



# DÍOSPÓIREACHTAÍ PARLAIMINTE PARLIAMENTARY DEBATES

# SEANAD ÉIREANN

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

*Wednesday, 12 May 2004.*

# SEANAD ÉIREANN

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Dé Céadaoin, 12 Bealtaine 2004.  
Wednesday, 12 May 2004.

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Chuaigh an Cathaoirleach i gceannas ar 10.30 a.m.

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*Pайдир.*  
*Prayer.*

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## Business of Seanad.

**An Cathaoirleach:** I have received notice from Senator Mooney that, on the motion for the Adjournment of the House today, he proposes to raise the following matter:

The need for the Minister for Foreign Affairs to make a statement on reasons behind a decision of the European Union to place the Kurdish organisation, KONGRA-GEL, on its list of terrorist groups.

I have also received notice from Senator Henry of the following matter:

The need for the Minister for Education and Science to explain the reason grants to the technological section research programme have been curtailed or eliminated in some cases by his Department.

I have also received notice from Senator McHugh of the following matter:

The need for the Minister for Communications, Marine and Natural Resources to review the role of ALAB.

I have also received notice from Senator Bannon of the following matter:

The need for the Minister for Justice, Equality and Law Reform to outline the current status of nine outstanding grant applications under the equal opportunities child care programme made by community child care groups in County Longford.

I regard the matters raised by the Senators Mooney, Henry and McHugh as suitable for discussion on the Adjournment and they will be taken at the conclusion of business. Senator Bannon may give notice on another day of the matter he wishes to raise.

## Order of Business.

**Ms O'Rourke:** The Order of Business is No. 1, statements on the development co-operation objectives of the Irish Presidency of the

European Union, to be taken at the conclusion of the Order of Business and to conclude not later than 12.30 p.m., with the contributions of spokespersons not to exceed 12 minutes, those of other Senators not to exceed ten minutes and the Minister to be called on to reply not later than five minutes before the conclusion of statements; No. 2, Electoral (Amendment) Bill 2004 — Report and Final Stages, to be taken at 2 p.m. and to conclude at 4 p.m.; and No. 18, motion No. 20, to be taken from 4 p.m. to 6 p.m. There will be a sos from 12.30 p.m. to 2 p.m.

**Mr. B. Hayes:** I congratulate the Government parties on their brass neck in proposing No. 18, motion No. 20. Even when the sun shines, it is thanks to Fianna Fáil.

**Mr. Glynn:** That is true.

**Mr. Dardis:** Leave us bask in the reflected glory.

**Mr. B. Hayes:** I assure them our amendment is equally robust.

I wish to refer to a housekeeping matter. More than three weeks ago, the Committee on Procedure and Privileges reported on Seanad reform proposals. The Leader has done her best to ensure the Minister for the Environment, Heritage and Local Government comes to the House to reply to a debate on the proposals. However, if it is proving difficult——

**Ms O'Rourke:** I have two dates about which I will inform the House later.

**Mr. B. Hayes:** I would be grateful to hear them. The matter should be debated, given that the report was published three weeks ago.

It appears likely that AIB's initial estimate of the overcharging of its customers by €14 million was too low and the sum involved is much greater. This bank and others have been ripping off consumers for some time in terms of other charges. Does the Leader agree there is a need to review the regulatory structure that has been put in place and, in particular, to review the law in two areas? There is insufficient sanction for overcharging customers and the boardroom appears to be getting away absolutely scot free. There are no legal obligations on boards to ensure their actions comply with best practice and consumer law. The regulatory structure relating to financial institutions needs to be examined to ensure it is updated to take account of recent developments. Confidence in the banking sector has been sapped over the past few years and there is a need for a debate.

There is also a need for the Government to bring forward its proposals on whistleblowing. Last Friday on the Order of Business, the Leader correctly stated the whistleblowers Bill has been hanging around for the past four years. An opportunity is available to bring it forward in this House to ensure employees are protected when

[Mr. B. Hayes.]

they come forward with information such as this because it would not come into the public domain unless employees took a brave stance. They should be protected in law. Will the Leader, following discussions with her colleagues in Government, bring forward the Bill in this House, given that we have time on our hands to deal with primary legislation?

**Mr. O'Toole:** I seek a ruling, a Chathaoirligh, regarding this evening's Private Members' motion, which asks us to reaffirm a key objective of Government policy. I am not sure whether, constitutionally or under Standing Orders, it is appropriate for the House to affirm the programme for Government, which is agreed between two parties. I do not know how the House can be brought into that matter. On a more pedantic point, we are being asked to reaffirm this objective. This must be an absolute misnomer because I do not recall the House taking a motion to reaffirm previously. The motion should be ruled out of order and I seek your advice in this regard, a Chathaoirligh.

**Senators:** Hear, hear.

**Mr. O'Toole:** I have asked on many occasions that Government Private Members' motions should refrain from commending and congratulating members of the Government as it is difficult for Members to look at them through a clean lens. I have never seen such a sycophantic motion in all my time in the House. It opens up new areas. I defer to my colleague, Senator Norris, because I do not know whether there is such a word as "sycophanticism" but if there is not, it should be invented to describe the motion.

**Mr. Norris:** It is even off the Cassidy scale.

**Mr. Dardis:** Of course, the Opposition never tables condemnatory motions.

**An Cathaoirleach:** We will debate the motion later.

**Mr. O'Toole:** Senator Mansergh looks grossly unhappy.

**Dr. Mansergh:** I thank the Senator.

**An Cathaoirleach:** The Senator should ask questions relating to the Order of Business.

**Mr. O'Toole:** I asked previously for an update on the progress being made by the Minister for Justice, Equality and Law Reform regarding the new credit card driving licence. New legislation has been enacted and it is a legal imperative that one should carry one's licence at all times while driving. The fact that the licences are made from very soft paper makes it very difficult for people to retain them for ten years. The Government claimed it intended to introduce a credit card size

driving licence that would serve the same purpose. The Cathaoirleach will recall that I asked that such a card refer to the licence holder's position on donating organs, but that is not the issue I am raising today. What is the position on the introduction of credit card size driving licences?

**Ms Tuffy:** I wish to refer to the pictures emerging from Iraq of abuses of Iraqi prisoners by American soldiers and the allegations in the Red Cross report of abuses of Iraqi civilians by British soldiers. The latest image, to be seen in the newspapers today, is of a US civilian being beheaded by representatives of al-Qaeda in Iraq. Apparently, he was detained at one stage by US-backed Iraqi police and his parents feel this played a role in his eventual death. This war has turned out to be a bad mess and a mistake on the part of the United States and the United Kingdom. I hope people remember that the Government did not take a sufficiently strong stand against these countries regarding this war.

I noticed yesterday that the UN Under-Secretary General was in Ireland to lay a wreath at the Royal Hospital, Kilmainham, to commemorate the Irish men and women who died on UN service. He said Ireland comes top of the league in terms of peacekeeping roles and he also mentioned there may be a UN role in peacekeeping in Iraq. I hope Ireland assumes this kind of role and passes on its expertise in policing. Will the Leader invite the Minister for Foreign Affairs to the House to discuss our role in this regard and what we can do to get Iraq out of this mess and bring about a peaceful society in that country from which everybody in the world can benefit?

**Ms Ormonde:** I too would like to raise the issue of the horrific picture of the beheading of Mr. Berg, which was broadcast on international channels. Can our Minister for Foreign Affairs, Deputy Cowen, or the Minister for Communications, Marine and Natural Resources, Deputy Dermot Ahern, raise this matter at EU level and draw attention to the sensitivity of the pictures and their impact on the public in this country and elsewhere? I had a long discussion on this issue last night and I feel it is the last straw. Will it ever stop? If it is not Americans abusing Iraqis, it is Iraqis abusing Americans. It must stop and we cannot let it continue. This should be conveyed to the highest powers to whom it can be conveyed. Will the Leader do something about it because it is just too much?

**Mr. Finucane:** Senator Ormonde touched on an issue I wanted to raise. The Iraqi war has sunk to the lowest level of depravity based on the images we are seeing. The person who was beheaded was not even a soldier; he was in Iraq erecting antennae acting on behalf of a contractor. It is sickening.

The Americans, having entered the fray in Iraq on the first day, appear to have gone down a cul-de-sac. It appears they did not have a proper exit strategy. The images of what is happening to prisoners demonstrate that a tit for tat strategy is emerging, which is rather sickening. I also felt nauseous when I heard President Bush defending Mr. Rumsfeld, the Defence Secretary, in recent times.

**Mr. Norris:** Hear, hear.

**Mr. Finucane:** If the conflict was in another part of the world, Mr. Rumsfeld would walk at this stage. This House had a debate on the Iraqi war when it was in its earlier stages. We had different views but at least there was a very reasonable, sensible discussion. However, we should discuss this issue again in the near future.

**Mr. Minihan:** I endorse the comments of the previous speakers. I spoke on this issue in the House last week and I ask the Leader again to convey to the Minister for Foreign Affairs that the time has come for us to be seen to take action. We should voice our concerns. The Minister should talk to the US ambassador and we should have a commitment from the Government, particularly the Taoiseach, that this matter will be raised with President Bush during his forthcoming visit to Ireland. We need to send out this message clearly because if the United States cannot listen to friends who say the abuses in Iraq are not acceptable, it will listen to no one. We can and should convey our message in a responsible manner. The Irish people demand it. The images are unacceptable.

On the specifics of the issue, there are serious questions to be asked as to the level on which the abuses happened. There is a difference between the behaviour of professional soldiers and that of reservists and those operating under the control of CIA operatives. This point needs to be made and to suggest otherwise is not fair to professionals of good reputation who would not operate in the manner depicted in the images.

**Mr. Norris:** I join my colleagues in condemning the abuses evident in the pictures emerging from Iraq. As the House knows, I have been raising these issues for a long time and a considerable majority from all sides of the House feels the same as I do. The matter goes right to the top. If one has a commander in chief who openly states his intention to flout morality and international law and suspend the Geneva Conventions, what can one expect of ordinary soldiers? Many have complained about the images, which are very shocking, but the reality is what really must shock us. The images are only a photographic reflection of what is actually being done on the ground.

I extend my sympathy to the grieving family of the young man who was beheaded. I am sure everybody feels the same about this matter. The man's death was horrifying. He was a contractor.

"Contractor" is a word that is attracting sinister connotations because the American Government has been found to contract out torture. It is a disgrace and as bad as anything that happened in the Second World War.

