides of the Border?

Mr. Chris Hazzard: As I stated, at an official level, there is a great relationship between my Department and the Department of Transport, Tourism and Sport. We work jointly on a number of programmes and development schemes for the future. When I was appointed in the summer I was keen to start building links with the Minister for Tourism, Transport and Sport, Deputy Ross, and his Department. Unfortunately, we have not yet been able to meet, although a meeting has been scheduled for later this month. We have plenty to discuss and I hope we will be able to sit down together. We have a North-South transport sectoral meeting on the day in question, which presents an opportunity to hold a bilateral meeting and discuss some of the issues that have been raised today. We will also discuss the delivery of some of the Fresh Start projects, for example, the A5 road project and the Ulster Canal and Narrow Water bridge projects. There is plenty of work for us to do in the next few years and I am keen to get on with it.

Senator Paul Gavan: On a point of clarification, it is virtually Christmas and the Government has been in place for eight or nine months at this stage. Has Mr. Hazzard not yet met the Minister for Transport, Tourism and Sport?

Mr. Chris Hazzard: No.

Deputy Niall Collins: I thank the Minister for his opening statement. My colleague in Louth, Deputy Declan Breathnach, unearthed information by means of a parliamentary question that since the Fresh Start agreement was signed, the Irish Government, which had committed extra resources to developing cross-Border rail services, does not appear to have made the investment that had been agreed. When we asked the aforementioned Minister for Transport, Tourism and Sport for figures on investment, he listed the refurbishment of the Enterprise service trains and the maintenance of the Drogheda viaduct as major investments. Mr. Hazzard will be aware that the Enterprise refurbishment project was announced and partially completed before the Fresh Start agreement was signed and I am sure he will agree that the refurbishment of the Drogheda viaduct was a basic issue of public safety. Yesterday, the *Irish News* reported the figures for delays in the train service. They were staggering and showed that there had been

more than 1,700 individual delays in a fortnight. The rail link between Dublin and Belfast has been referred to by some other groups that have made presentations on the investment required to shorten the journey time between the two cities. We know the complexities we have to deal with here in terms of the Minister and his Administration. What is Mr. Hazzard doing within his brief to try to address these issues?

Mr. Chris Hazzard: I thank the Deputy for raising these issues. On rail expansion and delivering on the growing capacity issues, there is a growing public demand to use rail services, which is fantastic, and the Government needs to stand ready. Our programme for Government includes a high level study of the expansion of the eastern economic corridor. I purposely included Derry in this because I believe we need to consider Derry, Belfast, Dublin and Cork when we consider rail expansion. We will invest heavily in this area.

I am aware of the newspaper report to which the Deputy referred and some of the other issues he mentioned. Rail is on the agenda for the discussion with the Minister for Transport, Tourism and Sport later this month. I am also looking at plans to enhance rail services from Newry to Belfast where there are also capacity issues. In recent weeks, I took the decision, working with colleagues in Dublin, to address the possibility of passengers in Dublin boarding a train for Derry. To date, we have not had the opportunity to see Derry as a destination on the departure board at Connolly Station. It is important to make people aware that they can also travel from Dublin to Derry by train.

Much of the work ahead will involve the expansion of the eastern economic corridor. One of the major disappointments for me regarding Brexit is connected to the major opportunities presented in the area of ship to rail. The electrification of rail will deal with some of the time issues the Deputy raises, a number of which are connected to the specification and engineering quality of the track. Replacing the track would be a major imposition on the public purse and we know the position with regard to the public finances in the North in recent years. One of the major disappointments of Brexit is that we had hopes and a vision for meeting the demand to provide a higher quality rail service, especially between Belfast and Dublin, and the possibility of securing funding in future has been removed. These are issues I took up with the Commissioner when we visited Rotterdam. This is a huge disappointment.

Deputy Niall Collins: Was Mr. Hazzard aware of the information unearthed by Deputy Breathnach this week indicating that the Irish Government has not lived up to its commitments?

Mr. Chris Hazzard: I saw the article yesterday and I am engaging with officials on the matter, which I will also raise with the Minister, Deputy Ross. I have no doubt that more needs to be done on the Belfast-Dublin rail link, especially given the type of business and employment that Belfast is now attracting. A considerable amount of grade A office accommodation is being provided and a number of north American companies are locating in Belfast. The link with Dublin will be crucial in that regard. Part of the Northern Ireland programme for Government will be the Belfast transport hub, a £250 million rail infrastructure programme for the city. The ability to speed up and bring more trains from Dublin into Belfast is very important for us. As I say, I will seek to strengthen the partnership between my Department and Department of Transport, Tourism and Sport. I hope the Minister here shares my appetite for doing so.

Senator James Reilly: I extend apologies on behalf of Deputy Neville. Cuirim cead míle fáilte roimh na hAí.

