

DÁIL ÉIREANN

AN COMHCHOISTE UM FHORBAIRT TUAITHE AGUS POBAIL

JOINT COMMITTEE ON RURAL AND COMMUNITY DEVELOPMENT

Dé Céadaoin, 14 Samhain 2018

Wednesday, 14 November 2018

The Joint Committee met at 10.30 a.m.

MEMBERS PRESENT:

Deputy Michael Collins,	Senator Maura Hopkins,
Deputy Michael Fitzmaurice,	Senator Grace O'Sullivan.
Deputy Willie Penrose,	

In attendance: Deputies Danny Healy-Rae and Eugene Murphy.

DEPUTY JOE CAREY IN THE CHAIR.

Sustaining Small Rural and Community Business: Discussion

Chairman: Apologies have been received from Senator Coffey and Deputy Martin Kenny. I remind members of staff, witnesses and those in the Public Gallery to turn off their mobile phones. They interfere with the sound system and make it difficult for the parliamentary reporters to report the proceedings. Mobile phones also interfere with television, radio and the web streaming of proceedings. I will now read some formal notices for the information of the witnesses.

By virtue of section 17(2)(l) 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 it to cease giving evidence on a particular matter and 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 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 Houses or an official, either by name or in such a way as to make him or her identifiable. It is proposed that any submissions, opening statements or other documents supplied by witnesses be published on the committee's website. Is that agreed? Agreed. I remind members that an information session with the Centre for Cross Border Studies has been arranged for 11 a.m. on Wednesday, 12 December, on supporting communities and sustaining rural small businesses in the Border region following Brexit. I propose that we invite the centre to attend our committee's meeting at 9 that morning. Is that agreed? Agreed.

This committee has sustaining rural small businesses as a priority for its 2018 work programme. The Department of Rural and Community Development is overseen by this committee and we note its high-level goals. Under rural development and regional affairs, it is to facilitate the economic development of Ireland's regions and foster the sustainable development of vibrant rural communities; under community development, it is to promote and support the development of vibrant, inclusive communities and of the community and voluntary sector; and, under the Charities Regulatory Authority, CRA, it is to ensure the operation and development of effective regulation of the charities sector.

This committee has engaged with many stakeholders, agencies and other bodies, including representatives of the co-operative movement. We look forward to hearing the views of the leaders of another branch of the co-operative movement, namely the credit unions. The committee is interested in how the credit union movement can assist the sustainable development of rural and urban communities, including the provision of credit to small enterprises. The committee also looks forward to hearing the views of Irish Rural Link, which called for the establishment of the Department which is overseen by this committee.

Irish Rural Link's strategy is "to secure the existence of a substantial number of viable communities in rural Ireland, where every person will have meaningful work, adequate social services, and infrastructure needed for sustainable development".

On behalf of the committee I welcome Mr. Seamus Boland, chief executive officer, and Ms Louise Lennon, policy and communications officer, Irish Rural Link; Mr. Kevin Johnson, chief executive officer, Credit Union Development Association, CUDA; Mr. Tim Moylan, Credit

Union Managers' Association, CUMA; Mr. Ed Farrell, chief executive officer, Mr. John Knox, research and development department, and Mr. Charles Murphy, president, Irish League of Credit Union, ILCU.

I call Mr. Boland to make his opening statement.

Mr. Seamus Boland: I am glad the Chairman outlined Irish Rural Link's main aim and operating process. We are about sustaining rural communities that have people living in them who have jobs and that have a good balance of ages. Our submission discusses micro and small and medium sized businesses in rural areas. At another meeting last night, we were disturbed to hear that according to the Western Development Commission, WDC, there has been a decline in the development of small rural businesses by 4% in the past few years. During a recession when jobs are hard found, one might expect more people would try to start a small business but these figures show that this was not the case. The main factor is they cannot access capital. In 2017, almost half the jobs created by IDA Ireland were located in the greater Dublin region. We are not anti-Dublin and are not trying to create a divide, but that is a fact.

Just over 4,000 jobs were created in the midlands region, which is far short of the figure nationally, for example, but in other westerns and south-western regions, similar figures apply. Jobs are not being created in these areas at the same speed as they are in the Dublin region. Microenterprises account for most of the jobs in rural areas. The issues which affect these enterprises are access to credit, high-speed broadband, which is a significant problem, the retention of staff and skilled workers, transport and the role of social enterprises.

Over the past year, Irish Rural Link has established partnerships as part of an EU-funded project, which examined the barriers in rural Ireland to creating and sustaining microprojects. Microprojects are the kind of small projects that might have between one and three people, and are dotted across the country and which rely on a broadband service. Most people can work from home or from a small business, perhaps in a village, but they require broadband. That report will be published shortly. We will present it to all members here and to the European Commission on how we might try to retain jobs in rural Ireland.

Carbon tax is an issue. Irish Rural Link members are not climate change deniers but we cannot sit around and watch people be penalised by way of such a tax. There have been efforts to implement a carbon tax for the past three years. According to the media, one would think that we do not have a carbon tax but we have had one since 2013 at 7 cent per litre, something which did not reduce emissions by even 0.01%. The reason for that is that rural dwellers do not have a choice. It is an issue that often arises for microbusiness as it impinges on the development of small business. We hope the committee will support Irish Rural Link in asking the Government to call in the stakeholders so that Ireland can have its own climate summit and examine how we can decarbonise in a way that is based on a just transition, as former President, Mary Robinson, who is an active climatologist, advocates.

We have said much about local public banking. Ireland has committed to introducing vibrant, competitive banking. Mario Draghi, who was in Dublin recently and appeared before the Joint Committee on Finance, Public Expenditure and Reform, and Taoiseach, was clear that we should get on with that. Irish Rural Link has put forward a proposal where there would be eight regional banks, each its own entity, which would complement all other financial institutions in the region, especially credit unions. Previously, we had the Agricultural Credit Corporation, ACC, and the Industrial Credit Corporation, ICC, which worked well. There are thousands of farmers and shopkeepers across the country whose first loan came from the ACC and they de-

veloped their business from there.

We introduced a particular model because that is what one does when one seeks change, but we have told the Government parties to pick the model that they think works, as long as it is a community banking model. Whoever wants to step up and take that on will be happy with that, but until then, the figures provided by the WDC will continue to apply. The bureaucracy involved in getting loans under the new regulation is such that by the time the loan is approved, or worse, appealed to the credit review committee, the idea will have passed and the cash flow is no longer a problem; it is a disaster. We are simply stating, very strongly, that unless we manage to introduce a public banking system into the State we will consign rural Ireland to continually being underfunded and undercapitalised, unless somebody steps up and we invite all stakeholders in the business to step up to that process.

We have sent the committee a full submission on this, including the rebuttal to the report published in July. I urge the members to read our rebuttal of the report that came from the Department of Finance in July. I believe it will really educate the members.

On the issue of broadband, we hope there will be no reduction of commitment to the rolling out of broadband. We are aware that it has hit a hurdle, to say the least. Some public statements around the cost of broadband and the slow take-up of broadband are leading us down a road of spin, saying that if it costs so much and if rural people are not taking it up, we will not do it at all. I hope that is not the intention of those who spin that story. To be clear, broadband is not just essential; it is as essential as water and electricity. Failure to deliver it will really leave us in the space where we are sending our young people to the major cities, and particularly the Dublin region, forever. That is where we are going. We in Irish Rural Link are very clear that even though we believe there is no plan B, if the report outlining the realities around broadband is negative, we need a plan B. We urge this committee to not slack off. The committee has been extremely supportive in calling for a proper broadband service in Ireland.

The whole issue of staff retention and skilled workers is important. We need greater cohesion among the institutes of technology and we need a really strong educational link to ensure that skilled staff are retained in rural Ireland. When one considers the competition, the reality is that the more competitive and higher paying jobs seem to be outside the various regions. We have to be careful. We need a strong policy from the Department of Education and Skills to ensure strong linkage between the institutes of technology and the various colleges in the regions to afford the best opportunity for people to get skilled up and to stay in the region.

Transport is a real issue. We are extremely supportive of the LocalLink project. Irish Rural Link was one of the many voices in the early days that supported the establishment of LocalLink. Many people in rural areas do not have alternative transport apart from their cars. This goes back to the carbon tax. We need, and we have the opportunity, to start introducing innovative ways to ensure there is alternative transport. Most pubs, shops and villages are dying as a result of poor transport facilities. We really need to tackle this and it should be tackled at the summit I am calling for.

I will now turn to the issue of social enterprise. Irish Rural Link is an umbrella body for many of the meals on wheels projects. It also covers the wetlands project. The wetlands offer an opportunity to bring the disused or used bogland into a situation where they can actually create jobs. We have a very strong network set up. It will look at biodiversity and how we can transform the used wetlands and bogland into a strong, educational source of knowledge where it can create jobs. The Life Project on the midland bog, which we are part of, is creating jobs.

We could do a lot more of that.

With regard to the meals on wheels projects, we need to reform the way we do social enterprise. As we speak there are groups of people travelling the boreens of Ireland to deliver meals to housebound people and to people recovering from surgery. They do it at huge expense to themselves, often in a voluntary capacity. There is no cohesion at all in how this is done. It should be covered under community services or social enterprise programmes. I urge the committee to look at a redefinition, especially in the social field, of what a social enterprise project is. Older people, for example, want to live in their own homes but they need supports. In many cases those supports are being supplied voluntarily, but there is no cohesion or structure to it. If I find myself needing that help in a few years' time, and I am getting closer to it, I would like to think I am not just depending on the goodwill of volunteers in my area. I would like to think there is a proper system in place so that when I need it I can get the support. Most older people are really crying out for that support.

Finally, I commend the work of the committee and its members over the years. It has done tremendous work. I thank the Chairman for having Irish Rural Link appear before the committee and we will continue to advocate for the issues I have outlined, and many more. I wish the members well in their deliberations today.

Chairman: I thank Mr. Boland. I invite Mr. Kevin Johnson to make his opening statement.

Mr. Kevin Johnson: I thank the Chairman and members of the committee for inviting the Credit Union Development Association, CUDA, to this discussion on sustaining rural and community business across the country.

CUDA was formed in 2003, and represents many of the largest credit unions in the State. It also provides a wide range of support services to them and to a growing number of credit unions throughout the State. In its early days CUDA was the representative voice, on behalf of its owner member credit unions, with legislators and regulators. It has since evolved and now, as well as providing a voice it is increasingly supporting credit unions in the areas of regulatory compliance, risk management, shared services and competency development.