What interested me was what was said by the family of the beheaded man. It accused the American authorities of precisely the same practice to which I referred yesterday and regarding which I handed over documentation to the Leader of the House, namely, the illegal seizure of people and their detention in incorrect circumstances. A report in today's *The Irish Times* states the man's father "criticised the US military and Bush administration, saying his son might still be alive had he not been detained by US officials in Iraq without being charged and without access to a lawyer". I am very sorry to say this is what one gets when criminality reaches the top branch of the Executive. I hope the Taoiseach, urged on by this House, will raise these matters as an issue of priority.

I return to the question of the banks and the rights of their customers, which the House has been considering. I am concerned about the related issue of the frequent advertisements for shared home investment plans, SHIPs. People over 70 are being urged to surrender a significant part of the equity of their homes in return for a cash grant. There should be a health warning with these plans. I am concerned that elderly people could be persuaded by the soft selling of the banks to give away part of their homes, which could result in them finding themselves in difficulty later on.

I am sorry I did not speak before my colleague, Senator O'Toole, because I am sure he would have a view on the matter I am about to raise. Could we have a discussion in the House on the compensation culture, which is growing? We have had deaf soldiers and, apparently, we are now about to have dumb teachers because they over use their voices. Their voices become exhausted from talking to and reprimanding students.

**Mr. Dardis:** I thought Senator Norris was a teacher.

**Mr. Norris:** I was and my voice often went hoarse from screeching, but it was part of the job. This matter is a complete and utter nonsense and we should squash it before it gets off the ground. If teachers sue the State for compensation for hoarseness, where will it end? Senator Dardis is correct that I was a teacher. I regularly got hoarse and if they get money, I shall sue as well. I will also sue the Government benches for making me shout.

**Mr. Mooney:** Follow that, as they say in the show business world. I endorse all that has been said. However, I am concerned that a trend might develop. I do not doubt Senator Tuffy's contribution on Irish involvement at UN level. The main problem in Iraq at present, however,

[Mr. Mooney.]

apart from the horrific images we have seen, is that there is no stability or security. In fact, the United Nations and its personnel are also the targets of insurgents in Iraq. We cannot forget Sergio de Mello and his staff, who were blown up when they were attempting to bring peace, stability and security to Iraq.

The question is what this small country can do to reflect the anger, outrage and frustration expressed in the Chamber this morning. We believe strongly in the multilateral nature of the United Nations. It is incumbent on the Irish Foreign Minister, who, along with the Taoiseach, is constantly conveying the views of the Irish nation under the EU Presidency, to call for an urgent debate in the United Nations. The major powers, particularly America and Britain who are involved in Iraq, are attempting to devise an agreed resolution for the hand-over of sovereignty at the end of June. That hand-over seems to be further away than even they thought it would be. I cannot envisage a hand-over of sovereignty. To whom can it be given?

The best way forward for a small country such as Ireland, which has a strong international profile, is urgently to seek a debate at the United Nations to ensure the voice of the world will not only be directed towards the Americans for the torture that occurred but also towards the appalling imagery we have seen over the past few days. There are two sides to this and one feeds off the other.

I have a brief question about legislation. Can the Leader of the House find out when it is proposed to make a decision on the findings of the independent electoral commission? The proposals of the commission, which have had a strong impact on my county, is to split County Leitrim in two for electoral purposes. There is a strong ground swell of opposition to that proposition on the part of major sporting, cultural and other organisations, including the IFA and the GAA. When will the Government make a decision on the findings of the independent electoral commission?

**Mr. U. Burke:** Will the Leader speak to the relevant Minister about fading public confidence in the NCT? A total of 150,000 vehicles have been incorrectly failed. Recently, a person whose car failed the NCT challenged the result and returned to the centre 90 minutes afterwards with verification of the inaccuracy of the machinery being used at the test centre. The decision was overturned. It is most important that the people operating the test centres have proper machinery so confidence in the test can be restored. Vehicle testing is an important aspect of road safety, in view of the slaughter on our roads. It is important that the Minister moves quickly to restore confidence in this area.

In the past few days the Department of Agriculture and Food presented a new REP scheme to the EU. The Minister is the current

President of the EU Council of Agriculture Ministers and it is unfortunate that the scheme has been rejected by the Council. If this was a hurriedly revised scheme, that might be acceptable but the introduction of the third REPS has been postponed on numerous occasions. The officials in the Department and the Minister must take the blame for the rejection of the scheme by the EU. The Minister for Agriculture and Food and his officials should immediately produce a suitable scheme and present it again to the Council so the people who are looking forward either to entering the scheme or to continuing the scheme on their farms can be allowed to proceed on that course for the environmental improvement of rural areas.

**Labhrás Ó Murchú:** I took a robust stand against the war in Iraq. At the time I said I regarded that war as illegal, immoral and unjustified. That is still the case. I believed the fall out would eventually cast a shadow over us and if there was even a perceived acquiescence on our part with what was happening in Iraq, this nation would suffer internationally. That is what will happen. It will not be sufficient to express our abhorrence every day on the Order of Business at the latest atrocity. We have to be proactive. We must get out from under the umbrella of the United States and Britain and take a stand as a sovereign nation.

**Mr. Norris:** Hear, hear.

**Labhrás Ó Murchú:** There is sovereignty and human rights in question. Senator Norris is correct that deep down we all believe the same thing. However, that is not enough. If we do not stand up to be counted on these issues not only will America suffer, but Ireland and the rest of the world will suffer as well. The first step that must be taken is an admission by the United States that it was wrong. We will have to rebuild bridges with an entire community not only in Iraq, but throughout the world. I hope this House will give leadership, as it has done in the past, irrespective of what might not be politically correct.

**Mr. U. Burke:** Give leadership on Shannon too.

**Labhrás Ó Murchú:** We must give leadership now or history will not judge us kindly.

**Mr. Bannon:** Why was there such a mad rush yesterday to push the Electoral (Amendment) Bill through the House?

**An Cathaoirleach:** That was yesterday's business and cannot be raised now.

**Mr. Dardis:** The Senator spoke for too long.

**Mr. Bannon:** This type of action damages our democracy——

**An Cathaoirleach:** That was decided yesterday.

**Mr. Bannon:** It undermines people's confidence in our legislative decisions. That is a fact.

I seek a debate on crime. Every day an average of 2,840 crimes are committed in this country. Gun related crime has increased by 50% and theft has increased by 80% since the 11 o'clock Government was re-elected. We were promised 2,000 extra gardaí but they have not been appointed. Resources are needed to detect and eliminate crime, but they are not being provided by the Government. The people canvassing in the local and European elections are reminded of this every day. Debates on law and order that last up to half an hour are taking place on the doorsteps. We have plenty of law but little order at present.

**An Cathaoirleach:** There is little order here as well. A number of Senators are offering. There is a time motion regarding the Order of Business so brevity is required.

**Mr. Leyden:** The Joe Duffy "Liveline" programme yesterday and Senator Norris this morning referred to the shared ownership schemes provided by the Bank of Ireland and other companies. Will the Leader ask the Minister for Social and Family Affairs, Deputy Coughlan, to inform all non-contributory pension holders that they will lose their full pension if they participate in the scheme? It is a short-term gain but a couple could lose up to €18,000 per year.

**Mr. Bannon:** That is Government policy.

**Mr. Leyden:** It is not Government policy.

**An Cathaoirleach:** Senator Bannon, some Member will lose a chance to contribute on the Order of Business if you do not stop interrupting.

**Mr. Leyden:** It is commercial policy. It is important that the Department of Social and Family Affairs informs such pensioners that they can lose their pension. Again, we owe a debt of gratitude to public service broadcasting. Joe Duffy is more effective than the Opposition in this House.

**An Cathaoirleach:** Members should not mention any names.

**Mr. Leyden:** He will be delighted to hear his name mentioned.

**An Cathaoirleach:** The Senator mentioned names previously and discovered the consequences.

**Mr. Norris:** Name and shame.

**Mr. Leyden:** I did; I have personal experience of it. With regard to the banks, I again request that part of the €25 million—

**An Cathaoirleach:** That is not a matter for this House. It is a matter for the banks.

**Mr. Leyden:** It is a matter for legislation.

**An Cathaoirleach:** The Senator should table a motion.

**Mr. Leyden:** I request that some of the funds be given to the People in Need telethon.

**Mr. Ross:** Hear, hear.

**Mr. Norris:** Shame.

**An Cathaoirleach:** That is a matter for the company. If the Senator wants to introduce legislation, he should table a motion.

**Mr. Leyden:** Charlie Bird exposed—

**An Cathaoirleach:** As I said earlier no names should be mentioned.

**Mr. McHugh:** I will be very brief a Chathaoirligh, as I know you are under pressure. In response to what Senator Ó Murchú said, I acknowledge that he was brave during the debate on the Iraqi war more than a year ago. He was brave in conscientiously speaking out on behalf of his constituents against the war in Iraq be it morally or otherwise. We, as a party, believe the UN represented the way forward and I am glad that Senator Mooney has backtracked and agreed with this.

**An Cathaoirleach:** The Senator said he would be brief. We cannot discuss Iraq on the Order of Business.

**Mr. McHugh:** I would like to expand further on Senator Ó Murchú's point in stating the Americans must acknowledge their responsibility. The British must also acknowledge their responsibility. As one brought up close to the Border, I know that some British soldiers in Northern Ireland were involved in internment, interrogation and arresting and abusing innocent people. Any true democrat in this country who backed the British involvement in the war in Iraq has blood on their hands.

**Ms White:** Hear, hear.

**Mr. J. Walsh:** I support those who have raised the banking issues. I wish to take a slightly different angle. We should have a debate on a number of regulatory authorities, including the Irish Financial Services Regulatory Authority. The discovery of the scandal at AIB came about as a result of a whistleblower rather than anything the regulatory authority did. The Government

[Mr. J. Walsh.]

seems to have a propensity to establish these authorities. Last week I called for a debate on the National Roads Authority, which has a number of issues that should be addressed. Exorbitant legal fees have never been tackled by the Competition Authority. We should have a debate perhaps on individual authorities and perhaps on the broader issue of the propensity of the Executive to establish authorities to distance functions from itself.

I support the call for a debate on Iraq, which is overdue. I would like to see a stronger condemnatory approach taken by the Government, particularly towards—

**An Cathaoirleach:** Five or six Senators are offering and I will not be able to let them all contribute.

**Mr. J. Walsh:** —the appalling incidents we have recently seen on television. I agree with the call by Senator Mooney and others for a greater involvement by the UN, which we should debate in the House.

**Dr. Henry:** I support all that Senator Ó Murchú said. Having been in Washington recently, I do not believe even the powers of persuasion of the Taoiseach could get President Bush to agree he had been wrong. While there I saw a retired army general say on television that President Bush should declare a victory and come home at once. Perhaps we should encourage this. They could claim that they have put Saddam Hussein out of power and the job is done. They could come home before there are any further atrocities.