Mr. Máirtín Ó Muilleoir: Go raibh maith agat.

Senator James Reilly: Nobody wants a hard Brexit and all of us on both sides of the Border understand the importance of the latter remaining open and of the free movement of people. We are here to learn from each other. Notwithstanding the earlier comments of an tAire, Mr. Ó Muilleoir, there must be some opportunities arising from Brexit because there are always opportunities. What do the Ministers view as the three biggest threats to the Northern Ireland economy - and the economy of the island - and will they outline three opportunities that might arise? I would also like to know what specific areas of the peace process they believe are most threatened by Brexit and in what way. How much latitude do the Ministers have in regard to measures they could take to mitigate the threat to the Northern Ireland economy? I know they do not have the power to raise tax but they have other powers. I would like to understand what are the implications north of the Border.

Mr. Máirtín Ó Muilleoir: I recently met Deputies Brendan Smith and Breathnach coming out the doors of Stormont. I thought they were taking over but they were visiting to do some cross-Border work and we had a quick chat about the threats. For me, the major threat is uncertainty. There is no doubt that while it is my job as finance Minister to put my best foot forward in order to continue the work of attracting investment and pushing forward the economy - and giving my colleagues the fiscal measures and firepower to do so - this period of uncertainty is affecting investment decisions in Belfast, Derry and rural areas, as we speak. That is understandable because if one does not know what the future holds, one will be reluctant to make further investment, build another factory, install new plant, invest in new equipment or sign a deal to buy some of the buildings in Belfast which are emerging from administration. Uncertainty has a chilling and cooling effect on the economy.

The two big economic effects of the four freedoms are in the areas of the movement of goods and the movement of labour. People appreciate and understand the position regarding the movement of goods. I believe we must maintain access to the Single Market in the time ahead, notwithstanding other views on that, and any reduction in that will be damaging to us.

I refer to the third point on the freedom of movement of labour. I met the Brexit Minister. Senator Reilly said that no one wants a hard Brexit or exit, but when speaking about a hard exit on Sunday, the only light Boris Johnson would let in was the wonderful Erasmus programme, which is brilliant. He said they might contribute to that but that for everything else there would be no contribution to the European Union. That means we would be cut off from what I referred to earlier as the bounty. While the Senator and I, the Taoiseach, the British Secretary of State, Mr. Hammond, and Mrs. May have stated at times that no one wants a hard Border, the actions they are taking, and I presume Boris Johnson has as much clout in this as David Davis, Liam Fox or Mr. Hammond, with the Prime Minister having the final say, and the shapes they are throwing, so to speak, appear to signal there will be a hard Brexit or exit.

I have asked Mr. Davis, the Brexit Minister, if that happens, what will happen to the Romanians who live in my constituency in south Belfast and what will happen to the Polish people, the Estonians, who have a strong community in Belfast, and the Bulgarians. I asked him if he will give a guarantee that they can stay, and he would not give that guarantee. Those people are contributing to the diversity of Belfast, and as the Senator knows, the more diversity in Belfast, the better. If anything, there is too much orange and green in Belfast, so having all these other cultures and nationalities helps build and unite Belfast. It is a priority for me, and I know it will be for the Taoiseach as well, that we get a guarantee that, for example, a young Polish couple living in east or west Belfast whose children attend the local school have to be allowed stay. They cannot allow our neighbours to be bargaining chips in this Brexit game of chess being

played by the British Government. Those are my three points: the uncertainty, the movement of goods and the movement of labour.

The Senator asked about the peace process. We need to continue the PEACE programme. When I was a young councillor in Belfast, the first issue that brought me and Unionist councillors together at a time of terrible hurt, wounding and loss was the EU PEACE programme when we had to sit across a table from each other. What unites people is economics and jobs. That brought people together and the impact it has had across our communities, especially in the Border regions, is significant. We cannot lose that in the time ahead.

In terms of a threat to the peace process, the peace process is robust. It will be challenged and there are times when we consider parts of it to be fragile. While the peace process will endure and thrive in the time ahead, the European role in that cannot be underestimated. For me, that is not just the programmes or the money but the fact that Europe has said this is an experiment, for all its flaws, which was started after the horror of two world wars. For all its flaws and the criticism we might make of the EU, it was founded on the idea that jaw-jaw was better than war-war. Nowhere post the Second World War was that more evident than in the peace process in the North, which it helped in acting as a midwife. We need that EU presence to continue. To be divorced from that would be a calamitous setback for all the efforts around reconciliation, from which we have moved on. That is the answer to that question.

Senator Reilly spoke about the mitigation measures. Every day we are working to drive through to people the negative consequences of Brexit and to keep people's focus on building the peace, reconciliation and the economy. I hope to unveil in the new year the biggest ever capital investment programme in our lifetime. I say to people that they should keep their heads up, that we will get through this, that it is important that people have confidence and that we continue to invest in jobs and in the economy because the creation of a strong economic base is the greatest concrete gain of the peace process.