Credit unions are always looking at how they can expand their range of loans and other services, and therefore I welcome the opportunity to attend the committee today to discuss how we can support individuals, small businesses and rural communities that this committee represents.

The recent report on public banking by the Department of Finance and the Department of Rural and Community Development states that evidence suggests that the supply of credit, both to small and medium enterprises, SMEs, and retail customers is increasing. The credit unions CUDA works with have experienced strong growth in credit, particularly for individuals but, as has been said before, we have billions of euro to lend, and we welcome the opportunity to work with this committee and with interested stakeholders to identify prudent ways in which we can deliver more for local communities.

In the previous debate on rural and community development in September Dr. Senan Cooke, author of the publication *The Enterprising Community: A Bottom up Perspective on the Capacity within Communities to Regenerate*, made the following comment:

With regard to why schools turn things around, four individuals in Dunhill guaranteed a €400,000 loan - €100,000 each from their own pockets. They went down to the credit union, borrowed the money, bought a field, built 40 homes for young families, saved the

schools and created a new dynamic in the parish for business people.

While not knowing the specifics of that initiative, I am dubious that any of the banks would have offered funding for such a worthy plan. This is an excellent example of credit unions' renowned community spirit and not-for-profit ethos in action. The four individuals did guarantee parts of the loan, but the credit union, on behalf of all its members, ultimately took the risk in giving it as they clearly believed in their community and in supporting it.

In the same session, Mr. Eamonn O'Reilly, vice chairman of the Irish Local Development Network and CEO of North East-West Kerry Development, mentioned that credit unions were a key option when it came to providing credit to local SME's and sole-traders. He said that some credit unions give out unsecured loans to farmers of up to €50,000 and that they operate on a local basis. We would be delighted to work with his organisation or any of the other rural or community-based organisation that support SME or individual lending at a community level, to expand the level and flexibility of credit that we currently offer.

CUDA has a vision for a credit union system that includes helping shape the society we want to live in through financial education and the provision of credit for small businesses and community purposes for the current and future generations. This involves recognising talent and opportunity in all communities, rural and urban, and harnessing and supporting that talent with credit and financial advice for the betterment of communities and, indeed, credit unions. In the 1950s, faced with massive youth unemployment, a group of people formed together around the idea that the solution to that crisis was co-operative self-employment. However, there was no money available with which to start and grow businesses. Speaking in 1982, Ms Nora Herlihy, one of the principal founders of the credit union movement in Ireland said "[the] object in promoting the Credit Union idea was to show the people how to accumulate that money from their own savings and resources".

Some people fail to understand that credit unions have an interdependent relationship with their local communities and that they generate income, to reward savers, primarily through lending. They cannot prosper by simply taking in deposits and avoiding lending risk. To survive, they must take risk every day. A key factor in mitigating that risk is a credit union's understanding of its local community. We are not banks and, therefore, we approach things differently. While we have procedures that must be followed and requirements that must be adhered to, when we are considering a loan application we prefer to become aware of potential community projects and-or local businesses ideas at an earlier stage to see how we can help and support those involved. As we often say to such members, we have seen all scenarios play out with other borrowers and can often offer key financial advice or direct them to one of the many local community experts with whom we already have a relationship.

When it comes to finance, credit unions live by the phrase "It's good to talk". Our doors are open to those that have ideas and want to make a difference. That is not to say that we will automatically lend money to every venture or scheme - we will not - but credit unions will give local members the best opportunity and the best guidance we can give and are permitted to give. Credit unions are expert at providing consumer loans, savings and payment facilities, loans to owner-managed businesses, a wide range of digital channels and digital engagement facilities and a green energy better home partnership. We continue to seek a solution to enable credit unions to contribute to resolving the housing emergency and are well under way to deliver on other product and process solutions, including lending to small businesses and bringing extended current account related facilities to market.

We call on all stakeholders interested in sustaining small rural and community business

to share with us any needs they have which they believe are not currently being met by credit unions. We will factor them into our plans as we continue to expand services. This applies specifically to credit related issues, where there may be regulatory obstacles, and we will include them in our submission to the Central Bank of Ireland's currently open consultation on lending frameworks for credit unions.

I thank the committee for its kind invitation, and I look forward to addressing any questions members may wish to pose.

Mr. Tim Molan: The Credit Union Managers Association, CUMA, welcomes this opportunity to address the Joint Committee on Rural and Community Development. We welcome the interest of the committee members and hope that this is the commencement of dialogue on this very important topic.

CUMA is an association of credit union professional senior managers and CEOs drawn from credit unions in the Republic of Ireland and in Northern Ireland. Our members are front-line people drawn from all types of credit unions. Our members are the people who, day-to-day, interact with the three million members of credit unions on the island of Ireland.

Credit Unions have a rich history of engaging in small business lending in Ireland. It is not new to us. Many small businesses that currently grace our communities had their inception in credit union funding and were sustained for many years by credit unions who helped in many ways, ranging from start-up funds to cashflow. Small rural and community businesses are a natural fit for credit unions. Indeed, all our credit unions are community businesses themselves. All were once small, and many are still small. After many years of adverse economic conditions, we still sustain and are resilient. There are important lessons which can be drawn from that.

Our staff are drawn from our communities, and many of our volunteer directors are drawn from small rural and community businesses, the subject matter of today's discussion. We profess to knowing a little bit about what we are talking about. We are the largest and most successful co-operative on this island. One of the things that makes us so different from the failed, profit driven banks is that we are not-for-profit organisations. This is important in a cultural context. Not only do we operate within legislatively controlled interest rates, but, as an indicator of that not-for-profit attitude and of our culture, we give back loan interest to our member borrowers. According to Central Bank's most recent statistics, 72% of credit unions rebated an average of 10.2% of loan interest collected in financial year 2017. Have the members ever heard a bank say that? I cite this statistic to emphasise that the culture of credit unions is different, and that we look at things differently. It is therefore only natural that we would understand what we are talking about and whose interest we are addressing. It is inherently in our interest that small businesses are resilient and that they survive and thrive. We draw savings from our local communities and we lend in those same communities. We are the original crowd funders, and were operating long before that phrase was invented.

As mentioned earlier, we have a long history of small-business lending. The economic downturn impacted this type of lending negatively. Living in our communities, we saw small local businesses fail. These failures, allied to restrictions preventing business lending placed by the Central Bank upon many credit unions, contributed to the depressed levels of business lending by credit unions. Whereas some of these restrictions were relaxed in recent years, some still prevail. The Central Bank of Ireland, which regulates credit unions, introduced additional regulations in 2016 that defined "commercial loans" and limited commercial lending to 50% of

the credit union's regulatory reserve. This is equivalent to approximately 5% of the overall assets of the credit union and depends upon whether a particular credit union holds the minimum reserve requirements. As witness to how credit unions have actually sustained and improved, only three held less than the regulatory reserve in March 2018. These have since been transferred into other credit unions. Their offices remain open in their local communities, and have seen an increase in services available.

In March of 2018, commercial loans accounted for 1.9% of the existing €4.5 billion credit unions have out on loan. This is equivalent to 0.51% of our assets. Given that we could be lending up to 5%, or more where higher regulatory reserves exist, under current regulations, there is considerable capacity in credit unions for greater levels of commercial lending in suitable circumstances. It is somewhat disappointing to note that the Central Bank now proposes to impose further impediments to credit union lending in both unsecured personal lending and in the area of lending to small businesses. That is for discussion another day, however. Notwithstanding this consideration, credit unions are ever anxious to engage with members who own or are starting businesses locally. Not only are we based in approximately 500 locations, but decisions are made locally and in a timely manner.

It is important for rural communities that a culture of mutual sustainability prevails. Credit unions must and do support local people and local communities. Despite wholesale mergers of credit unions over the past two years, the number of credit union branches has remained constant, but local people must support and borrow from their local credit union branches. Community organisations would see a faster and more viable return from supporting credit union development than from advocating entry of another foreign bank into rural Ireland.

Presence on the part of multi-service credit union offices is important for towns and villages in rural Ireland. Not only must we be enabled to offer business lending more easily and in a less-restricted manner, but we have to be enabled to offer a wider range of face-to-face services. Such a range of services will attract more footfall to our towns and villages, with consequent spin-off for neighbouring businesses.

We are pleased that for four years in a row credit unions have been voted number one for customer experience in the CXi Ireland customer experience report. This is a tribute to the member-centric nature of credit unions and to our 4,000 staff members spread throughout urban and rural Ireland.

We see the debate at this committee to be much-needed and long overdue. We see it as a commencement. We welcome engagement with Oireachtas Members and with the community of interests in rural and, indeed, urban Ireland. I thank the committee for its time and consideration.

Mr. Ed Farrell: I thank the Chairman for inviting the Irish League of Credit Unions to attend. We are a volunteer-led, democratic, all-island co-operative movement. We represent 250 credit unions located in 500 different, separate communities in the Republic. As a result of the fact that our organisation is membership-based, we are of the community; because we are democratic, we represent the community; and because we are local and because each credit union is a co-operative of savers and borrowers bound in a common bond, decisions are made in the community by members who know and understand their own needs.

What makes credit unions fundamentally different is our ethos. We have a holistic view of community. Banks look out on the world and see market segments. They seek to make profits

and to enrich shareholders. We come from the community, we see the needs around us and we understand that one need is joined up with another. Sustaining small rural and community business is part of being able to sustain small communities for the future. There is no community without business, without jobs, and without the services and opportunity that comes with a strong, sustainable economic life locally. Credit unions are not for profit. We are financially strong and we are prudent. The return we seek is stronger communities and our members' well-being. That obviously includes small and medium businesses locally.

In a world of globalisation and homogenisation there is consolidation among credit unions. There is also a continued enhanced level of service provided by credit unions in the more than 500 separate communities I spoke of. Due to the fact that we are membership-based and co-operative, we have values that banks do not. As a result of our common bond, we are a real community of members saving together and lending to one another. A mark of our values is that for the fourth year in a row Irish credit unions have taken first place in the annual CXi customer experience awards, which were announced on 16 October. Customer experience is measured by how customers perceive an organisation's brand through their interactions with its employees. The fact that credit unions are the only organisation in the world to win this accolade in four consecutive years speaks for itself. We have values of excellence that enable us relate to the community at every level, from the smallest personal micro-loan to lending to business.