**Mr. Leyden:** What about the oil?

**Dr. Mansergh:** Regarding banks over charging, the Oireachtas Joint Committee on Finance and the Public Service will invite senior AIB executives to appear before it. We all remember that ten or 12 years ago when the DIRT problem arose, those who brought the problem to the attention of senior management were rubbished and pushed aside.

The wording of Private Members' motions before this House is a matter for each party.

**Mr. B. Hayes:** It is a matter for Senators' conscience.

**Dr. Mansergh:** We are as entitled to commend the Government—

(*Interruptions*).

**Dr. Mansergh:** Senator O'Toole should take some credit as a leading social partner for the developments that have taken place in the economy.

**Mr. O'Toole:** Unfortunately all the credit was in the one direction.

**Mr. Feighan:** More than a week ago I condemned Allied Irish Banks for robbing its customers, which is exactly what has happened. I warned that the banks will give a goodwill gesture and unfortunately people, like a small shopkeeper as I was, will accept the money. The Government has accepted a goodwill deposit of €25 million. When will it stop acting like a small shopkeeper and lead the country? The banks have robbed people and I want the Government to introduce legislation to ensure they are prosecuted.

I add to Senator Ulick Burke's condemnation of the National Car Test centres. There is much inconsistency in the results. The Minister for Transport should come to the House and state why a circular has been sent to all the National Car Test centres stating that if their—

**An Cathaoirleach:** The Senator's time has concluded.

**Mr. Feighan:** This is a very serious issue. If the car test fail rate falls below 44%, they write to all the car test centres asking them to try to raise it to more than 60%. This serious issue must be addressed by the Minister for Transport.

**Mr. Norris:** Hear, hear.

**An Cathaoirleach:** I must apologise to the remaining Senators who are offering, as the time will not allow me to accept their contributions. If I had received more co-operation from those who spoke on the Order of Business, I would have been able to facilitate them. Substantive issues cannot be discussed adequately on the Order of Business. Members should table a motion that such debate take place in an orderly and appropriate manner.

**Ms O'Rourke:** Senator Brian Hayes, the Leader of the Opposition, talked about the brass neck of Fianna Fáil. We are very pleased with the progress we have made as a Government and hence we are very pleased to table our motion. The annual rate of inflation is down and everybody wants to speak tonight on this very fine motion.

**Mr. U. Burke:** There will be no guillotine tonight.

**Ms O'Rourke:** We have much good news. The Senator asked when we would debate Seanad reform proposals. Yesterday, I spoke to the Minister for the Environment, Heritage and Local Government, Deputy Cullen. Part of our time on Tuesday, 25 May and Wednesday, 26 May will be allocated to this debate and the hours will be arranged soon. I understand the Minister will attend and he has put this in his diary.

The Senator mentioned AIB and the regulatory structure, and asked about the whistleblowers Bill, which is contained in An Agreed Programme for Government. While I do

not know what stage of drafting it has reached, we should inquire and have the chance to debate it.

Senator O'Toole spoke about the Private Members' motion, which he called——

**Mr. B. Hayes:** Sycophantic.

**Ms O'Rourke:** We believe it is wonderful. It is great to blow one's own trumpet occasionally. The Senator also spoke about the credit card-sized driving licence incorporating the organ donor card. I will inquire about this.

Senator Tuffy spoke about the pictures from Iraq, which are terrible. We are endeavouring to have a debate. Different aspects of this matter have been raised today, including the need for the UN to have a debate. Such a debate could start at the Oireachtas Joint Committee on Foreign Affairs. Senator Ormonde said the pictures were awful. However, this is the only way we can know what is happening. While I know it is almost pornographic as they are so frightful, without them we would not know what is happening. These pictures have the power to affront.

Senator Finucane referred to Mr. Donald Rumsfeld and the avowal of support which he received from President Bush. While that was an internal US matter, it was sick-making to witness. Senator Minihan raised an interesting point. I agree there must be a public and official disapproval and disavowal of what is happening in Iraq. It is odd that there is not a united voice of disapproval around the country. It would be very helpful if there were. As Senator Minihan says, the events at Abu Ghraib detract strongly from the professionalism of the soldiers serving in Iraq. Senator Norris was correct to assert that the USA is contracting out torture. That is exactly what is being done. It is difficult to imagine that one could privatise torture.

Senator Norris also raised the matter of the shared home investment plans which I have raised myself. I received verbal communication from one of the auctioneering firms which was somewhat involved in the scheme's promotion. It is terrible. People do not seem to understand that this involves one's non-contributory pension being taken from one. While one receives a lump sum into one's hand, given that one cannot know how long one's life will be or how one's circumstances will change, the scheme is quite immoral. The Senator also spoke about the compensation culture and teachers. While I have a sore throat and laryngitis, it is from canvassing rather than the result of what I did in the classroom.

**Mr. Norris:** Sue Bertie.

**An Cathaoirleach:** Order, please.

**Ms O'Rourke:** The teachers are unlikely to sue. I am sure this is a bit of a tall tale.

Senator Mooney made the sensible suggestion that the Department of Foreign Affairs should call for a UN debate. I understand that multilateralism is an objective of the Irish Presidency of the EU. Senator Mooney asked when legislation on a boundary commission would be brought forward. I do not know, but I will inquire.

Senator Ulick Burke raised the matter of the national car test which people are raising with politicians. While I am not aware whether the 44% to 60% is an official benchmark, I have been told that it is not enough for a car to pass the test, it must receive honours in marking terms. The Senator also referred to the new REP scheme about which no one seems to have any information. This year, €60 million was earmarked for REPS III.

**Mr. U. Burke:** It was rejected.

**Ms O'Rourke:** I did not see in any newspaper that anything had been turned down by Europe.

I always admired Senator O'Murchú's stance on the Iraq war. I used the words "illegal", "immoral" and "unjust" and I got a wigging, conveyed to me through a third party as *The Irish Times* was good enough to print what I had said. It printed what the Senator said too. It was conveyed to me that there was displeasure and I am sure that was also directed at Senator Ó Murchú.

**Mr. O'Toole:** Who said it?

**Ms O'Rourke:** Senator Bannon said the Electoral (Amendment) Bill was being rushed through the House. Senators had all day and night to discuss it. We exercised great patience with the Senator in this regard.

**An Cathaoirleach:** That matter was agreed on the Order of Business yesterday and that is that. There is no need to elaborate further.

**Ms O'Rourke:** The Senator asked for a crime debate. I admire his industry.

Senator Leyden spoke about the loss of pensions due to the shared home investment plans. He is correct and I will convey what he said to the Minister for Social and Family Affairs, Deputy Coughlan. These people are preying on older people who they invite to go on holiday to Bermuda where they can share a glass of wine. In the next instant, they have their house. It is almost as precipitous as that.

**Mr. Leyden:** It is daylight robbery.

**Ms O'Rourke:** It is.

**An Cathaoirleach:** The Leader, without interruption.

**Ms O'Rourke:** I agree with Senator McHugh's comments on those people who have blood on

[Ms O'Rourke.]

their hands. Senator Walsh called for debates on the regulatory authorities and Iraq. Senator Henry said President Bush should be told to bring his troops home. What is happening in Iraq now is worse than what they found when they went in.

Senator Mansergh said the Joint Committee on Finance and the Public Service has invited or ordered AIB to send representatives to appear before it. I hope that happens soon. Senator Feighan repeated the accusation of robbery against the banks in respect of what they have perpetrated.

Order of Business agreed to.

### **Development Co-operation Objectives of Irish Presidency: Statements.**

**Minister of State at the Department of Foreign Affairs (Mr. T. Kitt):** I am delighted to have this opportunity to discuss the development co-operation objectives of the Irish Presidency. We have had the privilege of leading the EU during an exciting and historic time. The beginning of this month saw the enlargement of the European Union to 25 member states in the largest enlargement process in the Union's history. The Presidency also hopes to reach agreement on a new constitutional treaty for Europe by June. Once the treaty is ratified, it will provide a new legal basis for external action. Among other things, the new treaty will confirm the importance of development co-operation as an instrument of the EU's external action policy. This year will also see the election of a new European Parliament and a Commission as well as a reorganisation of Commission structures. We will also be considering the future financing of the Union in the period after 2006.

I will return to these issues later. First, I wish to provide Members with an overview of the importance of EU development co-operation, the objectives we set for the Irish Presidency's programme in this area and the actions we have been taking to ensure these objectives are realised. The EU already provides more than half of all international development aid and its member states constitute the world's largest donor of development assistance. At the international conference on financing for development in Monterrey in 2002, the EU made further commitments to spending an average of 0.39% of GDP on official development assistance by 2006 and at least 0.33% of GDP on the part of each member state. According to a recent Commission report, the EU is on track to meet this commitment which will greatly increase the resources available from the Union to help the world's poorest people.

At the start of its Presidency term, Ireland set out three priority areas in its development co-operation agenda. These are the eradication of poverty, addressing the HIV-AIDS pandemic and co-operation with Africa. I will detail for the

House the manner in which the Irish Presidency has worked to make progress in these areas. Our first major opportunity to promote the priority of poverty eradication came at the Council's orientation debate on the effectiveness of EU external action, which was held in Brussels on 27 January. This annual Council debate aims to review progress made in combining the various strands of external policy and to set out goals for the future. The Irish Presidency succeeded in securing for the first time Council conclusions from the debate. In particular, the conclusions invited the Commission to come forward with proposals on extending the use of resource allocation criteria based on need and performance to all EU external assistance programmes. A further important conclusion affirmed that the achievement of the millennium development goals should be a key focus of EU policies and its financing decisions. These Council conclusions have strengthened the poverty reduction objective of the EU's development policy and signalled a need for a greater overall coherence in EU external policy.

Since the abolition of the Development Council at the Seville Summit in 2002, a part of the General Affairs Council meeting is given over twice yearly to consideration of a cluster of development items. The most recent consideration of a development cluster took place at the April meeting of the Council. Poverty reduction was again the central theme of this Council discussion, which I chaired. Foremost on the agenda was an assessment of the implementation of the eight commitments made by member states in preparation for the 2002 Monterrey conference on international financing for development, particularly in the area of aid volumes and the harmonisation of aid practices. The Council noted the Union was on track to exceed its commitment to achieve the collective target for increasing the volume of ODA by 2006 and underlined the importance of increasing ODA volumes to meet the millennium development goals, MDGs. The Council also agreed on the need to take further concrete steps to improve donor co-ordination and harmonisation.