I arrived in Brussels on a Tuesday night dismayed about our prospects of having a special status in the EU after Brexit, but I left buoyed up 24 hours later having met Commissioner Crețu briefly and many of the Ministers for Europe, and by the belief that Europe understands that Ireland and the North of Ireland is a special case and it does not want us to be forced out on the same terms as the British and the Welsh in particular want for themselves. Most of my work every day is focused on building the economy and a shared and prosperous society. We have had to double down on that work because of the challenges of Brexit.

Deputy Bríd Smith: Tá fáilte roimh na finnéithe go dtí Dáil saorstáit na hÉireann. I would like to tease out a matter with the Ministers. I understand the concerns about a hard Border and the implications that would have for the economy and for the free movement of people and of labour in particular. Hard borders do not bother the movement of capital which seems to be able to move freely right across the planet. There is never a problem with that. The problem always concerns the movement of people.

In light of the outcome of the Italian referendum, do the Ministers not think there is a wider argument for making a plea to both the British and Irish Governments to raise the question of EU reform? In this respect, the Italian people are like the Greek people and the people of Cyprus and of this country. There was something more hidden in the Brexit vote other than right wing arguments that people want out of Europe, and that was reflected where the Brexit vote was very strong across the abandoned area of the industrial belt of north England. Given that the biggest vote in Italy was among the disaffected young people who are suffering from

extreme levels of unemployment as a consequence of EU austerity, do the Ministers not think at this point there is a role for the Ministers here to say to both the Irish and British Governments that we need to press Europe to have a good look at itself and the austerity measures it is imposing on people across Europe because they are creating a backlash? That backlash is not necessarily a bad thing or a racist thing but it is coming as a direct consequence of the austerity measures, the bank bailouts and so on, and it has now spread to Italy and could spread further. It is not only Brexit that will be of concern but the possible exit of many countries if Europe does not start to have a good navel gaze and examine the necessary reforms for the benefit of all people rather than for the benefit of capital.

Mr. Chris Hazzard: What I would say is that, to a large extent, there is a real dilemma for participative democracies throughout the western world. Some of the political developments we have seen, without going into details, during the past five or six years are the effects of globalisation, the effects of the approach of austerity which the Deputy mentioned, and of a neoliberal elite who are finally seeing the tail come back to lash out. The Deputy is right in what she said. It is incumbent upon all Europeans to reflect on this. The European project is looking at itself in the mirror, so to speak, as it stands at a crossroads in terms of what its future will be. I am pretty sure the people of Ireland want there to be a particular way forward, and that is what we are keen to work towards.

To follow up on the previous point, there is some commentary and rhetoric around the idea that there are opportunities for some industries and opportunities are being flagged, but all will be revealed. I do not buy into it, but I know one thing for sure in my Department and that is that there are no opportunities to be gained out of any type of Brexit. We are talking about the movement of people, goods and services. Even the smallest change to how the Border operates currently in terms of any hardening of it will be a negative. The only positive will be the removal of the Border, but that is a discussion for another day.

I met representatives of the haulage industry yesterday. We have European drivers returning home. This is happening already. The disadvantages in the context of processes we are talking about are happening already. In the North alone we have a shortage of thousands of haulage drivers which will create a major problem for our economy in the future. In terms of the ports and access through the Border, we have seen rapid development in the ports in Dublin and Cork lately, much of which has been helped and enhanced by European membership. Belfast wants to keep up and to do its bit, but that will be increasingly difficult outside of the European project. I agree with much of what the Deputy said. There are many disenfranchised people who are beginning to stand up and speak out. People believe in a European project but the project we have seen in recent years is not something they could get behind.

Deputy Bríd Smith: Do the Ministers see a role for themselves in seeking and accommodating a more serious discussion on EU reform rather than just focusing on the economic arrangements that will suit their particular economy? Northern Ireland is at a crossroads and it is clear to anybody who wants to see it that behind the Brexit vote, the Italian referendum result, the disaffection in Greece and so on, there is a real issue around the lack of democracy in Europe and the lack of concern for ordinary people and for public services, to the advantage of large economies and global companies. There should be a role for the Ministers in saying to the Irish Government, the British Government and beyond that the European project needs massive reform and the reason people want out of the EU is that it is failing them.