The economic facts relating to SMEs speak for themselves. Data from the Central Statistics Office, CSO, show that there were approximately 250,000 active enterprises in Ireland in 2016. As our colleagues from Irish Rural Link said earlier, more than 90% of these had fewer than ten employees. These are our so-called microenterprises. Just under 7% had between ten and 49 employees. These are the small enterprises in SME terms. Some 1.2% had between 50 and 249 employees and are medium-sized enterprises, while only 0.2% are large enterprises with 250 or more employees. Small enterprises or microenterprises account for a huge proportion of Irish businesses.

Credit unions know these people because they are our members. We have 3 million members. We provide for their personal loans and we want to do more to provide for business lending too. That is why we published the league's SME funding proposal, which was forwarded to the committee. Lending to business is not simply an issue we are speaking of here today. It is an issue we have prioritised for some time. It is intrinsic to the range of services credit unions seek to offer. The league's proposal is predicated on credit unions having a real concern to assist small business and micro-business. I understand that this committee fully shares that community perspective because that is its remit. Although we are talking primarily about rural communities today, it is important that the remit of the committee and that of credit unions fully includes urban communities as well.

Our proposal is essentially that credit unions would participate in a State-backed vehicle that would enable individual credit unions to act as an efficient distribution network to originate SME loan applications. It would enable credit unions to invest in a funding facility that would then lend to SMEs. Our proposition is that this structure be formed on a collective basis. We believe that this should be piloted with a small pool of well-capitalised, large credit unions. The key benefit of our proposal is that it would enable credit unions to put a portion of the members' excess funds of approximately €10 billion, currently held in short-term and low-yield investments, to a more productive and economically rewarding purpose. It would also enable credit unions to offer members a more diversified and dynamic product offering. If an SME approached a credit union for a commercial loan, while that credit union might not offer the

loan or take direct risk on the loan, it could direct the application to a entity associated with the credit union which could consider the credit and potentially offer the loan to the SME borrower.

Providing the SME sector with necessary supports to foster a culture of growth is an essential public policy focus. Our proposal would enable the sector to access, on a community basis, a strong sustainable, well-capitalised and domestically managed funding source. In addition, this proposal would open up the credit union infrastructure as a key SME loan distributor. Credit unions could act as a new conduit for the State to stimulate borrowing in the SME market and support it with competitive loans in a speedy and effective manner using the credit unions pre-existing and mature infrastructure.

We are also meeting today in a specific political context. The confidence and supply agreement has concluded. The Credit Union Advisory Committee, CUAC, review process is concluding and credit unions are now looking for a move onward from aspiration to action. The commitment to “develop a strategy for the growth and development of the credit union sector” in the confidence and supply agreement is long in gestation. The challenge now, which is essentially political, is to translate kind words of reassurance into political prioritisation. The challenge credit unions face in terms of the development of more localised banking and financial services, which we are ambitious to lead, is not the result of any lack of good will. It is down to the much scarcer commodity of determined prioritisation.

Credit unions have been moving on. For example, among other things, credit unions now process electronic payments and issue mortgages. With regard to the provision of microcredit, the “It Makes Sense” loan was launched two years ago and we welcome the report published this morning seeking an interest rate cap on moneylenders. There are more than 6,000 live loans in 110 credit unions in 260 locations. These are significant and welcome developments but the scale of what we can do is severely restricted by regulation. Our aim is to deliver current accounts and debit cards, and support our members with the full range of services they need on a day-to-day basis.

All of these pending issues impact on our capacity to meet the needs of businesses locally and, more generally, the needs of the communities we come from. We are ambitious to deliver more lending for SMEs and family farms. We are ready to invest in social housing as asked by Government. We are delivering in partnership with the Government on an effective micro-lending scheme. We are ready with a detailed proposal on how credit unions can better deliver for SMEs. There is, however, a gap politically between aspiration and engagement. We do not look at communities and see market segments but, in turn, we need holistic engagement on policy that is backed up by joined-up regulation to deliver a step change for credit unions. This step change is not about us as a movement. Credit unions are an instrument of change, not its objective. Instead, we see the communities we come from, we see the more we can do and we are ambitious to do it. I thank committee members for their time and we look forward to answering their questions.

Deputy Danny Healy-Rae: I welcome the witnesses from Irish Rural Link and the credit unions and I thank them for their presentations. I concur with much of what Mr. Boland has said on the problems we face in rural Ireland and the problems that farmers and SMEs face in accessing funds to expand their businesses and provide employment. It is sad to hear that the creation of jobs in rural areas is in decline but we already knew it. I know of one school on the Iveragh Peninsula where only two new children presented this year for enrolment.

I agree wholeheartedly with the comments on the carbon tax. It does little and hurts people

in rural areas. We all know about the cost of fuel. The price of diesel has increased to more than €1.50 a litre and petrol is also expensive. We cannot move anywhere in rural Ireland without a car and that is a fact. The provision of rural transport and service expansion is not happening; rather it is declining. A few months ago, the Minister, Deputy Ross, stated he would provide transport and expand services in rural places but this is not happening. There are eight services in Kerry. To explain how the Government boosts up things and tries to gain credit for what it is doing, one of these services is to take a group of card players from Cloghane to Brandon once a month. This is what the Government boasted about. It is ridiculous to think such a service is provided in return for what is being taken from the people. People in rural areas are hurting because of all the restrictions and regulations.

When we think about increasing the carbon tax and the effect this has, if we were to be totally emissions free in this country 0.13% is all the difference it would make in the worldwide context. We see people in Japan and China who cannot see their noses with fog and smog and every other thing. They are not complying with any agreement or climate change proposal. We are a small little country. It is especially hurting rural areas, when we think of Bord na Móna having to shed 500 jobs in the heart of the country. In a few more years it will be totally closed down. There are no proposals to replace these jobs. Bord na Móna said it knew it was coming down the line for the past six or seven years. What proposals are being put in place to replace these jobs? It is amazing to think that Fine Gael, Fianna Fáil, Sinn Féin, the Green Party and many others are backing these proposals and saying nothing about the 500 jobs being lost. If it happened in any other part of the world there would be uproar in the Chamber. Everyone has agreed on climate change and the penalisation that must take place and Bord na Móna set about it. Perhaps someone besides myself raised the matter of losing 500 jobs in the heart of our country. Down in Kerry people are concerned when they see what is happening. They know it will not be too long before they will not be allowed to cut a sod of turf to keep themselves warm.

Deputy Michael Fitzmaurice: Very true.

Deputy Danny Healy-Rae: At the same time, energy costs are rising and there is no problem in getting people to pay. People are being told to leave the turf in the bog and they will be better off. It is absolutely ridiculous.

There are many ridiculous things going on and not one word is being said about them except to let them happen and let the people suffer. The doors in small towns and villages will be shut, the windows will be falling in and the roofs will be falling down and people will be wondering what is happening to rural Ireland. It is happening under our noses. People in rural areas are finding it difficult to survive with all of the regulations.

It is amazing to think the credit unions are before the committee because they want to expand their services and offer more face-to-face services to people while at the same time our pillar banks, which the Government for one reason or another supports through thick and thin and it does not matter a damn they broke the country eight or ten years ago, are going the other way. The credit unions want to offer face-to-face services to local people while the banks are putting boxes in the corners. There is no such thing now as meeting a bank manager. He or she is up in Dublin and the person one speaks to about accessing a loan must write to Dublin and then the response comes back that one is refused.

The banks employ a firm of solicitors to demand more information from the person seeking the loan even though he or she might be looking for only €25,000 or €30,000 to improve or ex-

pand the business or employ another person. Who is paying for this? The credit unions want to offer more services but they are being denied and held back by the Central Bank. This is what I believe. In the context of saving our local post offices we have been asking that a form of community banking be made available. This is operating successfully in many other countries. Germany, which is one of the most efficient and prosperous countries, has more community-led banks than pillar banks. They are operating very successfully, but our Government will not listen to our request to provide community banking in the local post office. It would prefer to close all the post offices down. This is a service that has existed since the foundation of the State and more than half of them are closed. In the next two or three years half of them will be closed and a post office in a village or small town will be a thing of the past.

Chairman: I ask the Deputy to conclude on that point because other members want to contribute.

Deputy Danny Healy-Rae: Certainly.

Chairman: I will invite him to come in again, but I need to go around to the rest of the members.

Deputy Danny Healy-Rae: I thank all the witnesses. We are very supportive of their presence today which is very important for those in small places who are getting no hearing. Rural Ireland is being shut down under this Administration and the previous one.

Deputy Michael Collins: I thank the representatives of Irish Rural Link and the Irish League of Credit Unions for their interesting presentations. I was particularly interested in what Mr. Boland had to say. He spoke about the lack of transport in rural areas. He spoke about broadband, carbon tax and meals on wheels.

As I see it rural Ireland is dying on its feet. The recent proposals by the Minister, Deputy Ross, and passed by the Dáil were the final nail in the coffin for many businesses in rural areas. Many public houses are in very serious trouble and their survival is in doubt. It has only come to light in the past month since the new regulations have come in. It has had catastrophic consequences. I am getting phone calls from business people who are now in serious trouble and from individuals who used to like a little social outing and are finding it difficult.

I attended a 60th birthday party at Ballineen about two weeks ago. The people who were there were conscious that they had to go somewhere the next day and were worried about having a drink or two the night before. There is complete confusion. The transport that the Minister, Deputy Ross, was offering the people was only a farce and a cod because nobody has anybody transport. The people are completely dependent on taxis. The problem is the next morning or whatever. It is a very serious issue and has led to closures.

Another pub in west County Cork, The Welcome Inn west of Bandon, has closed. It has been there for decades. It is not just pubs. It has a knock-on effect on many other aspects in rural areas. It is very difficult for politicians to find a solution for that because the Government and the previous one have been very focused on being anti-rural. We are trying to bring a focus to the difficulties of rural Ireland. It does not have to be the drink-driving issue; there are many issues. We need a real focus on rural Ireland that we cannot get from Government.

We have the same situation with broadband. We are slipping down a very dangerous road with broadband. That slippage has been evident for the past two or three years with the national broadband plan continually being put off. Eir is rolling out here and there whenever it suits it.