In tandem with the assessment of the Monterrey commitments, the Council agreed to an Irish Presidency initiative to give the Commission a mandate to co-ordinate an EU input to the 2005 review of the millennium development goals. In this way, the EU intends to give a lead in international stocktaking of the MDGs and to push this vital exercise to the top of the international agenda. Effectively, Ireland has made a significant contribution to the UN review of the millennium development goals.

The Council also discussed the issue of commodity dependence and endorsed an ambitious proposal for an EU action plan on agricultural commodity chains, dependence and poverty. It further endorsed a specific proposal for an EU-Africa partnership in support of cotton

sector development. This will involve EU efforts to obtain fairer international trade conditions in the cotton sector and specific measures to support cotton producing countries in Africa.

We also gave the Commission a mandate to negotiate some changes to the Cotonou Agreement with the Africa Caribbean Pacific, ACP, countries, the purpose of which is to make the Cotonou Agreement work more effectively to reduce poverty in what are some of the world's poorest countries. Negotiations with the ACP side officially commenced at the ACP-EC Council of Ministers meeting which I co-chaired in Botswana last Thursday and Friday.

An issue which arose at the Council meeting was the extent to which co-operation in the search for materials which can be used in the manufacture of weapons of mass destruction, WMD, should be covered by the revised Cotonou Agreement. The Council decided last November that this aspect should be included in all agreements with third countries. I am glad to say that despite initial opposition from many member states which wished this matter to be considered an essential element, I was able to secure a consensus on a mandate for the Commission in these negotiations which acknowledges the WMD dimension but does not make it an essential part of the amended agreements.

The April General Affairs and External Relations Council was a high point of our Presidency work programme but the work does not stop there. I will host a meeting of EU development co-operation Ministers in Dublin on 1 June. This informal gathering will be the first meeting of development co-operation Ministers of the enlarged Union and will give Ministers a chance to discuss the key strategic challenges facing the EU's development co-operation policy during the next period.

The second priority of our Irish Presidency programme is the HIV-AIDS pandemic. We are aware of the devastating impact of HIV-AIDS which is undermining economic growth, breaking down social structures, threatening food security and, limiting recovery from conflict. HIV-AIDS has created more than 14 million orphans who are vulnerable to exploitation and exposure. Quite simply, AIDS is becoming the single biggest obstacle to the goal of poverty reduction.

HIV-AIDS has been a priority for Development Co-operation Ireland for many years now. During the past three years, DCI has increased ten-fold the funds it commits to HIV-AIDS to a budget allocation of €40 million in 2004. Ireland is also an active supporter and advocate of the global fund to fight AIDS, TB and Malaria and, the international AIDS vaccine initiative. On 23-24 February, I hosted an international ministerial conference on HIV-AIDS in Dublin entitled Breaking the Barriers: Partnerships to fight HIV-AIDS in Europe and Central Asia. The conference brought together representatives from 55 countries and a number of UN agencies to agree collective action in the

fight against HIV-AIDS in the region. The Dublin declaration issued from this conference sets out a detailed plan of action with specific targets and timeframes for fighting HIV-AIDS in the region. It focuses on the need for increased political leadership and vision to stem the tide of this pandemic and the need to strengthen partnerships between government, civil society and the private sector to enhance our collective response to HIV-AIDS. We also agreed that preventing the spread of HIV-AIDS must continue to be high on our agenda and agreed to continue our efforts to provide support for those who are HIV positive with access to life saving medicines and appropriate health care.

On 22 April, Ireland hosted a seminar on good governance for an effective response to HIV-AIDS in Africa at the Royal College of Surgeons in Dublin. The aim of this seminar was to provide an opportunity for European and African parliamentarians to discuss issues related to governance and HIV-AIDS with the intention of mobilising political commitment in the struggle against HIV-AIDS and fostering new forms of co-operation and partnership in addressing this threat. More than one hundred representatives from the EU member states, our partner countries in Africa and members of civil society attended this important seminar, including Mrs. Mary Robinson, who gave the closing address.

Finally, we will host a third meeting in Dublin in June on current research and new preventative technologies in the fight against HIV-AIDS. The aim of this meeting is to place vaccine and microbicide development in the context of ongoing responses to HIV-AIDS and the evolving international health and development agenda. We will seek a reaffirmation of current commitments espoused in the UNGASS declaration of commitment and the European Council resolutions on vaccines and microbicides. We further hope for the adoption of an agenda that can be carried through the succeeding Presidencies of the Netherlands, Luxembourg and the UK. Those who have heard me speak on this issue are aware of my determination that we develop a long-term strategy. We are fortunate in that we are being followed by like-minded countries. The new approach of the European Union is to have not just a six months approach to dealing with issues of this magnitude but to have a long-term agenda that can be passed on. That is an important point.

The third priority area for development co-operation agenda is Africa. Clearly, the issues facing Africa, extreme poverty, conflict, the high prevalence of HIV-AIDS among others, are closely linked to our development priorities. I have already dealt with our achievements in the areas of poverty eradication and HIV-AIDS and will now touch on some specific aspects of the EU's relationship with Africa, and on progress made by the Presidency in this critical area.

Two important meetings between the EU and the ACP states have already taken place during

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our Presidency. I represented the Union at the ACP-EU joint parliamentary assembly meeting in Addis Ababa from 16 to 19 February, at which we discussed topics such as economic partnership agreements, conflict prevention and poverty diseases. I also co-chaired the ACP-EU ministerial meeting held in Gaborone, Botswana, last week. In Botswana, we officially launched negotiations to review some parts of the Cotonou Agreement. This review is intended to make the ACP-EC partnership work more effectively and will, therefore, help to reduce poverty in the ACP states. We also took the important decision to set up a water facility for Africa. The water facility will provide millions of people with access to clean water and sanitation. It is an important step forward on the road towards meeting our commitments to the millennium development goals, MDGs, and those made at Johannesburg.

At the ministerial meeting, we also had a particularly productive session devoted to HIV-AIDS. In this debate, Ministers from the EU and the ACP states were joined by representatives of civil society, international organisations and non-State actors to discuss new forms of co-operation and ways to tackle the growing crisis. The success of these meetings highlights the importance of constructive dialogue with our African partners.

I will now deal with trade and debt, an issue on which I have spoken in this House on a number of occasions. The integration of the economies of developing countries into the world economy is key to their development. In January last, at the beginning of Ireland's Presidency, the EU Council committed the Union to taking the lead in getting the Doha process back on track following the breakdown at Cancun. The EU Council further concluded that priority should be given to the achievement of real benefits in the short term for the poorest countries through rapid progress on issues of importance to them. The recent April EU Council conclusions on commodities and, in particular, cotton, represent an important response to this particular commitment.

The EU is currently involved in establishing economic partnership agreements, EPAs, with the ACP countries. EPAs are trade and economic agreements intended to help integrate ACP countries into the world economy and will be based on the principle of sustainable development and poverty reduction. At the ACP-EU ministerial meeting in Botswana, I underlined that EPAs are above all a development instrument intended to maintain and improve the current level of preferential market access for ACP countries into the EC.

The unsustainable levels of external debt servicing in many African countries is another huge impediment to poverty reduction in Africa. EU member states have provided significant relief of bilateral debt owed by developing countries and have also financed the relief of multilateral debt through the heavily indebted

poor countries trust fund, HIPC, and through separate initiatives. However, further initiatives will be necessary, including measures that address the way loan financing of development is administered and how this impacts on debt sustainability. Under the Irish Presidency's leadership we have achieved significant agreement on ways to increase co-operation between the European Union and Africa on the issue of debt. Many people, including our NGOs, have spoken about the unsustainable levels of debt suffered by some African countries. We have made progress on this issue during the Presidency.

Having discussed the actions undertaken by the Irish Presidency in the area of development co-operation, I now place these events in the wider context of a changing EU. The first opportunity to help shape the future of EU development policy will be agreement on the new EU constitution, which we hope can be reached in the summer. During the drafting phase of the new constitutional treaty, I joined six of my EU development co-operation ministerial colleagues in submitting a joint position paper to the Convention on the Future of Europe. I am pleased to note that poverty eradication is now defined in the draft Treaty as an objective of the Union, and especially of its external policies. Humanitarian assistance has also been given treaty status for the first time. Moreover, the existing principle of coherence of EU policies as these affect developing countries has been maintained in the final text of the draft constitution. By enhancing the role of development co-operation in EU external assistance, the new constitution will provide a sound footing on which to pursue the development policy objectives of an enlarged Union in the years ahead.

The European Commission recently published its communication on the future financial perspective. This will govern the structure of the EC expenditure until 2013. In the proposal the Commission challenges member states and the European Parliament by suggesting some very radical changes to the existing budget structure. For example, the Commission proposes to simplify the architecture of the budget, reducing the number of instruments. The effectiveness of the new instruments would be measured against agreed benchmarks, drawn from main policy objectives. The external relations budget structure would effectively be reduced to six instruments from over 100 and this is something which we very much welcome.

With regard to external action, the financial perspective negotiations must ensure that EC development resources target those in most need. EC resources should be allocated effectively, perhaps through a methodology of the type used in the European Development Fund. This would ensure that resources were allocated according to the levels of poverty in partner countries and the likelihood of absorption. This is not to say that

we do not recognise the importance of development in the better off middle income countries but we believe there is scope to explore the need for different instruments, such as more EU concessional lending supplanting grants in some countries. This could release grant resources to those countries which cannot afford loans and have larger financing needs.

Central to the discussion on the new financial perspective is the debate over the new structure of the Commission. We will need to agree how to optimise the Commission's effectiveness and to take into account the impact of enlargement. The details need to be discussed further, of course, but it is imperative to ensure that we create political and institutional space for development co-operation in the new EU structure. This means the commissioner responsible for development must be able to provide a strong voice for development co-operation and poverty reduction in discussions on all EU external policies. From a development perspective, we see merit in considering management of the entire programme cycle by one body. This would mean policy, programming, design, implementation and evaluation all under one roof. Continued reform of EC aid delivery is essential, including further decentralisation of decision making to the field. In the new European Parliament, the development committee should play an important role as guardian of developing countries' interests in its interactions within the Union.

It is an incredible achievement to have completed the expansion of the Union to 25 member states. The arrival of ten new member states with different historical, political and economic realities from the existing 15 will impact on the EU's relations with the outside world. This will include influencing the content and future direction of the Union's development policy. This is a great opportunity. The new member states, as former aid recipients, probably have as much to say about the effectiveness of EU aid as a current member. We would encourage our new colleagues to engage in debates on further reform which can make the European Union a more effective player, indeed a leader, in the field of international development co-operation. We would also encourage the accession states to help us reinforce the role of the November 2000 EU development policy in the EU's external policies. Like others in Europe, we also recognise concerns about ensuring stability in the enlarged Europe. This will be of particular concern to our new partners and we must address this instability. However, these concerns must not and should not undermine wider poverty objectives.