Mr. Máirtín Ó Muilleoir: The Deputy can take it as read that we are saying and will continue to say that the EU needs reform. The Deputy is correct that an effect of globalisation has

been a sense of alienation among ordinary people, and working class communities in particular. I disagree, however, that it is not a bad thing. It certainly is a bad thing when it is exploited by right wing anti-democratic elements. We saw in Britain how the worst, most egregious racists fuelled the fires of anti-immigration sentiment and encouraged people to vote for Brexit as a stance against immigration. We see the same in other countries, where the legitimate fears of people who have been abandoned because of the ruthless systems of globalisation are being exploited. It happened in the North, where people voted to stop Polish people from making their homes in Belfast and Derry. There was an increase in racist attacks in Britain in the wake of the Brexit vote.

We absolutely understand why people in areas of Wales, England and the North which were hard hit by unemployment voted to leave. However, I do not give an iota of credence to those who espouse the little England mentality. The most extreme British unionists, those who believe in the splendid isolation of England and a return to the days of empire, are celebrating because they want to cut off all links with this island and return to a mythical British supremacy. We must be careful that in standing for a fair deal for working people and against globalisation and the erosion of workers' rights, we do not fall into the trap of saying to the Brexiteers we are on their side. I am working in my Department to protect pay levels and to seek to introduce a living wage. I stood on the Border with colleagues from Sinn Féin, the SDLP and Fianna Fáil representatives, with small farmers and business people from both sides of the Border and with culture and community groups. The only place to stand on this particular argument, for anyone who believes in a democratic society on this island, the reform of Europe, a fair deal for all our people and social justice, is against Brexit. I am speaking here as a Minister rather than a member of a political party. This is the pivotal political battle of our time and the only place to stand is on the Border with those who have already lost out due to partition and all those who believe in a shared island with a peaceful and prosperous future and a fair deal for everyone. That is what we must work to achieve. I do not want to stand with those who are writing anti-immigrant slogans on walls in my city or attacking the homes of Nigerians. The only place to stand is with those who move to the side of the light, which is against the disastrous and calamitous event that is Brexit.

Deputy Bríd Smith: I agree entirely with the Minister. We must all stand up to racism and the exploitation by the far right of the current state of great flux. However, we must acknowledge, too, that the failure of the centre and some of the left to point out the shortcomings of Europe and the need for reform at the heart of the EU have helped the right to exploit the situation and turn it in a racist direction. We must broaden out the discussion so that it is no longer just about Northern Ireland but the whole European project and the core problems with that project. As I noted earlier, we have seen the EU moving away from what it was originally intended to be, namely, a Union of the people with a shared agenda. Instead, we have seen the emergence of a Europe of corporate interests and bankers' agendas. If the left and centre fail to make that argument, it is inevitable the far right will exploit it.

Mr. Máirtín Ó Muilleoir: That is a fair point.

Senator Aidan Davitt: Cuirim fáilte roimh na hAirí Ó Muilleoir agus Hazzard. I have a query on the co-location of businesses. Shay Murtagh Precast Concrete Solutions is a large concrete provider based in the midlands which recently finished a massive project on the London city centre underground. The company also provides the materials for and builds flyover bridges, creating great employment in the midlands. One of the directors told me that a competitor from Ireland recently bought a plant in Newcastle to insulate itself from currency fluc-

tuations, the possible fallout of Brexit and other political problems that flow from that. Do the Ministers see an upside arising from the co-location of businesses on both sides of the Border? We have a logistical advantage in that we are one island. Is there scope jointly to target both multinational and indigenous companies to encourage them to locate in Ireland and gain from the exposure to Britain and the EU on both sides of what is, for now, mostly a notional Border? Are there any special incentives that could be offered to such companies under any of our joint trade agreements or the Good Friday Agreement framework? Indigenous companies investing in Newcastle is not a help to anybody on this island. We have a physical land mass which is exposed to both markets. Is there any extra wriggle room we can bring to bear under the Good Friday Agreement or otherwise to incentivise companies for the benefit of the economies North and South?

Will the delegates outline the situation in regard to the moneys arising from the peace dividend in the North, which has been of benefit to the counties south of the Border as well as to communities in Northern Ireland? What will happen to that large pot of money in the new circumstances in which we find ourselves?

Mr. Máirtín Ó Muilleoir: There is €600 million available in PEACE and INTERREG funding between now and 2020. If one believes in fairies, one will also believe that the British Government might replace that money post 2020. We want to find a way to allow the EU to continue those programmes. I said previously it is not just about the programmes themselves but, equally, that engagement with the EU is essential for the type of society we wish to have.

Senator Davitt asked about co-location of jobs, which ties in with the point Senator Reilly made about opportunities that may arise from Brexit. I have no doubt there will be companies leaving London to come here, especially in the financial services sector, if Brexit does happen. I understand the British Prime Minister, Ms May, and the Chancellor of the Exchequer, Mr. Hammond, met representatives of the financial services industry in London yesterday where there was talk about a special status for the sector. To go back to the point Deputy Smith made, there seems to be a willingness to make special cases for capital but not so much for people. There may be advantages or opportunities in the short term for this jurisdiction if companies wish to go in the other direction, but there must be a cost-benefits analysis. What may seem like swings and roundabouts could be much more detrimental to the economy and the people, North and South, in the time ahead.