No one in government has control over what is going on from what I can see. The plan could well be pulled off the pitch completely. That is a worst-case scenario, but it looks like we could be heading there. Sometimes I wonder if they are looking for an excuse so that they could do that.

While Eir and other companies may be providing broadband to villages, they must realise that the private operator is most likely supplying all around that village and is depending on the village to keep his business going. If these guys keep taking the rich pickings, the private operator will pull the plug and we will face a catastrophic situation. Whereas people might now be complaining about the little bit of broadband they have, but they could end up with no broadband at all for the next two or three years. That is a very serious issue that is not being addressed.

I will not mention much about the carbon tax. We are being pushed down a very serious road. Those of us who live in rural Ireland need our vehicles to go and come. We do not have a proper public transport service. From the peninsula where I live the bus leaves at 7 a.m. or 8 a.m. and comes back at 6 p.m. There is no other transport service to allow people to commute during the day and they desperately depend on a car to get around.

I have a hands-on involvement with the meals-on-wheels project in my community. We have been very lucky that Citroën Ireland gave us a van through Denis and Mary Ryan in car sales in west Cork and down in Schull on the Mizen Peninsula. We have tried to tie that up with rural social workers and other CE schemes in order to get workers and volunteers because it is a very serious thing. Mr. Boland is right that there is no major co-ordination and it needs to be tied down because it is a lifeline for many elderly people.

I know many people who swore they would never have it and they would be dead only for having that dinner. It is so important for elderly people, especially those living on their own to have a hot dinner in the day because it is easy to supplement the morning and the evening after that. That service needs greater recognition right up along the line because in the long term it is saving the State a considerable amount of money. I accept that the HSE is on board, but there is only so much it can do. It has been a great help to rural communities with the section 39 funding for chefs, etc., in the community centres. Getting the dinners out to the little boreens throughout the country is so important. I commend Citroën Ireland on giving us a van for that. We cover a wide area in the peninsula and it goes around from door to door.

There is no greater place than the credit unions for me to send people who are in need of a little bit of a financial boost or a loan. I have done that more frequently of late with the people going for cataract, knee, hip and carpal tunnel operations through the cross-border healthcare directive. We have a list of about 200 people looking to get surgery. Of those 200 up to 80 or 90 might ask me for help do deal with the funding. They obviously have to pay upfront. They can forget about banks and I send them to the credit union. In 99.9% of the cases the credit union has delivered. I have nothing but praise for the credit unions across the board. They have been fantastic to people. It is just a case of going in the door and explaining the situation. Some people do not like using the term “bridging loan”, but it is basically a bridging loan and three months later the money is repaid to the credit union. It has helped people to take that journey because the journey is long enough going up from Kerry, Cork or wherever. A bus is going up this weekend and next weekend. I cannot get enough buses up there. That would not work were it not for the credit union working with the public.

The credit unions have 3 million members and this is expanding. There is one negative.

One bank in west County Cork had an unfortunate situation. Eight businesses in west County Cork have closed in the past six to eight weeks and The Welcome Inn west of Bandon is the ninth. Drimoleague post office was providing a service a few days a week, but it is now being closed, which is very serious for the people of Drimoleague who are drawing up a petition to overturn that decision. Skibbereen credit union made that decision which may have been for very good reasons. I am pleading with the witnesses to look at the Bantry and Dunmanway branches to see if it might come in and save it. Like many other rural towns in Ireland, Drimoleague has experienced the most devastating closures over the years. As the song says, sometimes people must do it for themselves, and the people in Drimoleague have certainly done that. In fairness to Cork County Council, it recently did a fabulous resurfacing job and one could nearly eat one's dinner off the street without a plate. On top of that, a grant for painting the town was given, and every house and business in the town has been redecorated. The town is turning itself around and it needs a credit union.

If leaving Castletownbere, Bantry, Schull, the Sheep's Head Peninsula or wherever, some 99% of people will go through Drimoleague. It is a branch that should be open every day of the week because it would pick up customers every day. I come from a peninsula where the bank was shut and where people depend on a travelling bank that turns up a couple of days a week but they are not sure if it will be open. I ask for that region to be considered. I accept that the Irish League of Credit Unions wrote back to me to say it is looking into the matter but the people of Drimoleague are desperate for that decision to be overturned. It sends a negative message at a difficult time. Many businesses are closing but the credit union was never expected to be one of them. I ask that the decision be reconsidered.

Mr. Seamus Boland: The comments made by Deputy Danny Healy-Rae echo the meetings we have had around the country. As I said, we are not climate deniers as an organisation. At the Hodson Bay Hotel in July this summer, we brought in 250 people who were looking for ways and means to refit their homes to move into the next stage of modernity. There is a hunger out there. We are calling strongly for a proper discussion and summit rather than putting it in through the budgetary mechanism. As I said on the radio to the Minister for Finance, Deputy Donohoe, the adults should be brought into the room to have a proper discussion about the matter. I concur with the Deputy, therefore, in that regard.

Deputy Michael Collins spoke articulately about the closure of services. Irish Rural Link has said time and again that it is concerned with sustainable rural communities, that is, communities with people living in them. People cannot live in rural communities if the financial mechanisms are no longer there. If there is no financial or economic hub in the area, people will move. I know that from the experience of my family, of whom more are working in Dublin than at home in the midlands. The area to which the Deputy refers requires that financial hub, which we believe will be provided by the public bank we are proposing. It will provide that impetus as an alternative bank.

On the issue of post offices, as the Deputy will know, we have had reviews but we are stuck with a situation where post offices are not used as much by the public as they used to be. That may be a function of the public leaving the area, and one may be leading to the other. We need to know how to retain what is another financial segment in that community. When a post office is lost, a financial segment in the area is also lost and, therefore, the issue requires serious consideration.

We in Irish Rural Link are talking about restoring an economic hub. I draw the committee's attention to the recently announced 2040 strategy. The framework is there, and it was launched

by the current Government in Sligo. We need to honour that framework and do what it says. It goes back to the Buchanan report in the 1960s, which was about creating financial and economic hubs in regions, rather than centralising it in one place such as Dublin.

I concur with many of the points raised and I thank members for their comments.

Mr. Ed Farrell: I would like to respond to Deputy Michael Collins's point. To be fair to him, he raised the Drimoleague closure with us approximately one month ago. We contacted the credit union in Skibbereen, which is the anchor credit union, and we are still engaging with it.

The credit union movement has prided itself on closing almost no branches. While the banks have all but departed the country towns and villages, we would prefer if we could say none of the credit unions has closed. Drimoleague is one of a handful but, from the Deputy's point of view, it is the wrong location for a closure. Skibbereen has kept its Bandon office open, while Bantry has re-opened and allowed the Castletownbere office to remain open, which was also under pressure. I commit to the Deputy that we will engage with the Drimoleague and Bantry credit unions to see if there is any triangular solution. There are security and technical communication issues with the broadband, as we have discussed, as well as the old-fashioned viability issues. Credit unions are not for profit but they must still take in enough income to pay for the low level of costs. They are run by volunteers but there are also staff members in most of the branches who must be paid.

Deputy Michael Collins and some of his colleagues brought the whole cross-Border issue to our attention approximately a year ago. Credit unions were happy to step in and help those people make those long-distance journeys, which in his case were from west Cork and Kerry to one particular hospital in Belfast. Many people have had operations which would not have happened as quickly without the Deputy and his colleagues, and without the credit unions giving those modest short-term loans, although they are not modest if they are needed to have a long-awaited operation done.

We might engage offline on the other matter.

Mr. Tim Molan: On micro-enterprises and small enterprises, it is important not only to talk about getting financial support but also the whole area of infrastructure and support for them. One of the most critical things that is needed is often practical assistance for the preparation and construction of business cases, which is something on which the committee or the other bodies present, such as our colleagues in Irish Rural Link and other areas, might focus some attention.

One of the other areas that might be useful to consider is the range of supports for enterprise that are delivered in most cases through the banking sector. Instances of this are found around the Border in preparation for Brexit and so on. All of these supports are delivered through the pillar banking system. Due to the sheer number of credit unions, it is easier to deliver the supports through smaller distribution mechanisms, as happens in the three or four pillar banks. They are areas to which additional engagement between the credit union movement as a whole, the Government and our colleagues in the communities could bring practical advancement, but there is definitely a need. People who start out in local and micro-enterprise are brave but greater support is needed for them. Although money is a big part of it, it is not the only thing they need. They also need pre-support, post-support and ongoing support.

Chairman: I invite Ms Lennon to respond.

Ms Louise Lennon: I will pick up on the point Deputy Michael Collins made on meals on wheels. As Mr. Boland mentioned earlier, we have a network of some of the providers around the country and they raise many of the issues with which they are dealing such as the lack of co-ordination in funding. To even get meals on wheels onto the hospital discharge plan in order that it is in place for people the day after they come out of hospital would be a good step and would help to prevent the readmission of people into hospital.

One other issue that also is constantly raised with us is the Tús scheme because people are only allowed on it for a year. When that year is up they are off the scheme so not only do they not have a job to go to but the meals on wheels service also is down a body. They should be moved onto a community employment, CE, scheme or something similar. There is obviously a need for employment in such a scenario and there could be more jobs created within these services if there was more structured funding.

Mr. Kevin Johnson: There is another dimension to this on which I wish to make a cautionary note. It will be seen from the comments of Mr. Farrell and Mr. Molan that the credit unions are of one voice on this and we are very supportive. If ever there were organisations that genuinely are of the people and for the people, it is the credit unions.

We would like to caution that with all of these bank branch and post office closures, we need to be careful that there are services available for people with savings. We would caution that we have much-needed regulations but these regulations are designed to protect members' funds. We need to be careful that there are not unintended consequences which could actually mean that because of the way they are currently structured, credit unions would not be able to step in and look after those people with savings because of the knock-on effect around capital requirements and so on. We definitely do not want to find ourselves in a situation where we cannot serve people. Both the credit and the saving sides are there so I wanted to point that out to the committee, as well as to say we will be working on this issue collectively. We could come back looking for the committee's assistance and support on that issue in the future.

Chairman: I commend the work of Irish Rural Link. It provides a valuable advocacy service for the groups it represents and I thank its representatives for the presentation today. I note their concerns and the issues they have raised.