These processes will set the framework for EU co-operation for the next few years. We must get the outcomes right if the European Union is to contribute fully to international efforts to meet the millennium development goals. We are aware not only of the opportunities these processes offer but also the risks involved if we ignore the

importance of poverty reduction as a central objective.

The European Union, as one of the most significant international players in the area of development assistance, has both a responsibility to help relieve the suffering caused by poverty and the means to promote poverty eradication at a global level. I see a future for EU development which would involve rising levels of official development assistance, with a greater share going to the poorest countries where it can have most impact, and supported by a set of coherent EU policies. We must ensure that the new enlarged European Union is a strong and effective player in international fora and is capable of facilitating dialogue on key issues on the global economic and social agenda. Our achievements during the Irish Presidency so far have made a solid contribution towards reaching this goal and have laid a lasting foundation for those who will follow us.

**Mr. Bradford:** I thank the Acting Chairman. The position suits him rather well.

**Acting Chairman (Mr. Finucane):** Thank you, Senator. Do I add gravitas to the post?

**Mr. Bradford:** This may be a vision of things to come.

The Minister of State is welcome to the House. As we move towards the concluding weeks of the Irish Presidency of the EU, it is appropriate that we reflect on the efforts of the Department of Foreign Affairs and of the Minister of State to make progress on the important issue of international aid and development. It is good that Ireland is leading the way to progress in this regard across the European Union. Nevertheless we must recognise that we have a long way to go.

We are told that the poor will always be with us. In Ireland, through various social and political measures, we have made tremendous progress in the past ten years and our Celtic tiger economy has proved that the poor need not always be with us. Working in conjunction with the European Union, we must now try to do the same on an international stage. We must show that world poverty, famine and debt need not always be with us. This will require concentrated political effort and leadership. I recognise what the Minister of State has been trying to do but he is a prisoner of his Department and his Department is a prisoner of the Department of Finance. There will always be a limited amount of money available but we must keep the priority of international aid and development at the top of our agenda.

With the enlargement of Europe we approach a time when Europe must play an even greater role in the world. The record of the European Union on overseas aid and development is very positive. Of the international community, the EU gives the highest share of its resources as overseas and development aid, apart from Japan. This

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should continue and Europe must show that its external policy is one of support for poor countries, particularly the countries of southern Africa. There is a political duty to demonstrate that, whereas some global powers seem to pursue expansionist international policies, the priorities of European external policy is one of building alliances, and working with poorer countries to turn around economies and to tackle problems of debt relief and AIDS. If such issues are placed at the top of the European political agenda it will demonstrate that the EU is a union of countries who seek to build a secure, debt free and disease free world.

The Minister of State mentioned current priorities. I welcome the idea of economic partnership agreements. To have Europe working together with other countries, most particularly in southern Africa, the Pacific and the Caribbean, is the way to progress. I welcome the Minister's emphasis on the issues of trade and particularly debt. Sadly, most people have no interest in the debt issue. If asked, many who do take an interest would think Bono to be the person with the most influence on debt matters, rather than governments or politicians. While Bono has done tremendous work in highlighting the problem, politicians and governments must lead the way.

In the remaining few weeks of the Irish EU Presidency, debt relief should be at the top of the agenda of the Minister for Foreign Affairs. It is financially impossible for the poorer countries of the world to pay their debts while, at the same time, developing their economies and dealing with huge social problems. It is a question of priority and we must advocate the maximum possible amount of debt relief and debt write-off. In the 1970s and 1980s, Ireland knew the problems of excessive debt. While, on a global scale, our problems were very small, it took us almost 20 years to get out of financial distress. Some emerging countries, in Africa in particular, have no chance of progressing unless we make major progress on debt relief. It is important the Minister keeps this issue at the top of his agenda.

The Minister of State referred to plans being put in place at present which will hopefully be continued by the next holders of the EU Presidency, the Netherlands, Luxembourg and the UK. There must be a coherent, long-term European strategy which should flow from one Presidency to the next. The record of the Netherlands on development issues has been very positive and I trust it will build on Irish policies. The new Union of 25 countries must speak with one voice on these issues. The picture which should be painted of Europe is of a continent which may be a superpower in one sense, but one which will use its wealth, resources and political influence in the most positive fashion internationally.

The Irish EU Presidency ends in a few weeks but the Department of Foreign Affairs will continue the Irish development aid effort. A

worry in this regard relates to funding. The Taoiseach announced almost four years ago that Ireland would meet the United Nations target for overseas aid spending by 2007. This commitment was to bring the aid total up to 0.7% of GNP. The Government received much international recognition for this very welcome announcement, which painted a picture of Ireland leading the way on development aid. Unfortunately, however, Irish funding has halted at 0.41% of GNP. I accept the Minister made the case for further funding during the Estimates process last year but this does not seem to have been accepted by the Department of Finance. If Ireland wishes to push the European project along a certain route in regard to international aid and development, we must lead by example and move towards the target of 0.7%. If not, the Taoiseach will have broken the promise made to the United Nations on behalf of the Irish people.

The Minister referred to our commitment to the achievement of the United Nations millennium development goals, due to be implemented by 2015. Fine Gael fully supports the achievement of these goals, which commit not just Ireland but Europe and the international community to a vision of development which promotes human rights and human development as the key to sustaining social and economic progress. The goals are challenging but at the same time essential. They include the eradication of extreme poverty and hunger, the achievement of universal primary education, the promotion of gender equality and the empowerment of women, the reduction of child mortality, the improvement of maternal health, the battle against HIV-AIDS, malaria and other diseases, ensuring environmental sustainability and the development of global partnerships for development. While it is a substantial jigsaw of work, if all the pieces are not put in place, we will not have the fair and equal world which all people deserve.

If Europe is to take a leadership role in achieving the millennium development goals, international development aid must reach \$100 billion per annum. Europe is a long way from achieving this target and Ireland's financial contribution can only be a drop in the ocean when compared to it. Nonetheless, we have given a commitment to increase our rate of aid to 0.7% and should not be stuck at 0.41%.

Over the coming months, the Minister and his colleagues will be involved in Estimates debates and battles. The battle last year was lost by the Department of Foreign Affairs when the purse strings were held tightly by the Minister for Finance. The House must call on the Minister for Finance to loosen them this year so that the Government can progress towards achieving the commitment the Taoiseach gave to the United Nations on behalf of the Irish people that we would play our full role in regard to international development. It is the least we can expect.

I congratulate the Minister of State on what he is trying to do on the European stage. The policies of the expanded European Union have credibility and, if implemented in full, will ensure that Europe will play a leading role in the effort to bring fairness to humanity. However, those goals cannot be achieved without resources. It is a complex problem but through the Presidency we have shown political leadership internationally. Nevertheless, we must now demonstrate at home that we will put our money where our mouth is. The key issue for the Minister of State and the Government is the next Estimates round and the budget in respect of which there must be progress if we are to move from 0.41% of GNP to 0.7%. Once again, I appeal to the Minister of State to use whatever powers and arguments he has in the Department to impress upon the Minister for Foreign Affairs and, through him, the Minister for Finance and the Taoiseach that we must put in place the extra resources to fulfil our own commitments.

**Mr. Lydon:** I welcome the Minister of State to the House again. One of the triumphs of the Government has been the appointment of two Ministers of State who seem to enjoy their briefs and know something about them, namely, the Minister of State, Deputy Tom Kitt, and the Minister of State at the Department of Foreign Affairs, Deputy Roche. I compliment the Minister of State on his dedication to and interest in his brief. I am sure all Ministers have those attributes, but the Minister of State seems to have a particular aptitude for this area.

The Irish Presidency of the EU has been a successful venture so far for the Government. This is perhaps one of the last Presidencies which will be run in this manner and it was important for Ireland that it was conducted in a professional manner and that our millennium development goals proceeded. The Presidency set out a number of goals and objectives in various areas of endeavour, not least the goal of trying to bring a conclusion to an agreement on the final text of the constitutional treaty to which the Minister of State referred.

The Minister of State referred to the fact that poverty eradication is now defined in the draft treaty as an objective of the EU and, furthermore, humanitarian assistance has also been given treaty status for the first time. These are just sentences in the middle of the Minister of State's speech but their import is huge. It is extraordinarily important that a constitution for a body of more than 400 million people should recognise these issues and put them into a treaty which I hope will be adopted.

One of the main themes of EU development assistance is the eradication of poverty. This is aspirational because, as we know, it is very difficult to eradicate poverty. The good book states: "The poor — they are always with us." However, if one does not aspire, one cannot succeed. The aspiration is worthwhile pursuing

and is an ongoing process. For example, the EU development Ministers will meet in Dublin on 1 June. For the first time there will be 25 Ministers which will no doubt mark a new beginning for the development co-operation programme and policy. I look forward to the outcomes of these meetings.

It is important that the EU speaks with one voice and develops a coherent approach to the provision of assistance to developing countries. The objective is not just to have a policy in place but to ensure that aid earmarked for a particular country is delivered in an effective manner. Too often in the past, as I am sure the Minister of State is well aware, we have seen massive aid packages siphoned off by unscrupulous rulers and not reaching those for whom it was intended, namely, those in need. I think particularly of former President Mengistu of Ethiopia who siphoned off \$100 million of European aid. At the time, we debated the issue in this House, which helped to contribute to his demise in even a small way. Sometimes one might think that there is no effective outcome from our discussions in this House. However, that is not true. We witnessed this in regard to East Timor.

The problem of HIV and AIDS has reached pandemic proportions in Africa and the problem does not help long-term development. The Minister of State mentioned a figure of 14 million orphans. This figure was thrown out but one must think about it. So many people are dying needlessly from this terrible epidemic. The EU has a major role to play in combating this problem and in that context, we earmarked €40 million in 2004. Educational programmes must be put in place to counteract some of the frightening misinformation about the spread of AIDS in Africa, based on beliefs of how people can and cannot contract the disease. Such misinformation is incredible and we must have educational programmes to counteract it as well as the other necessary programmes. I refer to the education issue particularly because it is one we must pursue.

The Minister of State referred to the important international ministerial conference which he chaired in February. Present at the conference were 55 countries as well as UN agencies who debated a plan of action which, I believe, is called the Dublin declaration and which sets out targets and timeframes. Every one of these conferences gets people to meet one another and leads to some progress being made. Bit by bit, inexorably, we move towards solving the problems we have set out to resolve.