I am not sure how many people would wish to co-locate north of the Border but the idea does call to mind a proposal of this committee last January, in its all-island report, for an enterprise zone along the Border. That is a live concept and something the committee and Mr. Hazzard and I, as Ministers, might look at in the context of the wriggle room to which Senator Davitt referred. Certainly, the best solution, not just for the British but for all EU member states, would be a retention of the *status quo* on this island. That would best suit the economy on both parts of the island. After that, if we see opportunities we can seize in Britain, that could be brought forward on another day. To use Senator Davitt's example of the concrete industry, seeing companies like Quinn Building Products and Creigh Concrete, both based in County Antrim, having to pay tariffs to trade across the Border would be a major setback.

Mr. Chris Hazzard: One of the great benefits of European PEACE funding was the social value that arose from its not being Irish or British funding but third-party money. The same applied to the North American aid that came through Atlantic Philanthropies. If the British Government does step in to replace some of these moneys, there will be a certain oxymoronic quality to its supplying peace money.

I am worried we might exacerbate the difficulties arising from the seesaw economy along the Border. We will see this Christmas that various regional towns on the northern side of the Border will benefit from the current sterling exchange rate, whereas in recent years it was the other way around. That exacerbates the problems of living in a peripheral region. As a representative for south Down, I see it all the time. There are problems, too, in the fishing sector. Plenty of people in that industry gleefully embraced the leave Europe campaign because of the red tape and bureaucracy issues, but now they are seeing some of the complexities on the other side of that and the hard lines that cannot be crossed. We have talked about flagging up some of the opportunities that may present. We spoke about the fact the South will be the only English-speaking part of the EU and that some companies, especially in North America, may see in this an increased opportunity to have one foot in the sterling zone and one foot in the eurozone. However, the seesawing economy represents the greatest uncertainty for people living along the Border and I worry about the local communities that will suffer as a result.

Senator Aidan Davitt: I hope Creagh Concrete will be busy working on Casement Park in the near future. Do the Ministers envisage any scenario in which there might be a second referendum on Brexit?

Mr. Máirtín Ó Muilleoir: The *Financial Times* noted the day after the Brexit vote that a million mad questions had now arisen. There are probably 20 million mad questions arising today and I would not rule out any eventuality in the time ahead. We were told there would be no transition but that now seems to be on the table. We were told there would be no special deal for financial services but such a deal is now being discussed. We were told there would be no special arrangement for Sunderland and the motor industry; that, too, is now under discussion. We do not know what the outcome of the legal challenges to Brexit will be. The English and Welsh gave the British Government a democratic mandate to leave Europe and I would not stand in the way of it for a minute. However, we in Northern Ireland, along with our Celtic cousins in Scotland, voted to stay.

Deputy Bríd Smith: Did the Minister say that Catholics in Scotland voted to stay?

Mr. Máirtín Ó Muilleoir: No, I referred to our Celtic cousins. Both the orange and the green in Scotland voted to stay and in greater numbers than we did.

Deputy Bríd Smith: The Minister also has Celtic cousins in Wales.

Mr. Máirtín Ó Muilleoir: They are very dear to me. I spoke to the Welsh Finance Minister the day after the vote and he was very disappointed with the result. However, his people voted to leave and we must respect that. Likewise, there is an onus on us to insist that the democratic rights of people in the North and in Scotland are respected. Scotland is probably outwith the remit of this committee but I am flying a flag for it today.

Chairman: Since we began our discussions on Brexit on 18 October, we have heard from a range of groups, including the enterprise agencies, economic analysts, employee groups and business groups including IBEC and Chambers Ireland. Looking ahead to Christmas, we did not have much discussion on the favourable sterling rates which may well see a lot of people from the South going to the North to shop. I am concerned that many businesses south of the Border will have to close in January because they will not have had the benefit of the usual Christmas boost.

We also did not talk much about whether we will, post-Brexit, have a hard or soft Border.

What is the feeling among people in the North in this regard? The delegates noted that 56% of the Northern electorate voted to stay in the EU. Are ordinary people engaged with the issues and concerned about the potential impacts? Reference was made to the different nationalities living in the North. A recent television report featured a re-enactment by two communities on either side of the Border of what it was like when we had a hard Border. We are not discussing agriculture today but we all are aware of the number of mushroom factories that have closed. Once Christmas is over and consumer spending reduces, I am concerned for all the small and medium enterprises on the Border, both North and South.