One key issue is broadband. It is the one issue that comes up on a regular basis when talking to communities. It is critical that we address that, get the broadband plan back on track and roll it out to the communities, farms, businesses and individuals in order that they can live in, work in and visit rural areas. This module is about sustaining rural communities and businesses and we will include broadband as a key recommendation to be addressed.

I note the proposal on calling a stakeholder's forum on carbon tax. It is an issue that we could possibly raise to encourage the new Minister for Communications, Climate Action and Environment to look at that proposal.

I refer to meals on wheels and we have a fantastic organisation in Newmarket-on-Fergus, County Clare. They have a large community services programme, which they hope to expand. They serve all of south-east Clare and even go into mid-Clare in the general area of Clarecastle and Sixmilebridge. They have made an application for the rural regeneration fund. As the witnesses will be aware, it is part of the Project Ireland 2040 document. That particular fund of €1 billion will unlock the potential of villages such as Newmarket-on-Fergus and provide a vital service to the public in doing so and please God they will be successful in that application. I

note the proposal that it should be more streamlined and should move away from the *ad hoc* nature of meals on wheels operations.

I note that Deputy Michael Collins referenced his local service that is doing wonderful work, as is being done in Newmarket-on-Fergus. There may be a need to streamline it and put proper structures in place in order that these meals on wheels operations do not grow organically but are provided as services for particular regions. I noted Ms Lennon's point on discharge from hospitals and it makes absolute sense that if a person is being discharged from hospital and has no family support or neighbours, it makes life a lot easier if a meal could be delivered to the house because there is also a personal interaction with the person bringing in the meal. That is an issue that we should definitely look into.

I note Mr. Johnson's point regarding Dr. Senan Cooke. He sat in the same chair in which Mr. Johnson is sitting a couple of weeks ago and is a colourful character and a person from the community who has done Trojan work. It is our ambition as a committee, on the proposal of Senator Grace O'Sullivan, that we visit Dunhill Ecopark and see what is being done down there at first hand. Dr. Cooke presented in a forthright manner that day and he and his organisation are an example. The work of the credit union movement in assisting them in reaching their goals is fantastic and the bottom-up approach adopted by the credit unions and their not-for-profit ethos is to be commended.

On the proposal regarding SME funding as put forward by Mr. Farrell, perhaps he could outline what type of engagement he has had with the Department on that and what type of feedback he has received. It obviously makes sense that a credit union could offer loans to SMEs to expand, start up or develop products and services. What type of engagement has the Irish League of Credit Unions, ILCU, had regarding that proposal?

Senator Grace O'Sullivan: I thank the witnesses for their presentations. I was particularly interested in Mr. Boland's presentation and his reference to local public banking. That mechanism works very well in other countries such as the Netherlands and Germany with the Sparkassen model.

My question is to the witnesses from the credit union sector. What are their opinions on the potential or opportunity for Ireland to introduce public banking in order to give more options to different sectors to access credit?

Chairman: I ask the witnesses to address the issues raised by Senator Grace O'Sullivan and me.

Mr. Seamus Boland: As members know, we have made a detailed proposal, which is available to be examined. What we are making very clear is that this is a bank. It is not-for-profit and has been developed on an Irish model. We are using the Sparkassen model as an example but we have asked the Department of Finance to look at how that model could be managed in an Irish context. That is why the stakeholders forum, which has been agreed by the Department and on which I believe Irish Rural Link and the credit unions would sit, should seek to examine how the model would look. I would strongly welcome the input of the credit union movement.

Irish Rural Link has made clear from day one that we do not see this proposal as in any way dampening the remit of the credit union movement, and nor should it. The credit unions could be very much part of this. I note the proposal made by Mr. Farrell this morning that a number of credit unions come together. We are clearly stating that the current banking model is not work-

ing, specifically for businesses in rural areas, as the banks will admit. For example, at a recent European financial forum the banks basically stated that larger accounts bring in more money, which makes sense, whereas a local partnership employing a few people is a much greater risk for them. In the days of the Agricultural Credit Corporation, ACC, and the Industrial Credit Corporation, ICC, the banks effectively allowed these two entities to manage those sectors of the market. In other words, we had a similar model previously when the ACC and ICC operated. They no longer exist and we now have a vacuum which needs to be filled. Perhaps the credit unions could do that but one thing is certain, namely, we need an alternative, not-for-profit public banking system. We have offered the Sparkassen model as an example. It is up to the Government and the people of Ireland to decide whether to implement that model or choose another model. That is our position. As I stated, our plan provides a specific model for each of eight regions. Each bank would cater for a population of 250,000 and they would all link into existing financial institutions as well.

There would not compete with the banks but addressing a niche market. As the Western Development Commission has shown, the number of small businesses in the west had declined by 4%. That is a problem and we cannot ignore the ongoing decline in small business formation. The issues are linked. Every year, the report of the Credit Review Office shows that loans are being consistently refused and the rate of refusal is the highest in Europe. Figures from the Irish Small and Medium Enterprises Association, ISME, show a 36% refusal rate, while other figures show a rate of 11%. Even the conservative figure of 11% is still the highest in Europe, higher than in Greece and other countries that are in serious trouble. We cannot allow that to continue.

Senator Grace O’Sullivan: I suggest that the committee ask the Minister when the stakeholder forum will take place and who will sit on it.

Chairman: We will raise that matter with the Minister. Do any of the witnesses wish to address any of the other issues raised?

Mr. Tim Molan: I will answer the question asked by Senator Grace O’Sullivan. What we are talking about is financial services. It is very important to go back to the issue of sustainability. To sustain, it is not possible to be just a one trick pony in respect of financial services. There has to be a balanced portfolio and it has to meet the balance of needs in a rural community. This balance of needs includes micro-lending, small and medium enterprise lending and lending for personal needs. Personal needs include home improvement which sustains other micro-industries and small businesses in the form of builders, etc., that form part of the community.

We hope we are talking about having sustainable financial services located in local communities. There will be a spin-off. If 1,000 or 2,000 people are dealt with in an office in the course of a week, they will buy a newspaper and whatever else that needs to be bought in the shop next door. A balance must be struck. Returning to my earlier point, one issue is being missed here. My colleague spoke about the high level of refusals and so forth. These are symptoms, rather than causes. The causes include the insufficient assistance available to enterprise and new business. There are wonderful local enterprise offices, LEOs, and whatever else out there. One practical step would be to have more joined up conversations between those who have members’ savings that we want to lend out and those who can enable enterprising individuals to go in a particular direction. In the next week and until the end of January, we will see significant public accountability in halls around the country when the credit unions hold their annual general meetings. It will be shown that all of us are governed by volunteer directors such as Mr. Murphy who are elected on behalf of members. I respectfully suggest that we already have

local public financial services organisations. They are willing to get in and do the job. We also have staff and infrastructure in place and another difference is that, unlike some other financial institutions whose arrival was heralded some years ago but whose departure was perhaps less signalled, credit unions do not go away. The banks are a little like migratory swallows in that they sometimes come back, but at least swallows have consistency.

Mr. Kevin Johnson: My response to Senator Grace O’Sullivan is consistent with what Mr. Molan just said. People have shown their support for the not-for-profit model. As was said, there are more than 3,000,000 members in 261 credit unions with more than 400 branches around the country. As my colleagues noted, people have also endorsed the customer experience by giving credit unions a rating of four out of a possible four, making them the number one. It is clear that people want, like and respect the credit union model. We contend that we have the model and if it is not complete, it is certainly more than the foundations. We also have the capital and we must ensure we use it effectively rather than watch it erode. We need to be allowed to reach out. There are a couple of dimensions when we look at the core elements of banking and the culture of credit unions. One of them is reliability. As Mr. Molan just said, credit unions have been going from strength to strength over the last 50 odd years. While occasionally we might get something wrong, we always act in the best interest of the members who are both the owners and consumers. Credit unions act with honesty.

The challenge and possibly the gap that we have is one of competence. We are seeing greater collaboration on the credit union side to try to find viable ways to expand the services. As I stated, we urge all stakeholders to engage with us if they believe there are services that credit unions are not providing resulting in some perception of a vacuum. We need to understand that and will very happily include it in our plans. If there are obstacles, for example, regulations designed for another purpose, they will be considered. An open consultation has just commenced on lending frameworks for credit unions. This is a great opportunity to address any gaps that may exist. We would be very happy to engage with interested stakeholders.

Mr. Ed Farrell: Going back to the Chairman’s question, we sent our proposal to the Department of Jobs, Enterprise and Innovation about two years ago. We had a number of meetings with officials and the Department recommended that we engage with the Strategic Banking Corporation of Ireland. Over a six-month period, we had a number of very positive meetings with it at which we discussed the pilot to which I referred. All of a sudden, the SBCI got cold feet and we no longer met. Any influence this committee might have on the Department or the Strategic Banking Corporation of Ireland would certainly be welcome. We have been looking to do more in that space, including centrally managed lending, which would be more risk-proofed than the bigger loans going to the individual credit unions that might not have much experience in that sort of lending.

On the public banking side, going back to the Senator’s question, we all agree that we do not want to bring a German model to Ireland if we already have a model here that is working but could do more, whether that is the post offices or the credit unions. About a year ago, the credit unions in the midlands showed good faith and, with Deputy Penrose and Irish Rural Link, they met representatives of the Sparkassen to elicit advice on SME lending and see if they would come here. On the night, they indicated they would not necessarily open a bank but they were available for guidance. Again, that showed good faith that we are ready to try to do more. From the point of view of Irish Rural Link, it was the rural communities but we said there are communities and demand in urban areas as well. Certainly whether it was via a Sparkasse SME model or via the Strategic Banking Corporation of Ireland, money, credit union offices and staff

are available to step in and do more.

Chairman: I will ask the clerk to liaise with Mr. Farrell to get more detail. We will certainly raise the matter with the Department of Business, Enterprise and Innovation.

Deputy Willie Penrose: I thank all the witnesses for their timely and informative contributions. Some of them have midland accents so I feel at home in this committee for the first time in a while. It is great to see. I am absolutely clear, notwithstanding comments coming from some credit union quarters, that a public banking model is not in opposition to or undermining of the credit union movement. I applaud credit unions and work for and support them. I have sent many customers their way both to invest and, more particularly, to borrow. I thank the credit unions for treating people as people and for extending leniency on time periods, sometimes to enable distressed people to remain in their homes. The compassion they have shown has manifested itself with very little in terms of bad debts. That is most impressive considering they are dealing with many people who, like me, come from a lower socio-economic background. I am proud to come from that background.