EU-Africa relations are very important and we have a duty to help. If the money spent on arms was spent on humanitarian causes, people throughout the world would have a much better life. The General Affairs and External Relations Council held an orientation debate in Brussels in January which involved the Council examining the effect of the delivery of EU external assistance. There is a need to harmonise the EU's

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development policy with its external policy. All these aspects must work together, otherwise agencies will go off on tangents in their activities.

Many meetings and conferences have taken place in recent times. The most recent, which was held on 25 and 26 March, was about international humanitarian law and principles in which Irish officials joined with the Humanitarian Aid Office of the European Commission. There were also representatives from the other member states, from humanitarian agencies, civil defence groups and so on. Also represented were the European Commission, the International Committee of the Red Cross, the Irish Red Cross, the UN Office for the Co-ordination of Humanitarian Affairs, Voluntary Organisations in Co-operation in Emergencies, which aptly uses the acronym VOICE, and the Overseas Development Institute. The conference discussed issues such as humanity, impartiality, neutrality, independence and non-discrimination.

We seem to be disbursing a limited amount of funds on an increasingly wider scale, for example, to the Caribbean and so on. However, we should concentrate our efforts in Africa and particularly on the problem of HIV and AIDS. The tragic loss of human life in Africa is incredible as are the famines and starvation. We should support the efforts made by South Africa in particular in consolidating the economic and social foundations of its transition process. We must also promote regional co-operation and economic integration in South Africa. We must promote the expansion and reciprocal liberalisation of mutual trade in goods, services and capital and we must deepen our dialogue with Africa.

Just think of the recent trouble spots in Africa — Sudan, Somalia, Ethiopia, Eritrea, Burundi, northern Uganda, the Central African Republic,

*12 o'clock* Liberia, Sierra Leone and Côte d'Ivoire. We should think of the upheavals involved, the massacres and human rights abuses, when an entire Continent is engulfed by poverty, massacres and a HIV/AIDS pandemic. This Continent is full of beautiful and intelligent people who are very friendly for the most part. They need a helping hand and, as we are next door to them, we should give it. I am not saying we should not help other countries but we cannot do everything.

A wide-ranging approach is needed, not just in the provision of aid. We must harmonise that with the provision of security, defence, trade and education. The Minister of State mentioned commodity dependence, which is also very important. That occurred when the Soviet Union broke down — commodity dependence existed where state produced one commodity and so on, but when the Soviet Union broke up the whole system collapsed.

The Minister of State also mentioned debt. Billions of dollars were loaned to South American countries which could never pay back those loans and which ended up in debt to the

IMF or the World Bank. The US then moved in with trade agreements to benefit from that situation. I would hate the EU to act in that way. We can do better than that by providing a genuine aid package. We have much to offer. However, the Minister of State should say in the appropriate fora that we cannot take in the entire world. Africa lies just below Europe, we have close ties with it and it is one of the places with the most needs and enduring the worst suffering. There is huge poverty in India and South America but I have been all over South America and although there is poverty, people can eat and they do not die of poverty in the street. It is important to remember that point. There is huge poverty among the Mayan people of Mexico but they eat every day and medical services are available to them. However, that is not the case in many African countries, where we can do something about the tragic loss of life.

**Mr. T. Kitt:** I agree totally. We are mainly focused on poorer countries and we will maintain that policy.

**Mr. Lydon:** I am glad the Minister of State agrees with me.

**Dr. Henry:** I wish to share my time with Senator Quinn.

**Acting Chairman:** Is that agreed? Agreed.

**Dr. Henry:** I welcome the Minister of State and I agree with Senator Lydon. It is great to see the Minister of State, Deputy Tom Kitt, attacking his brief with such enthusiasm and I was very interested in his comprehensive speech.

I am glad the EU is on track with its commitments to developing countries and I agree with Senator Lydon that we must concentrate on certain countries. I share his interest in the African countries, which are our priority. However, as Senator Bradford said, I hope the Minister for Finance also knows of our commitment to providing 0.7% of our GDP in aid by 2007. Whenever I have met Africans, in Africa and elsewhere, there is constant praise for what we are about to do and it would be terrible if people were disappointed. I hope at Government meetings the Minister for Finance is well briefed on this, as we will have to put on a bit of a spurt to make that level of contribution by 2007.

Poverty reduction is incredibly important, as the Minister of State said, and it is good that the position of cotton producers in Africa is being tackled by the EU. However, we do not produce much cotton. I was not encouraged by the response of Irish farmers to Commissioner Fischler's announcement that aid to farmers in the EU would have to be examined seriously and that we would have to be ready to compete properly on the world stage. For example, there is an outrageous situation with sugar. If sugar was

marketed as it should be, we would be able to buy it for 6 cent a kilogram here, rather than 25 cent a kilogram. We have advantages in that we are subsidising goods like sugar and beef to an enormous extent. I know we have a problem in that the US is paying subsidies to farmers but perhaps the EU could lead the way on this issue. It is fine to encourage improvements in global trade for commodities but one would like to feel we were not just doing so with commodities which do not affect the EU.

I am glad donor co-operation is improving and I saw that for myself in Ethiopia. We do not have to stand behind the national flag as we are very good at co-operating with other small countries on projects. I am also glad that dialogue with our partners is becoming more important. They have some very good ideas at times about how money should be spent and which programmes should be promoted.

The impact of AIDS in Africa is appalling. Deputy Burton told me that when she made a private visit recently to parts of South Africa and Tanzania where she worked in the 1980s she was horrified to see a huge increase in the number of families headed by children, as even their aunts, uncles and grandparents were dead. The social effects of that are absolutely dreadful.

It is important to remember that the most important cause of poverty in Africa is still conflict. When we see what is happening in the Sudan, northern Uganda and many other places, efforts to resolve conflict in those areas must be redoubled. I find I have to listen to the BBC World Service to find out what our troops are doing with the UN and I hear the highest praise for them. The Minister of State said we must be careful about what is happening on the edges of Europe. The other night I heard the BBC World Service describe 100 Irish peacekeepers holding the line with some very reluctant support from another country which I will not name. The praise for those 100 men was incredible but I heard little about them here. We hear nothing about what our soldiers have done in Liberia, which has been nothing short of unbelievable. They had to take on heavily armed child soldiers who were high on drugs and influenced by voodoo. Those conflicts cause more poverty than many other issues on which we concentrate.

The Minister of State also spoke of concentrating on the possibility of weapons of mass destruction being made in developing countries, which is very serious. We know that many countries have the capability to do that and there is very little regulation of the area.

The Minister of State said we are to have new financial perspectives and that the European Development Fund is to be simplified, which is a very good idea. However, he should note that whoever is made commissioner for development should be able to provide a strong voice for development co-operation and poverty reduction in all discussions of EU external policies.

Whoever is appointed as commissioner should come from a country with a strong tradition of giving development aid. We do not need a neophyte in this area because one has to fight one's corner in the European Union.

**Mr. Quinn:** I appreciate that Senator Henry has allowed me to share her time. I wish to raise two points, one of which was referred to by Senator Lydon, namely, the siphoning off of aid meant for different purposes. In an interesting article in *The Economist* last week, US Congressman Christopher Shays, who chairs the US Government reform committee, expressed the view that the UN food for aid programme, worth \$67 billion over the years, could become the biggest scandal ever. Given what has been happening with the programme and the possibility that it may be directed to our aid programme, will it be possible to ensure we avoid some of the scandals referred to? Mr. Chalabi, a member of the American appointed Iraqi governing committee, has also described it as the biggest political scandal in history. The oil for food programme was abused by Saddam Hussein. Huge sums of money were given to a large number of dictators and other countries, many of which were genuine beneficiaries. However, there is even a suggestion that politically motivated people who had gained well from this in France and Russia were able to influence the French and Russian governments not to join in the war in Iraq. I do not know how much truth there is in this, but these kinds of scandal damage the reputation of those who are trying give money to help those requiring help, money that is being siphoned off elsewhere.

I am impressed by the Minister of State. Since I have known him, he has been strongly committed to this area. He referred to the commodity dependence in Africa. Given that Ireland holds the EU Presidency, we must do something to ensure we get back on track the thinking in regard to subsidies and what we do for these nations. It involves the United States and the farming supports we give in Europe. Senator Henry referred to the price of sugar. I could give many examples of the prices being paid or not being paid in Africa to the producers of food. Oxfam had a wonderful quote: "If you give a man a fish you feed him for a day; if you teach him to fish you feed him for life." It is a lovely idea and it should be repeated by all involved in this area.

It is not enough to give help, food or aid to these countries if at the same time we are putting up barriers in Europe to ensure they cannot export to us the products they produce much more efficiently and at a much lower price than we can do. Let us make sure we use the little time we have and the strong voice of the Minister of State to influence in any way we can the ability to change that attitude so that in the years ahead the people of Africa will look back and say that

[Mr. Quinn.]

rather than give handouts, Europe was able to do something to help them in the long term.

**Ms Ormonde:** I wish to share my time with Senator Mooney.

**Acting Chairman:** Is that agreed? Agreed.

**Ms Ormonde:** I welcome the Minister of State and congratulate him on his grasp of this brief for which he has a natural aptitude. That is clear from his speech, which is one I will read again because I am not well informed as to the amount of work on overseas development aid being done on our behalf by the Minister of State. Perhaps we should become more aware of the contribution Ireland is making towards the eradication of poverty and combating HIV-AIDS in these countries.

This debate is timely because the forthcoming elections will lead to the creation of a new European Parliament and Commission. During the Irish Presidency the objectives of overseas development aid were to be looked at to ascertain their effectiveness and whether there is value for money in terms of how it is spent in the recipient countries. The Commission has been invited to monitor this area and to take a leadership role on the millennium goals. My level of knowledge of these goals was so lacking I had to undertake some research.

The purpose of the millennium goals is to eradicate poverty and hunger, to give better overall global primary education, to reduce child mortality, to aim for gender equality, to improve material health, to combat HIV-AIDS, malaria and other such diseases, to create an environment to help the production of resources and to develop a global partnership, in other words, co-operation between all member states for development aid. These objectives were set out in 2002. How have we developed them and how effective has implementation been in these countries? The Irish Presidency has highlighted areas that should be looked at and has called on the EU to question the effectiveness of these objectives. We hope to have a review of them by 2005. It is an area in which I will become more interested given the work done by the Minister of State at conferences and meetings throughout Europe to highlight and implement these objectives.