Mr. Chris Hazzard: The Chairman is absolutely right and her point goes to the very heart of the wider issue, which is partition. I spoke before about the seesaw nature of the Border economy, which has been hugely damaging to communities both North and South. I say this as someone who represents a Border community. We co-operated recently with the Irish Government to secure European funding for greenways throughout the Border area. If that EU funding is gone, it is another deficit that simply will not be filled. The reality is that a British Chancellor will not give one iota of thought to funding greenways for communities in Border areas. It simply will not happen. The peripheral nature of life in the Border region will only get worse. Shoppers are coming one way this Christmas and last Christmas it was the other way around. That phenomenon has persisted for decades and has been hugely damaging.

Mr. Máirtín Ó Muilleoir: I recently invited the Welsh Finance Minister, Mark Drakeford, and his Scottish counterpart, Derek Mackay, to Newry for a trilateral meeting because I wanted them to get grassroots feedback. People are worried and determined not to be cast aside. They want to have their voices heard. I mentioned farmers and small business owners but it is also artists, community groups, people who work on one side of the Border and live on the other, and those with family members on both sides of the Border. Nobody will easily accept a return to road blocks or tariffs on the Border. I mentioned I attended one of the cross-Border protests together with colleagues from Sinn Féin, the SDLP and Fianna Fáil. Politicians were banned from the platform which was not a bad idea. We saw a member of the Chamber of Commerce in Dundalk speak - I do not know if it was the same gentleman - but people across the spectrum were making their voices heard. That will happen increasingly in the time ahead. I commend this committee on allowing people to have their voices heard on this critical issue.

When I was in Brussels I met Jim Nicholson, the Ulster Unionist MEP. I do not think anyone would describe him as an advocate for Brexit but he said that 90% of the milk used in processing and for other purposes in County Monaghan comes from the North. How would that continue under any type of tariff system? Those are all the issues we need consider. I commend the committee for giving people a platform to raise them.

Chairman: There was no problem. Does Mr. Ó Muilleoir, as Minister for Finance, believe that sterling has levelled out, given that it had surged for a while?

Mr. Máirtín Ó Muilleoir: If I knew that I would not be a Minister for Finance but would be working in the markets. We do not know about that but we know that while there will be a little bit of boom for Tesco, Sainsbury, Asda and the big stores along the Border on our side, the price of foodstuffs and goods in the shops are increasing because they are coming in from the euro-zone and that will add to the cost for customers. It is still a tough time for people as we emerge from the recession and the price of the weekly shop is increasing because of this. The sooner the currency stabilises and gets back to some sort of equilibrium the better it will be all around.

Chairman: Do Members have any further questions?

Senator Paul Gavan: I want to refer to a matter Mr. Ó Muilleoir mentioned earlier. I commend him on his comments on workers' rights, in particular, and the work he is doing on a living wage. While I share some of the concerns of our colleague, Deputy Brid Smith, about the EU, I would acknowledge that a great deal of workers' rights are underpinned by EU legislation, rights such as annual leave, rest breaks, parental leave and the rights of agency workers, part-time and temporary workers. I would like to get Mr. Ó Muilleoir's view on this matter because it seems the Tory Government's agenda is that there will be a rush to the bottom in terms of rights and wages. That will have implications for our people in the North and, by extension, for people down here because a competition issue will be playing out. I want to understand Mr. Ó Muilleoir's concerns about workers' rights and the potential serious downsides Brexit suggests in regard to those issues.

Mr. Máirtín Ó Muilleoir: As Irish society north of the Border moves to the light, following many tough and dark years, Europe has been a great partner in that, not only around the protection of workers' rights and protecting the equality of opportunity in the workplace but also around diversity and making sure we cherish and embrace every member of our society, especially those, both North and South, who heretofore may have been cast to the side. To turn our backs on that and leave ourselves at the mercy of a Tory Government - which is what we would be at the mercy of - and the worst elements of extreme Little England, whether north of the Border or in Britain, would be a political mistake of enormous proportions. Anyone who thinks that this is a new dawn for workers' rights or anyone's rights, for diversity and for the peace process, needs to think again. The place to be is with the Roma community in south Belfast. Around 1,000 of them work in Moy Park. It is very tough work and many of them work a night shift. The place to be is standing beside people like that, beside the diverse communities in Belfast, whether it be the LGBT community or another community, and those who have not got a fair shake in the past. Europe, for all its flaws, has always been a great ally and partner in moving us towards the light. We will all act in our self-interest but I appeal to this committee, to the Deputies and Senators not to allow us to be left to the mercy of the Tories, the Nigel Farages of this world and their bedfellows in the time ahead.

Senator Paul Gavan: Mr. Ó Muilleoir referred to the Little England mentality and some of the advocates for this are seeking the glorious days of empire once again, but I have a fear about living standards, environmental protection standards, wages, workers' rights and human rights. There is much talk about the repeal of the Human Rights Act and many will be looking closely at the great repeal Bill, as it will be known, and the power of local devolved administrations to be able to stand against that, but there is no doubt there are serious concerns about some of the rights Mr. Ó Muilleoir has just spelt out.