For the short time I was in government, before I got a bit chirpy, provision was being made for bad debts of up to €1 billion in the credit unions. I remember that very well. I think the actual figure across the sector was less than €100 million and there were a couple of large credit unions involved, as well as various matters other than bad debts. There was no collapse of the credit union movement. There are approximately 500 branches across the country that are doing well. Some have amalgamated. In Mr. Farrell's area of Kinnegad the credit union is being operated from Mullingar, which is grand. There is no problem as long as there is one. That €100 million contrasts with the €32 billion that was put on people's backs to save the pillar banks. I want to see something in opposition to the banks, not the credit unions, because they are still getting away with nobody being made accountable for anything. Even today, I will present a case to AIB. It irritates and angers me as I come towards the end of my political life to see all this happen. That is why I want to make sure there is something left behind.

We adopted the public banking model as Labour Party policy at our recent conference. I do not see any problem with the model Mr. Johnson was speaking about. There is no need to be defensive, if I perceive any defensiveness there. We went to Mullingar and spoke to Sparkassen representatives. The Sparkassen model would have to be modified and adapted for Ireland, that is clear. We are Paddies and we have our way of going on. As the former Taoiseach said, the Paddies and the Bridies want to know what is going on. We do it our own way. I know that. All we want is some mentoring on how things work. The Sparkassen saved Germany, let us not forget that.

We are still coming out of the recession. A lot of people might be going around with big cravats and smoking cigars again but a terrible number of people are just making enough to have a dinner today and pay the mortgage and car loan. Many of these car loans are from the credit unions, thankfully. Without the credit union, I would not have a car. The big problem I have with the credit unions, though, is the 8% rate charged for personal loans. I tore lumps off the banks here so I had better be consistent and have a small side swipe at the credit unions about that. I only got a loan the other day and I got it very efficiently and effectively with Tom Allen and the boys in Mullingar. Maybe it is all right for me but I would ask the credit unions to look at that 8% interest rate. I think I am right, although I may be wrong. Everyone belonging to me is in the credit union so we are a mixed bag in that regard. I do not think there is any need for that interest rate.

Mario Draghi appeared before the Oireachtas Joint Committee on Finance, Public Expenditure and Reform, and Taoiseach recently. In response to questions concerning the high interest rates charged by banks in Ireland, he said these rates were the result of the quasi-monopoly - his words - enjoyed by the banks due to a lack of competition in the market. That is why we need this. It is not to take on the credit unions but to work with them. The credit union could be a model but some adaptation would be needed.

I am an agriculture spokesperson and know a bit about agriculture coming from that background, as would Mr. Farrell. A €50,000 unsecured loan would be great. Any farmer in Kinnegad or out by Clonfad or Dalystown would be delighted to get that amount. However, it may not be enough. One would only be able to buy the wheels of a forestry harvester for €50,000. When I became involved in agriculture 40 years ago in 1979, it was a different job. I do not support the use of those monstrous machines but that is neither here nor there. The €50,000 loan is a start. The mortgage available is approximately €100,000. Even in a small village such as Ballinacarrigy with only 300 residents, one would not get a house for that price. Mr. Farrell knows that village nearly as well as I do. A great start has been made and I applaud the witnesses for that. One must also consider savers. It is a typically Irish attitude to want loans at low rates and to complain when the interest on savings is only 1% or 1.5%. I agree that there must be a balance. We have to cop on and tell people they cannot have their loaf and eat it. I am in favour of a balanced contribution.

The level of regulation by the Central Bank is unacceptable. It did not regulate sufficiently when things went wild but - typical Ireland - it now regulates everything out of existence with far too much bureaucracy. The dead hand of bureaucracy is making sure credit unions cannot offer debit cards, current accounts and so on. Representatives of the credit unions were before the committee on that issue long ago. They want a widening of the services they can offer but are being deterred and restricted. We should call a spade a spade. As I stated in public, the Department of Finance is at least partly responsible. It holds shares in the pillar banks and will allow nothing to delay the return on its investment. That is what this is about. If the credit unions widen their offering of services, the 3 million bank customers might go to a credit union rather than a private public bank and the Department would lose out. I know this because I first proposed the reduction in bankruptcy terms contained in the Bankruptcy (Amendment) Act. Mother of God, trying to get it through the House was difficult. The Department was worried that the pillar banks would have to write off money. It did not mind that people were slipping across to Wales or up beyond Ballyconnell where one could exit bankruptcy after a year. As Ivan Yates said, as long as such people sat drinking coffee for the year they could return without issue. This is a joke. The dead hand of bureaucracy is holding back the credit unions and an exploration of the wider public banking model. Irish Rural Link, credit unions, managers such as Mr. Farrell and other organisations and parties should meet in the stakeholder forum to outline what does not work here. Of course, the public banking model might not work but it could be modelled and adapted. Credit unions are not banks, but unless they adopt some sort of banking philosophy, the pillar banks will keep the majority of the market forever and a day, which would suit the Department of Finance and the Central Bank. I am right about that because I know how difficult it was to lower the bankruptcy period to one year. I had black hair when I started and grey hair by the time the Bill was passed.

I will finish on my next point in deference to the Chairman who has done a great job in bringing this important issue forward. I live in the heart of rural Ireland, as do many of my colleagues. The lack of proper broadband and the way broadband was rolled out by various companies pose a significant challenge. My parish was divided in two. I know a woman with a very

good business. The broadband provision stopped next door to her business, at her brother's premises. I could not persuade the company to provide her with broadband for her equestrian business which was expanding abroad. It was a waste of time talking to the company.

On microenterprises, I remember going to a conference in Kiltimagh many years ago. They were 15 years ahead of their time. There were cottage industries and microenterprises. People could work from home and make contacts across the world. Some of those at the conference in Kiltimagh were selling to China. That is what one wants. That has nothing to do with the credit unions, Irish Rural Link, Mr. Boland, Mr. Kinahan and Ms Kinahan who advocate constantly for microenterprise. They have done a good job but I regret that they are wasting sweetness in the desert air because things are so difficult for microenterprises.

I come from and live in rural Ireland. Many of the closures in rural Ireland result from rural people passing their local shops and businesses to travel to Aldi, Lidl or Dunnes Stores or another multiple in the nearest big town. They are happy to go to the local shop at 9 p.m. when one would not get a litre of milk anywhere else. Let us call a spade a spade. I will not join any marches protesting post office closures or shop closures or anything else because to do so would be hypocritical. The same applies to the credit unions. One should shop locally as best one can. During the recession, people had to stretch every euro and I understand that. All my brothers are married with families and mortgages and so on. If people have a few more shillings now, they should spend them locally. That goes for every sector. People should not whinge to Ciaran Mullooly on RTÉ about local businesses closing if they are not prepared to spend their money there. I shop for anything I can in my village. I rarely buy diesel anywhere else. If I went to Mullingar, I would probably get it cheaper. So what? I want my local petrol station to remain open. There will not be a shop between Mullingar and Longford in five years' time. I am sure it is the same in other areas. I am not as familiar with County Clare or some other areas as I am my own but the Deputies beside me told the truth about their areas. I am not a great believer in technology and I still write letters to constituents. Forget about email. As with the credit union, people want instant responses to emails. They may send it at 10 o'clock and want a reply by 11 o'clock. Any replies I said are sent in the post. If we do not send letters, there will be no jobs for postal workers.

Personal contact is the essence of any banking relationship, but it is the antithesis of what is happening today in the pillar banks. The pillar banks are predicated on impersonal banking, talking to machines and writing to post office boxes. I tried to get a loan from a bank and ended up in Dublin talking to someone who did not know me. I have been banking with Bank of Ireland since 1978 but it did not have a clue who I was. Forty years of dealing with it and I could have pretended to be the Chairman, Deputy Carey. I could have been anybody. I was involved in a campaign for the restoration of lodgement and transaction facilities. Shopkeepers who had never seen lodgment machines were forced to use them. Many shopkeepers were unfamiliar with computerisation. The banks were making little of them. I note that Ms Francesca McDonagh has copped on and is investing in bank services that allow customers to talk to staff.

On regulation, red tape and bureaucracy, people have it in their power to keep shops open but the Government is helping to close them. Why did it bring in a rates re-evaluation process at the tail end of a recession and increase rates by up to 100%? Even the Tories in Britain brought in rates relief for shops of a certain size in the recent budget. We should cop on and not pay lip service to rural Ireland but, rather, keep it alive as best we can. It will not be like it was when I was growing up in the 1950s, 1960s and 1970s, but we should retain as much of it as we can. We should adapt our planning framework to ensure rural Ireland is sustained. I thank the

witnesses for their enlightening presentation. I urge them to work together on the public banking model and not to be afraid, apprehensive or defensive. We will get there if we keep going.

Chairman: I thank Deputy Penrose for his very thorough contribution. I call Deputy Fitzmaurice, to be followed by Deputy Eugene Murphy, which will finish this round.

Deputy Michael Fitzmaurice: I thank the witnesses for their presentation. I agree with much of what was said by Deputy Penrose. On shopping local, people may try to save a few cent by going to supermarkets but if they need something at night or at 7 a.m. in the morning they can phone their local shop to arrange to collect it.

My mother has known Mr. Boland for many years. He is joined by Ms Lennon. Last Sunday morning, three publicans from my constituency contacted me to say that if things do not change, they will close up. People might wonder what difference that will make. It would affect three more families and businesses. As Deputy Penrose said, the rates are crippling them. If there are no people coming in the door, there is no point in getting it going. They are having a torrid time at the moment. There are many great communities around the country. I believe the Government should offer a minibus to the community council or parish council in every area on the basis of an interest-free loan with no vehicle registration tax and no VAT. We should do this not because the people involved are looking for handouts but as a means of providing a level playing pitch. We could go out the gates of Leinster House this minute and jump on bus or Luas or into a taxi, but people in rural areas do not have such facilities. If we look at the possibility of losing in the bigger scheme of things, we will see that it involves businesses closing. My proposal would cost a small amount of money in that context.