The Minister of State outlined his work programme for dealing with African-Caribbean and other states in regard to economic partnership agreements. That is very important, especially given that issues such as conflict, peace building, and trade were discussed under these agreements. It re-emphasises the Government's commitment, as part of the Irish Presidency, to reducing the debt burden of the developing world.

I would like to have attended the conference in Dublin on breaking the barriers in the area of

AIDS in Europe and central Asia and how best to make progress among governments, NGOs and the United Nations. Sometimes there is a perception that the aid Ireland and other countries give to developing countries is not going to the right places and that, perhaps, those implementing the programmes are not getting value for money. I ask the Minister of State to look at that issue with a view to closing the gap between what we are doing and what will be the external policy after the draft constitution becomes the new treaty for Europe. I congratulate the Minister of State on the work he has done and wish him well with the eradication of poverty and the combating of AIDS.

**Mr. Mooney:** Like my colleagues, I welcome the Minister of State and commend him on his outstanding record in representing Ireland at EU level during the Presidency. The UN regards the situation in Darfur in Sudan as one of the worst humanitarian crises in the world. It states that at least \$140 million is required for a massive and immediate humanitarian response. Apart from the 1 million people displaced within Sudan a further 2 million people are thought to be affected by the year old conflict which has interfered with the planting of crops, reduced access to markets and basic services and left civilians vulnerable to violent attack. Thousands of homes have been destroyed along with the crops and livestock people need in order to survive.

The extent of the crisis is both disputed and difficult to ascertain, given the extremely constrained access. It is estimated that more than 700,000 people have fled to urban centres in Darfur and there has been further displacement to other parts of Sudan including Khartoum. A further 135,000 refugees are in Chad which borders Darfur. Thousands have died as a direct result of violence and many more as a result of conflict-related disease.

Humanitarian response and access to Darfur is extremely limited primarily because of insecurity and government restrictions on travel. The government has restricted relief activities to urban centres and internally displaced persons' camps in areas under its control. According to an AFP report published in the *Sudan Tribune* of 11 May, the Government of Sudan is deliberately starving civilians in at least one town in the troubled western Darfur region. This is the basis of a UN report which has not yet been published but which states that numerous testimonies substantiated by observations on the ground allude to a strategy of systematic and deliberate starvation being enforced by the Government of Sudan and its security forces. Eight or nine children are dying every day in Kailek, a village in Darfur, because of malnutrition. The report makes several references to the total destruction by government forces and allied Janjaweed militia of 23 local villages populated by the Fur ethnic group and stressed that nearby Arab

settlements have remained untouched. It describes these actions as a campaign to cleanse a large area of its Fur population, echoing allegations of ethnic cleansing made in recent weeks by senior UN officials. The report also describes sanitary, shelter and medical conditions in Kailek as appalling, deplorable, inhumane and unfit for any human habitation. The report accuses the Government of Sudan of deliberately deceiving the United Nations by repeatedly refuting claims about the seriousness of the situation in Kailek. It has actively resisted the need for intervention by preventing UN access to the area.

I have outlined that appalling sequence of tragedy that has befallen the people of a part of the Sudan which seems to be almost forgotten. I plead with the Minister of State, in his capacity as the Minister of State with responsibility for overseas development but also as the representative of the EU Presidency, to take urgent action to highlight the abuses that are systemic and are being organised by proxy by the Sudanese Government. The Minister of State will be aware that it attempted to divert a resolution of the UN Human Rights Commission in Geneva recently in order to water it down. I also accuse the other African states which, for reasons perhaps to do with history or colonial legacy, do not wish to be seen to criticise a brother nation. It is time they lived up to their responsibilities in this regard because this will become another Rwanda.

The largest amount of Ireland's overseas aid is donated to Uganda. The Minister of State will be aware of the criticisms consistently levelled at the Ugandan Government by John O'Shea of GOAL. Uganda is deeply involved in the carnage and plunder in the Democratic Republic of Congo which has been responsible for the deaths of between 3 and 5 million people since 1998.

Why does the Government fly in the face of such overwhelming evidence that Uganda is corrupt and engaged in large-scale violence and theft in a third country and continue to place so much trust in it? Does Ireland Aid really believe that government to government aid gives better value for money and, if so, why does it not give all its overseas development aid in the form of bilateral aid? Development Ireland is the new title for Ireland Aid. Would Development Ireland officials use the services of a Development Ireland-funded hospital in Uganda if they fell ill while in that country? Why does Development Ireland not attach strict criteria to bilateral aid donations which should include issues such as good governance, accountability, good human rights records and non-tolerance of corruption? The questions continue for two more pages and I presume the Minister of State has received this document from John O'Shea.

I am a member of the Joint Committee on Foreign Affairs. The committee and the Minister of State met a group of senior Ugandan Ministers at the end of August last year. A charm offensive

was launched by the Ugandan Government to ensure that €30 million of Irish aid was not compromised.

I refer to an article in *The Sunday Business Post* of 31 August 2003, at the very time we met the Ugandan representatives. They made a very impressive case to the committee that Ireland should not dilute its overseas aid to Uganda. The report stated that a leading Ugandan politician who visited Ireland to meet members of the Government and the committees was censured four years ago for influence-peddling and financial impropriety. The Ugandan Minister of State for Finance, Sam Kutesa, was censured on 4 March 1999 for his role in the purchase of state-owned Uganda Airlines' shares in the cargo-handling firm, Entebbe Handling Services. He was advised to resign but vowed that he never would. They are the sort of people the Minister of State is dealing with. My remarks may sound harsh in light of the pleasant and positive things being said.

**Mr. T. Kitt:** The Senator's research should have been better.

**Mr. Mooney:** I am giving the Minister of State an opportunity to refute——

**Mr. T. Kitt:** I wish I had time to do so.

**Mr. Mooney:** ——or respond to these issues.

**Mr. T. Kitt:** There are two sides to the story. It is very serious.

**Mr. Mooney:** It is important. They are in the public domain.

**Mr. T. Kitt:** I agree with the Senator. It is taxpayers' money.

**Mr. Mooney:** It is important they are debated. I am not acting as an advocate for GOAL or anybody else but these are very serious questions that have been raised. These serious allegations should be answered. I ask the Minister of State to respond on the issue of Darfur which is of much more importance.

**Acting Chairman:** I am anxious to facilitate Senators Norris and Mansergh with four minutes each and the Minister of State to conclude at 12.40 p.m. with five minutes.

**Mr. T. Kitt:** I have to attend a committee meeting.

**Mr. Norris:** I will speak for two minutes.

**Acting Chairman:** Thank you, Senator Norris.

**Mr. Norris:** I am very grateful for the flexibility. I agree it is absurd and a complete nonsense to deal with a continent such as Africa in one hour. As the only African-born Member of the House,

[Mr. Norris.]

I have a particular stake and interest. The continent of Africa is a disaster. Robert Mugabe, for example, is a criminal who is destroying his country. Under the previous leadership of Nelson Mandela, South Africa, was held up as an example but now Thabo Mbeki is in power. One must seriously question the leadership of somebody who denies a relationship between the human immunodeficiency virus and AIDS and suggests that AIDS can be cured by eating beetroot. It is a complete and utter nonsense.

I am interested in the dispute between the Minister of State and one of his own Senators. It revolves around the area of Uganda and recognition. I support Senator Mooney's argument and I also support GOAL. I note that moves have been made in this direction and €10 million of aid has been redirected.

I was born in the Congo. It is unspeakable to think that 4 million people have been killed. That is equal to the population of Ireland. There has been intervention from places such as Rwanda and Uganda. Uganda has no naturally-occurring mineral deposits of diamonds yet they are one of its largest exports. The diamonds are being raped out of the Democratic Republic of Congo and that is insupportable. For that reason there are very large questions to be answered about the operation of Irish aid in this area.

I presume the Minister of State is in contact with the Congolese-Irish Partnership. I hope the partnership has sent him the kind of detailed documentation I have seen. Despite the flexibility demonstrated in the House, there is not time to read it into the record of the House. The partnership has provided me with information on the city of Kisangani, lower and upper Ieli, Ituri and northern Kivu. There is a series of documented abuses, many involving Rwandan troops with named personnel. Other tragic situations are documented such as the incursion of stock breeders from Chad destroying the natural farming methods of the people. Time after time, one must refer to Rwanda. I apologise for the sketchy nature of this contribution but I understand the Minister of State has to leave and my colleague, Senator Mansergh wishes to speak. The House should have a full debate on this issue.

**Dr. Mansergh:** I welcome the Minister of State and his positive report. I have a deep admiration for his commitment and leadership in this area. Listening to debates sometimes, everything appears to be a disaster. I have here an article reporting on the proceedings of the World Bank earlier this year, which shows that between 1981 and 2001 absolute poverty as defined by income of less than a dollar per day declined from 40% to 21%, while 500 million people in south and east Asia were helped out of poverty by economic growth. Admittedly, Africa has gone backwards, as Senators noted. I have great respect for the achievements of South Africa, notwithstanding the difficulties caused by AIDS.

We should consider the issue of providing development aid to countries involved in peace processes because we have an extra contribution to make in that regard. I have referred on previous occasions to Sri Lanka and the difficult position in which it finds itself.

Ireland has risen from a very low to a relatively high position in terms of development aid contributions. Having substantially overcome our economic difficulties of recent years, it is important that we honour the commitment made by the Taoiseach to increase our development aid to 0.7% of gross domestic product. We enjoy immense respect for the achievements of our economy and the relative success of our peace process, despite its problems and we should add to this respect by joining the leading development aid donors. I say this despite being finance spokesperson for the Fianna Fáil Party in the Chamber. While this objective is important, development aid must be directed and spent in ways which minimise the possibility of abuse referred to by Senators.

**Minister of State at the Department of Foreign Affairs (Mr. T. Kitt):** I thank Senators for their contributions. We have already addressed many of the issues raised by Senator Mansergh and it is a pity we do not have time to discuss them further. Ireland has a good reputation in development co-operation and we have acted to the best of our ability during our Presidency.

The debate has covered many subjects. Unfortunately, due to time constraints, I find I must defend two positions raised by Senator Mooney and will, therefore, have little time to address the large number of other general issues Senators raised. The issue of Uganda was raised, about which we could have long debates. I have addressed this matter on a number of occasions and will discuss it again in a forthcoming committee hearing.

I ask that those who question our policy on Uganda closely examine the matter. There is no question that taxpayers' money provided by the Government is going astray. The notion that the Government hands cheques to Ugandan Ministers is simplistic and dangerous. As a result of the dissemination of that message, my Department has received telephone calls, albeit a small number, from people arguing that Africa is a waste of time. Some of those who contacted the Department also called for Africans in this country to be sent back. The people who support the line that we should withdraw aid from Uganda are mainly those who believe there is no point in giving money to Africa and that the continent is a lost cause. Debate is healthy but those engaging in it should check all the facts on both sides of the argument before raising such a complex matter in a simplistic fashion.