Deputy Noel Rock: Following on from the point that the Chairman raised about currency fluctuations, Mr. Ó Muilleoir has probably noticed that since last Thursday, in particular, things have see-sawed back very much in the other direction with £1 being equal to €1.19 as opposed to €1.08. Has he got any data that have borne out the effect of this on the economy at this stage, or has he seen any straws in the wind that indicate that things have see-sawed back in the other direction to a certain extent?

Mr. Máirtín Ó Muilleoir: It is too early to say. We are under a lot of currency pressures. The dollar is the strongest it has been in my adult life and that will provide its own sets of pressures. I just wonder how long it will take for this to stabilise. There needs to be an equilibrium if we want to have successful businesses, especially around the Border. With the lack of an equilibrium, one year one side of the Border gets all the weddings and celebrations and the

other side does not. That is no way to build a stable economy. While some people were saying that sterling has devalued therefore it is easier to export, the downside is that almost everybody who makes anything has to import materials from the eurozone. It is too early to say where this is going to leave us but in terms of the island's economics the sooner we sink our joint efforts into working to progress the economy, economic production and co-operation with respect to the type of work that InterTradeIreland is doing, the better.

Deputy Stephen S. Donnelly: I apologise to the two Ministers for only arriving now. I welcome them both to the committee. I apologise if the two issues I wish to raise have already been covered and if they have, we can move on. I would like to get Mr. Ó Muilleoir's thoughts on tax. A substantial amount of the tax base in Ireland has been eroded and commercial property here has become more or less tax free for institutional investors and the vulture funds, which caused a very serious erosion of the tax base, have now been closed down. They bought about €40 billion of assets and while what they were doing was completely legal, if the tax avoidance had continued the State would probably have lost out on about €15 billion to €20 billion. Those are very big scales. An example of that, which concerns both the North and the South, is Project Eagle. The 2015 accounts, which were filed in recent days, show a taxable profit, by my calculations based on their accounts, of approximately £168 million and on that they paid £1,596. From memory, it was a 0.001% tax rate. There is some context for this that is affecting both the North and the South. When George Osborne was Chancellor of the Exchequer he brought in very sweeping tax breaks, which may have worked for England or at least for London and, therefore, fiscally for England, to some degree.

I would like to hear Mr. Ó Muilleoir's view on the impact of that for Northern Ireland. One school of thought is that the UK will become very tax competitive and then the North can compete with the South, the North will attract in multinationals and we will get a decent base and while the rate might be quite low, the base will rise and there will be people at work and decent jobs. Another view is that what is going on is a race to the bottom. George Osborne, when he was Chancellor of the Exchequer, accelerated that very substantially and an incoming US President has declared that he will slash corporation tax rates in the US. The current Chancellor of the Exchequer in the UK has signalled he will cut corporation taxes further. What is the likely impact of that for the North with respect to fiscal stability, infrastructural development, having public funds and for job creation? Is it something the Mr. Ó Muilleoir welcomes? Is it something he thinks might be a necessary evil or that he thinks might be quite dangerous in that it is destabilising and eroding the tax base?

Mr. Máirtín Ó Muilleoir: In terms of a Brexit?

Deputy Stephen S. Donnelly: My sense is that the combination of a more protectionist US coupled with Brexit is accelerating tax competition and that, potentially, it will go lower and lower.

Mr. Máirtín Ó Muilleoir: If we believe we are now at the bottom, and it is a decision for this House and for the members of the committee if they believe the 12.5% corporation tax in this State is at the bottom, the question then is do we want tax harmonisation across the island and the answer to that is: "Yes, we do". However, we want it for the same reasons that it has won the endorsement of elected officials here, but that is not to say that it cannot always be re-examined. We believe it will create tens of thousands of jobs and level the playing field on the island. We believe we can seek greater co-operation not by stealing each other's jobs but where, say, a company in Limerick, Waterford or Dublin could say that perhaps we should have a base in Enniskillen as well and enjoy the same corporate tax rate there. Despite all the turbulence,

whether it surrounds Brexit or the President-elect, Mr. Trump, I am committed to this and I am confident that on 1 April 2018 I will harmonise corporate tax rates on this island at 12.5% in the North. However, as I have said to all our colleagues when I have met them at business events, 12.5% is 12.5%, it is not either what Apple pays or what Cerberus pays, it has to be 12.5%. It has to lead to more jobs so that we get a greater corporation tax take.