When we talk about carbon, we have to address issues like fuel poverty that have been mentioned by Mr. Boland. It has been suggested that there should be a citizens' assembly for the Lord Mayor of Dublin, but I believe that groups like Age Action Ireland, people like the witnesses who are present today and members of the farming and business communities should be represented at a rural assembly which would consider the issues that are affecting rural Ireland. Farmers are getting hammered day in, day out. They are nearly being told that they are polluters of the world. According to the figures that have been cited by Deputy Danny Healy-Rae, farmers account for a minuscule percentage of emissions. The farmers of this country, who are renowned for producing top-quality food, are nearly afraid to say they are farmers because they are being told they are destroying the world. People in this place need to stop kicking everyone who is producing anything. It seems to be a great train for people in the Dáil to jump on. People in the city and in the country, by our very nature, are going to affect something when we get up in the morning, even when we go to the toilet. We need to be clear on that.

I have met representatives of the credit unions and people like Mr. Boland in many different committees. I wonder whether committees will solve anything. As Deputy Penrose pointed out earlier, there is no point in not pulling with the public banking model. The other banks have absconded from rural Ireland and that is it. If we look at the history of credit unions, and I can be corrected if I am wrong, we will see that in the big, bad world of many years ago, when things were going bad, something like €250 million would have had to be put aside. We were told that it would be a bad day. The Irish people are still paying for €65 million that was parked in the main banking sector and used. If I am right, just €25 million was used in the credit union sector. It might not even have been that much. I stand to be corrected in that regard. This shows that the credit unions were doing things fairly right. As Deputy Penrose has pointed out, at one stage some of the RTÉ correspondents were mad to show that nearly everyone should withdraw their money from the credit unions because certain things were going to happen. The proof is

in the pudding in terms of what has gone on.

I would like to set out the reality for someone who is in business. I do an awful lot of dealing with the local credit union. At the moment, a person might be buying a house, a piece of land or a bit of machinery. I remind the committee that one can get leasing. As Deputy Penrose has pointed out, some credit unions have things at 5%, 8% or 9%. That is too dear, to be honest. If the credit unions are to compete with the banking model, it needs to be between 3% and 4%, in my opinion. I am being quite blunt about it. A person will get small loans, but he or she will not get the bigger loans unless that person whips himself or herself into line. I suggest that this can be attributed to the regulations that have been imposed on the credit unions. The witnesses can correct me if I am wrong in my understanding that all of this is down to the way the credit unions are being screwed. I believe that credit union money was keeping the main pillar banks going. The credit unions were not allowed to spend it. They had €17 billion or €18 billion, but they had to put a quarter of it into A1-rated banks. We had no A1-rated banks, even though we pretended we had. The credit unions do not have a clearance system that the Minister can sign, along the lines of the system used for clearing money or cheques with the main banks. I know the credit unions were blocked from that a few years ago. A Minister can change that. That is one thing. The second thing is that a cards system is needed. I will explain the third thing. No one is saying €50,000 is no good. If I am in business and I am given €100,000 by a credit union to buy a field, the ratios that apply to credit unions mean that the credit union in question will need a certain number of other people to take out loans of €5,000, €6,000 or €10,000. That will not work. I would love people to do all their business with credit unions.

I will mention another thing on which credit unions need to concentrate in the context of rural Ireland. Deputy Eugene Murphy is well aware of a problem that exists at the moment. I would say he would agree with me in this regard. In some parts of this country, people with big single farm payments are coming from other parts of the country to buy up tracts of land. They can do this because the pillar banks are giving them the money to do so on the basis of their turnover. There are two parts to this matter. If we are going to keep rural Ireland, and if the credit unions want to stay in business, there will need to be people in rural Ireland. If small farmers with small single farm payments are being blown out because they cannot buy certain tracts of land, I believe a type of financial system that is backed up by the Government is needed. Deputy Penrose will recall the era of the Land Commission. I am not saying we have to bring that back in the same way. If there are 30 acres for sale and three small farmers want to buy ten acres each, they need to be heard when they go into the credit union. If someone with a single farm payment worth €100,000 goes into one of the pillar banks, and so does Johnny the farmer who has a single farm payment worth €5,000, it is easy to know who will get the money. The credit unions need to get more involved in this kind of lending. I appreciate that they have come on in leaps and bounds.

I would like to propose something here. I have seen the witnesses who are present today going from committee to committee. They are punching as hard as they can. I accept that there are things they can change. The Government has said that we do not need a new public bank. We need to get to the nail of this and see why not. I would like this committee to bring in the likes of the Central Bank. I do not know whether we can do this. Deputy Penrose and the Chair will tell me whether we can. Someone from the Central Bank should be brought in here to tell us why people in rural Ireland are being screwed because of regulations that have been imposed on the credit unions. I think that needs to be done. We need to bring in the likes of the Strategic Banking Corporation of Ireland to get it involved in all of this. The Department should be involved too. In fairness to guys like the representatives of Irish Rural Link,

the community banking sector and the credit unions, for the past year they have been going around making proposals and submissions to every committee and to everyone here and there, but nothing has been happening. It is a question of “same story, different day”. People soon get tired of knocking on the wall when nothing is happening. Sooner or later, the witnesses will say “to hell with them, they are not even worth going up to”. They will be right to do so, in light of the way things have gone.

I believe the credit unions, along with the public banking sector, have to be the new banks in every part of the rural economy. In fairness to the credit unions, they open and provide their facilities in small villages on Sunday mornings or Saturday evenings. I advise the credit unions not to fly away from those locations if they get more services. To be honest, the credit unions need to offer what others are offering. I am saying this as someone who is in business. If I want to buy a tractor in the morning, I am looking at €70,000 or €80,000. Deputy Penrose has described them as monstrous machines, but unfortunately they have to be big to get through the work. A leasing company will do it over seven years. This facility is not made available to credit unions. The interest rates are different. If I want to buy a bit of land, I need the money over ten or 15 years. No one can do it in five years. Even if the rate is 5%, we need a facility. A rate of 9% will not work. One will lose the business over that. If everyone here went into a credit union, one or two of us might be lucky enough to get a loan if we were at the beginning. Regulations on the credit unions mean they cannot do it. That has to be changed. I understand that it is for the Central Bank to change. It is like pulling teeth from the Central Bank to get anything done.

I have a question for Mr. Charles Murphy. I have a vision for credit unions. They started off locally everywhere and were set up by great people. That local aspect needs to be kept. We need to be able to keep that and still call it Joe Bloggs’ credit union, but to move to where we need to, we need to have them more together so there is a bigger pot of money and a person can borrow more. How do we achieve that in the credit union movement, to get that message across to people, still calling it the local credit union while getting a bigger pot, whether for Roscommon, Galway or Dublin? I noted from what Mr. Ed Farrell said that the witnesses are being careful they do not move like the banks, as Deputy Penrose said. In the past, a person went into a bank and talked to a bank manager who brought him or her into a room, and that person either got a loan or did not. That person now has to do most of it by email and ring someone. If he or she then talks to the local bank manager, that manager will say they will fill something out and send it to Dublin. Someone will then ring from Dublin who does not have an iota about how a person was through his or her life and who does not give a damn about that person, because the person is only a digit.

Mr. Farrell talked about credit unions and bigger loans. As many decisions as possible need to be made locally. He said they could go down nearly the same road as the bank. I sound a note of caution on that. There are criteria that anyone has to meet. We should not go that distance and end up like the banks. I propose to the committee that someone from the Strategic Banking Corporation of Ireland, SBCI, the Department or the Central Bank should attend. I do not care which. We will go nowhere if we do not get different groups into a room here. We will not say we will solve it here. The Minister for Finance has a lot to do with this too. We need to chisel it out to see if we are on a run or not. If we are not, we do not need to be wasting these people’s time.

Chairman: If members are in agreement, we will ask representatives of the Central Bank, the Strategic Banking Corporation of Ireland and the Department of Finance to attend the com-

mittee-----

Deputy Willie Penrose: I do not know what the SBCI does. It is only an intermediary step. Why not hand out the money? I propose that it be abolished.

Chairman: I note that. We will extend that invitation.

Deputy Willie Penrose: We should be telling the truth in here.

Deputy Eugene Murphy: I do not want to be repetitious so I will be short. I am a big advocate for rural Ireland and its difficulties. I pay tribute to Mr. Seamus Boland of Irish Rural Link. He kept the debate going at times when very few people were talking about rural Ireland. I pay a particular tribute to Ms Louise Lennon. She is focused on her job and is a credit to the organisation she works for. I say that here in front of Mr. Boland because we know part of her position is ringing up politicians to say there is a deficit in their area relating to meals on wheels and such. That is fantastic and I thank her. We are working on a number of schemes throughout the region and will meet her again.

Mr. Boland and Deputies Penrose and Fitzmaurice generally come from where I am coming from. We can speak all day about the lack of broadband connectivity, which is a significant problem. People in Roscommon have moved out of the county. Some 60% of County Roscommon needs the national broadband plan roll-out, more than any other county in Ireland, as Deputy Fitzmaurice will know from serving the constituency, as do many parts of east Galway, where he lives. It is important and the witnesses may say that they are telling us that, that we are the legislators and we should do it. I get frustrated with the talk. It goes on year after year about where the problems are and what we need to do, and then little or nothing happens. Broadband is very important. I know where the witnesses are coming from and I like to write letters myself. Business, schools and others will say how important broadband is. People have moved out of Roscommon to Longford because we did not have sufficient broadband for businesses in my area.

Things that should not be happening irrespective of not having a national broadband plan roll-out still happen. In north-east Roscommon, Tarmonbarry is on the N5, the national primary route. I am sure many people know it. Mr. Farrell knows it anyway. Rooskey village is in the news at the moment for a different reason. The company that was rolling out broadband for Eir, KN, rolled the broadband down the 043 line from Tarmonbarry towards Rooskey. It is eight miles between Tarmonbarry and Rooskey. Four miles along, it cuts off where the 043 line finishes. Another group came up on the 071 line and finishes where it stops. It leaves 200 m and six houses without a connection. That should be solved overnight. Despite talking to Eir and others, it could not be done. Within that area where there were six houses, two people ran businesses from home. They have stopped that now. They had to move. No matter what hold-up is in the system, there should be a situation where that type of minor issue can be dealt with. That is where we are failing. That is really frustrating people.