The difference between us and the situation here is something that I have started to tease out with the British and engage in a discussion around it. The great benefit down here was that when Apple created 6,000 jobs in Cork, the Exchequer here got PRSI payments, the nice insurance payments as we call them, VAT accruing from sales and income tax from those taxpayers. At this stage we do not get those secondary benefits. While this may not be a discussion around corporation tax, it needs to lead into every area of economic policy because, currently, the beneficiary of people in County Sligo travelling to shop in Enniskillen is the British Exchequer. My Department estimates there is an increase of approximately €60 million in the Treasury's coffers in London because of people crossing the Border to shop in an Asda store or a Tesco store in Newry rather than shopping in a Tesco store south of the Border. The same is the case with respect to other ways in which we want to build the economy and drive forward. We need to see the benefits.

There was a reference to duties and taxes. We have an air passenger duty, but there is not such a duty here and I congratulate Dublin Airport on its record number of passengers. If I was to remove air passenger duty, I would have to pay the British Government or suffer the loss of £X million from the block grant but we would not get the benefits, because we would not get the VAT accruing from tourist spending.

The journey of fiscal control of our own destiny is only starting. I believe it was Senator Reilly who mentioned yesterday that we do not control the tax but we do control more than €1.4 billion in property tax and we will also have the corporation tax yield. I am opposed to a race to the bottom. Interestingly, in Britain where they have reduced the corporation tax, the tax take has not really gone down. The Chancellor of the Exchequer has resolved to reduce the rate to 17% by 2020 and we will have to wait and see if the tax take continues to increase. The gap between 12.5%, the rate we want to have, and the 17% rate is not that great. Therefore, the cost from the block grant will not be as great either.

In general terms, this is a big area of work for us all to engage in with the British Government. I will meet the chief secretary of the Treasury on 12 December and I want to get down to these matters. I am against a race to the bottom. We have seen what that has meant in terms of globalisation and the blowback against that. What Cerberus has done in this land has been a shame. Ordinary people's businesses have been destroyed. It picked its winners, the chosen few, and, worse than that, its practices corrupted the entire political, business, legal and accountancy professions north of the Border. It would not surprise me if it only paid €1,000 in tax, if it paid any at all. That is the values of the race to the bottom that it brought to the business world here.

Deputy Stephen S. Donnelly: The vulture funds typically pay an amount of €250, and in this case the tax was nearly £1,600, but the intention is that they do not pay any tax. The vulture funds are a legal mechanism whereby the vulture fund company makes a national payment to signal it has closed off its tax books, and in this case the company paid that amount of tax on the taxable profits of £168 million. I thank the Minister very much for his response.

I wish to follow up with two brief questions. When Mr. Ó Muilleoir said he will bring the

North in line by reducing its corporation tax rate to 12.5%, does he intend to do that at a different rate from what will happen in Britain?

Mr. Máirtín Ó Muilleoir: Absolutely. The Chancellor of the Exchequer in the UK said that he wants to reduce the rate to 17% by 2020 but we would like to reduce the rate to 12.5% by April 2018. That has been committed to and I am confident we will do that.

Deputy Stephen S. Donnelly: Is the plan a step reduction or will there be a trending towards that rate?

Mr. Máirtín Ó Muilleoir: No, that reduction will be introduced on 1 April, we will not be trending towards that rate. It will be a dramatic reduction.

Deputy Stephen S. Donnelly: I wish to ask Mr. Ó Muilleoir a hypothetical question and I would be interested to get his view on this matter. One way to stabilise or to derisk trade between the UK and the rest of the EU would be to peg sterling to the euro at some percentage or within a floating band. There are various ways to derisk it, some of which have worked quite well and some of which have not. I appreciate, politically, it is probably hypothetical, but does Mr. Ó Muilleoir think there is merit in derisking the exchange rate for businesses in the North and the South?

Mr. Máirtín Ó Muilleoir: We need to find some way to avoid what Mr. Chris Hazzard referred to as a see-saw economy but the Deputy should not let Boris Johnson know that he has another backdoor way of linking him to the EU because he wants shot of everything. On this small island we need to find ways to deal with the ups and downs of currencies, especially if currency fluctuations or swings are going to happen in this manner. I will leave the hypothetical question to the Deputy to present on the floor of the Dáil.

Deputy Stephen S. Donnelly: I thank Mr. Ó Muilleoir for that.

Chairman: That concludes the questions. I thank an tAire, Mr. Hazzard and an tAire, Mr. Ó Muilleoir, for coming here today to engage with the committee. It has been a very informative session. I genuinely thank them for coming South today to engage with us. We have done quite a body of work and we will be producing a document in January. We look forward to engaging with the Ministers' colleagues from the Northern Ireland Assembly Committee on the Economy at our informal meeting this Thursday. That concludes all our business on today's agenda. Go raibh míle maith agaibh go léir. The joint committee is adjourned until 2 p.m. on Thursday, 15 December 2016.

The joint committee adjourned at 12.40 p.m. until 2 p.m. on Thursday, 15 December 2016.