I accept that broadband companies are there to make money but they pick and choose. There was a situation in north Roscommon, which I think Deputy Fitzmaurice will be aware of, where a certain company was providing broadband. It is not an easy area to provide broadband to. The company found a more lucrative area to come from and so pulled out and left up to 100 people without broadband and moved to the more lucrative area where it could get more customers and there was a better connection. It is important that we get to the point where the Government delivers this and we as politicians have to work hard on that. The rates issue has

been addressed. I agree with Deputy Penrose that it would be timely to have a review. Some premises and small businesses came out on the plus side but a considerable number of businesses had a massive increase in rates in rural Ireland.

I will be straight about the banking situation. I am a believer in credit unions and will nail my colours to the mast. I believe credit unions should be allowed to broaden their remit into the area of banks and Government and others should acknowledge that. We have a problem with a number of banks pulling out of small towns. Credit unions have been very supportive of communities. I do not think it is possible to argue for a new banking model one day and for credit unions the next. A person can support one or the other. I support the credit unions because of their record, the network and the branches. They are in most towns, including those which do not have banks. Let us move on with it and let the credit unions take on board what we have said here today, particularly what Deputies Penrose and Fitzmaurice have been saying.

Going back to Mr. Boland's point, I have been saying for years that when we had the Industrial Credit Company, ICC, and Agricultural Credit Corporation, ACC, they were significant. When they were both removed from the system, it was a major drawback for financing. It narrowed the field. It is one of the reasons many banking problems have arisen. Credit unions may need to get out to the farming community more. They should let them know what is available and how they can help them. Quite a number of people in the farming community are not fully aware of their products and what they can do now in regard to loans.

On balanced regional development, the programme for Government says we are going to create 500,000 jobs throughout Ireland over the next four to five years. We were promised that 275,000 of those would be in rural Ireland. It is not happening in our area. The jobs are just not being created. I acknowledge it is happening in other parts of the country. In places like Roscommon or east Galway, it is just not happening. That is the problem. One does not have the work. Up to 1,000 people a day leave County Roscommon to travel to Dublin to work in the private and public sectors. Members of my family get up at 4.30 a.m. and get back at 9 p.m. Put oneself in the place of a young parent, particularly a young mother, who leaves a house at that time of the day and does not get home until 9 p.m. It is a shocking life for anybody. It is not acceptable. We have to rectify it because we have all of this development, which we hear about over and over again. The west and the midlands are so open to development that it makes sense to put the money into those regions and to draw more people back into them.

I refer another matter of concern in rural areas. Deputy Fitzmaurice touched on financing, the purchase of land, etc. There is another problem there. The growth of forestry - we need certain forestry and I am not saying we do not need it - is utterly appalling in this country. Somebody needs to stop what is happening. Recently I got figures that show 23% of all the licences for forestry granted by the Department between 2016 and spring 2018 went to three counties. That is over a quarter of all the licences. They went to Leitrim, Roscommon and Galway.

Deputy Willie Penrose: Correct.

Deputy Eugene Murphy: The problem here is if one goes into a bank tomorrow morning to buy a bit of land, it will ask quite openly if it is for forestry, dairy farming or beef farming. If one says forestry, straight away one will get better terms. One does not have to put up as much money to get that loan which, again, is outrageous. Something needs to be done on the basis of fair play. What has happened with a number of young progressive farmers in my area who want to be in agriculture and who want to get decent holdings is that they are placed in a situation where a forestry company does a deal with a farmer and the land is gone. They do not

even get a chance to bid for that land. It could be 20 to 30 acres of pretty decent land and it is a shame that is happening. I am not going to hold people up any longer. The witnesses have had a long morning and the Chairman has been very fair to us all. We will have an opportunity to put other points again.

The reduction in the number of small businesses is a huge concern. Deputy Penrose is correct to a degree. We need to admit that many people are leaving their areas and are going to the bigger stores in regional towns. That is fine as people have a choice. For generations, we have had policy in our house that one spends as much of one's money as one possibly can close to home. I am not ashamed to say that my late father said, and my mother still says, that when we were young they did not always have the money to feed us, and the local shops in the local towns gave us food or whatever. We should never forget those type of stories. I will never be ashamed to tell that story.

Deputy Willie Penrose: Correct.

Chairman: I thank Deputy Eugene Murphy. I am very conscious that we have to out of this room by 1.15 p.m. I ask the witnesses to address the various different points raised by Deputies Eugene Murphy, Penrose and Fitzmaurice.

Mr. Seamus Boland: I will make a few very clear points about the issues Deputies Fitzmaurice, Penrose and Eugene Murphy made. I thank all of them for their comments. The bank we are proposing is not in opposition to the credit union. Let us be clear about that. It is not an either-or; it is a complementation. We are talking about a public bank, a not for profit one and an Irish model. In this type of bank, which has been in operation for more than 200 years in Germany, vulture funds would not get in. We have farmers in this country whose land is owned by the vulture funds. I have no problem if the credit unions step up to the mark. I am a member of a credit union and I owe it a lot but Irish Rural Link's job is to challenge. That is what we are here for. We will not be bankers at the end of this process. We want to see a situation where the local business can borrow €10,000, €20,000 or even €500,000 without the fear that it will end up with a vulture funds or with the shareholders of the London Stock Exchange calling it in. That is what we want and I do not really care how we manage that.

I remember Charlie McCreevy gave out to us, saying we were great at throwing stones in through the bars and whingeing but that we never offered solutions. Here is a solution. People are free to knock it but if they do so, then they should come up with a better solution. Do not tell me the current situation is brilliant because it is not. There are thousands of people in their 30s and 40s living from day to day because they cannot meet mortgage repayments, mortgages they took out in the good years. Angela Merkel has made major comments on the quality of a public bank and has come around to the view that were it not for the public bank in Germany, it would now be in real trouble. Do not knock Irish Rural Link for doing this. We are here to challenge. We have put forward a proposal but if it is knocked, pick a better one.

On the question of rates-----

Chairman: Mr. Boland's phone has not let him down.

Deputy Eugene Murphy: He is a wanted man.

Chairman: We will have to conclude here.

Mr. Seamus Boland: We have a big problem on rates and in rural Ireland. Deputy Fitzmau-

rice had a very good idea. We should stop worrying about assemblies that meet in Dublin. Get one to discuss rural matters and let us deal with those issues where they matter because it was in Deputy Fitzmaurice's county that we were hit last year when we had some meetings. I can tell him that we were the one's being accused of selling out. If we are selling out I do not know what the rest are doing. We need to solve the problems of broadband and of carbon, and we can do it. Rural dwellers brought in water, managed to bring in electricity and brought in a lot of services. They will do the same with this. Give them a chance.

Chairman: Does Mr. Johnson wish to speak?

Mr. Kevin Johnson: I thank the Chairman and the committee but in particular Deputies Penrose, Fitzmaurice and Eugene Murphy for their very appreciative support for credit unions. I would not like that to go unnoticed. It is very much-needed and appreciated.

I have to address Deputy Penrose first. If I have come across to him as defensive, I would appreciate the opportunity to rectify that now. Please do not mistake the emotion of defensiveness for frustration. The frustration is that we need to accelerate this. We are all on the same page and identify the same needs. We share the same social and economic objectives. In the credit unions, we have the capital, the funding available for lending, the infrastructure and a broad range of services and we want to do more. If we are told where those gaps are, we will address them. We know there will be regulatory obstacles but help us to deal with those.

Deputy Fitzmaurice mentioned the limits. He will be glad to know that the agri-product that is there is up to €75,000. I mentioned earlier about the consultation that is going on. We have all worked hard to get the consultation on the table. It is looking at the basis of how those limits are calculated. Again, it is a great opportunity to convince the Central Bank that we know what we are doing collectively and individually.

Deputy Michael Fitzmaurice: Is it good for the Credit Union Development Association if we bring in officials from the Central Bank and explain where we are coming from in rural Ireland? We are all rural Deputies.

Mr. Kevin Johnson: Yes, absolutely. It is important that the needs are spelled out. We all understand the risks involved in lending. If there are gaps in how we mitigate them, then let us hear them and we will deal with them. It is important that consultation is live. It has taken approximately four years to get there, so we should take full advantage because it will probably be another five years before we get a chance.

I will close by appealing to Deputy Penrose not to take what was said as defensiveness because it is actually frustration. We need to accelerate a solution to a meaningful alternative to the banking model in place.

Deputy Michael Fitzmaurice: What about the interest rates?

Mr. Kevin Johnson: Obviously every credit union would like to be able to provide loans at a far lower rate. We mentioned it earlier. A balance is required because we want to look after the savers as well. We are looking at ideas on how that could be addressed. If we could continue to be able to look after the savers without the capital pressures that this brings, then it would enable us to be able to give back more on the lending side and make lending rates more attractive. We will be coming back to the committee looking for the support of committee members to achieve that as well.

Mr. Charles Murphy: This is my first time addressing such an august body, so please bear with me for a while if I falter on the words. I wish to make reference to what Deputy Eugene Murphy said about the commuter belt and people travelling to work. I represent the Irish League of Credit Unions but I am also a volunteer member of the board of an urban credit union in a community that shares the same problems as those facing rural communities. Reference was made to some of the problems facing communities. Approximately 70% of our population are travelling to work in Dublin every day to the detriment of our community. The credit union where I live supports the local forum and local industry. We give grants to them and we give loans wherever possible when people apply for them.

One problem is that we are a small credit union and regulation dictates that we cannot give loans to small and medium-sized enterprises, including farmers, over 25% of our regulatory reserve. That, in effect, stifles us in that area. Mr. Ed Farrell said that the Irish League of Credit Unions proposal is essentially that credit unions would participate in a State-backed vehicle that would enable individual credit unions to act as an efficient distribution network to originate SME loan applications.

Reference was made to the issue of rates as well. I can only talk about my own independent entity as a credit union. We have an incremental rate span. The rate we charge depends on the subject or what the loan is for. On other occasions we take into consideration the socio-economic position of the person who is applying for the loan. As an urban credit union with so much in common with the rural situation, we are of the people and we give where we possibly can.

Chairman: You have been conscious of the time, Mr. Murphy. Well done. I thank all the witnesses for this worthwhile engagement today. We will be in touch again as will the clerk on the different issues.

Deputy Eugene Murphy: I wish to make a point of clarification. I would not like Mr. Boland to think I was knocking what he was saying about the banks. I am frustrated with the delay. Regardless of whoever does it, let us get it moving and use the right model.

Chairman: We all note your frustration, Deputy.

The joint committee adjourned at 1.15 p.m. until 10.30 a.m. on Wednesday, 28 November 2018.