I have observed the work the Government does in Uganda at first hand. Having seen the faces of young children in villages where water supplies have been turned on and met teachers

who were trained using Irish taxpayer's money, I can state categorically that the money we provide is spent soundly on the poorest people and not corruptly.

We exert our influence by our presence. Many other European Union countries, including Britain and the Netherlands, are also involved in Uganda and trying to exert influence. Senators properly raised the fact that Rwanda, like Uganda, is involved in the Congo. The Ugandans have withdrawn from the Congo as a result of the influence we brought to bear on them. I redirected my Department's government to government moneys towards a more sectoral approach because I believed we should exert political influence as regards the country's presence in the Congo. We provide support for areas at district level. I am satisfied having visited programmes that the moneys are being well spent.

I stand over our development programme in Uganda. Those who suggest we should withdraw it should realise that this would lead to loss of life among ordinary people and those who argue that we should give the money to non-governmental organisations should be aware that NGOs do not have the capacity to train teachers, develop school curricula, provide major water facilities or build roads that extend for 50 kilometres. This is a complex issue which I am willing to debate but people should examine both sides of the argument. It is a pity that the agenda of the House precludes us from debating the issue further.

Senator Mooney also raised the issue of Sudan. I was involved in ongoing talks in Nairobi on the conflict in Sudan as part of a European Union troika. We are deeply involved in the matter in Darfour and are liaising with both sides to try to arrange a ceasefire. Unfortunately, Sudan was also on the agenda during my previous period in office as a Minister of State and I visited the country at the time. I am willing to visit the area again if necessary and we are working heavily behind the scenes.

Unfortunately, I do not have sufficient time to address the many other important issues raised by Senators, including trade and development, but I thank them. I agree that we must work hard to give countries the capacity to trade out of poverty. Aid, while extremely important, is not the only factor. Senators correctly argued that we should move towards spending 0.7% of GDP on aid and their support to that end is appreciated.

*Sitting suspended at 12.40 p.m. and resumed at 2 p.m.*

#### **Electoral (Amendment) Bill 2004: Report and Final Stages.**

**Acting Chairman (Mr. Mooney):** Before commencing Report Stage, I remind Members that they may speak only once on Report Stage, except the proposer of an amendment, who may

reply to the debate on an amendment. Each amendment must be seconded.

Amendments Nos. 2 and 10 are related to amendment No. 1 and all may be discussed together by agreement.

**Mr. Quinn:** I move amendment No. 1:

In page 6, to delete lines 1 to 4 and substitute the following:

“(8) *Parts 1 and 3 of this Act, together with sections 33, 34 and 35 and Schedule 5, shall come into operation on enactment. Part 2, together with sections 30, 31 and 32 and Schedules 1 to 4 inclusive, shall come into operation on such day as the Minister may appoint by order, but only after the Ceann Comhairle has received from the Electronic Voting Commission a satisfactory certification of the proposed electronic voting system under the Commission's terms of reference.”*

I always have a problem when Report Stage is taken within a day of Committee Stage because I feel I am repeating myself. While the amendment is not essential, it would improve the Bill no end. The Minister of State explained why he did not believe it was necessary. However, following enactment, it will be necessary for the Minister to make an order bringing these urgent provisions into effect. It would be much more efficient to bypass that necessity by making a commencement order and providing for those parts of the Bill to come into operation immediately on enactment. I made this valid case yesterday and it stands up.

I hoped the Minister of State would consider the amendments overnight and would devise a formula that would put my mind at rest in this regard. It is an important Bill. There is great pressure on the Minister of State not to take amendments so that the Bill will be passed by both Houses before tomorrow. This is why Report Stage is necessary and the issues raised on Committee Stage should be considered. The amendments are worthy of consideration and I urge the Minister of State to accept them.

**Mr. Bannon:** I second the amendment. I refer to amendment No. 10. The reputation and authority of the Minister for the Environment, Heritage and Local Government has diminished among the public and also among the ranks of his own political party. It is necessary to remind him that we live in a democracy and it is important that this amendment is taken on board. The Minister is still director of elections for Fianna Fáil and he should not be empowered to give advice to returning officers and so on. Perhaps the Minister of State will accept the amendments to safeguard the legislation and our democracy.

**Mr. Brady:** Amendment No. 10 provides more power to the Dáil while ignoring the role of the Seanad. At the end of the day, the Minister bears

[Mr. Brady.] responsibility for the legislation and is taking the flak for it in a number of ways.

**Minister of State at the Department of the Environment, Heritage and Local Government (Mr. Gallagher):** The first part of amendment No. 1 reflects what will happen when the Bill is enacted and, consequently, I hope Senator Quinn will accept my undertaking that the commencement order will reflect this point.

With regard to the second part of the amendment, the commission's terms of reference in Schedule 5, together with sections 21 and 22, state the commission's reports will comprise recommendations on the secrecy and accuracy of the system. The Government decided not to use the system at the polls next month in line with its commitment to accept the commission's recommendations. We must await the publication of the commission's next report on which the commission based its conclusion that it was unable to make a positive decision. One might ask why the Government should proceed with the legislation but one of the main reasons for doing so is to give statutory effect to the commission so that it can report. Given the Government's commitment, which is being honoured in regard to the elections in June, no Government would insist on using a system if the commission expressed dissatisfaction with it. It is not necessary to have the second part of the amendment included in the Bill.

The same applies to amendment No. 2. The procedure proposed in subsection (9) is the same as that generally used for commencement orders for many years and there is no need to change it. I agree with Senator Quinn that this is important legislation, but we are doing what is normally done across the board.

With regard to amendment No. 10, there is no constitutional recognition of political parties for the purpose of enacting or implementing legislation. The Opposition parties have all indicated they agree with the use of electronic voting and counting. While there may be differences regarding the detail, the principle is generally accepted. If it was required by law that an issue had to be agreed by all parties in all its aspects, that would be a recipe for ensuring change probably would never take place. Even if the Government was to accept the amendment, the Independent Members who represent various institutions would be ignored. That is probably an inadvertent omission, as Senator Brady said. The same amendment was tabled yesterday and reference was made to ignoring the Seanad then. Even if it was intended, I would not accept it. I gave consideration to Senator Quinn's amendments overnight but my position is still the same.

**Mr. Quinn:** I thank the Minister of State for his comments and for his consideration of the amendments overnight. I refer to amendment No.

2. By requiring an order to go through the process of approval by the Houses of the Oireachtas, it implies this is not a routine matter. Many routine matters are dealt with by the House. For example, many documents are laid before the House and are not debated. However, this amendment is crucial. Motions are passed without debate on a regular basis and we do not spend time discussing them. We need to send out a message that our democracy is dependent on trust and confidence in our electoral system. On this basis, I believe this Bill is different from many others we pass. I am disappointed the Minister of State will not accept this amendment. It would have been very valuable and useful. If we were starting from scratch again, he would probably have accepted it.

**Mr. Bannon:** May I contribute?

**Acting Chairman:** Senator Bannon cannot reply. Only the mover of the amendment can reply.

**Mr. Quinn:** There are three amendments under discussion.

**Acting Chairman:** Amendment No. 10 has been grouped for discussion by agreement. Does the proposer of amendment No. 1 want to press that amendment?

**Mr. Quinn:** It is not being pressed.

**Acting Chairman:** Amendment No. 2 has already been discussed. Is the Senator pressing it?

**Mr. Quinn:** I have already spoken on that and, reluctantly, will not move it. I assume that Senator Bannon will be able to reply on his amendment No. 10.

**Acting Chairman:** No.

**Mr. Quinn:** On a point of order, I understand that the proposer may speak on his amendment and also have an opportunity to speak a second time. Therefore, since I have spoken a second time, I assume it will also be possible for the proposer of amendment No. 10 to speak a second time when his turn comes.

**Acting Chairman:** I appreciate the point the Senator is making——

**Mr. Quinn:** I am glad it is appreciated.

**Acting Chairman:** Amendment No. 1 is the amendment before the House, which is in the name of Senator Quinn.

**Mr. Quinn:** I am withdrawing it.

**Mr. Bannon:** Am I allowed to speak on amendment No. 10?

**Acting Chairman:** No.

**Mr. Bannon:** I call for a quorum.

*Notice taken that 12 Members were not present; House counted and 12 Members being present,*

Amendment, by leave, withdrawn.

Amendment No. 2 not moved.

**Mr. Quinn:** I move amendment No. 3:

In page 6, between lines 15 and 16, to insert the following:

“(b) If convicted on indictment, such a person shall be liable to a fine not exceeding €15,000 or imprisonment for a term not exceeding 5 years or both.”

This is a crucial amendment. I only called one vote last night and it was on a matter connected to this amendment. Those who drafted this Bill have regarded the electronic voting system as no different from our traditional voting system. If somebody wanted to interrupt or damage the whole election under the traditional system, it would be rather difficult. The most one could do, perhaps, would be to steal or set fire to a ballot box or damage a particular polling station. In drawing up the legislation, it was assumed that, on summary conviction, there would be a rather modest fine or term of imprisonment imposed on an individual who impersonated a garda or damaged a particular polling station or electoral effort.

The draftsmen have not taken into account what was at stake in the vote we had last night. Under the new system, if somebody decides to influence the election throughout the country, it is possible to do so by interfering with the software. This has certainly not been taken into account in differentiating between the crimes of impersonation and interference. One should not enter a polling station and steal somebody else's vote. If one does, one is liable to a fine on summary conviction. However, the legislators have not taken into account what could happen in the case of what I would call an indictment conviction. Those who fall under this category decide months or years ahead of an election, either for political reasons or as a result of bribery, to interfere with the software. Their actions damage the election as a whole. We had a vote on this last night and the Government did not accept my point. This amendment stipulates that, if convicted on indictment, such a person shall be liable to a fine not exceeding €15,000 or imprisonment for a term not exceeding five years, or both. This should not be applied to somebody who impersonates somebody else, but it should certainly apply to one who decides to change the outcome of an election either because he has been bribed or for other reasons.

I spent some time on this issue last night and will just touch on the points made. I was

strengthening the conclusion that, in proposing this Bill, we have acted differently than we have in respect of three other Bills. One of those Bills is the Garda Síochána Bill 2004, which states an individual who impersonates a garda is liable, on conviction on indictment, to a fine not exceeding €50,000 or imprisonment for a term not exceeding five years, or both. On breaches of the new civil liability legislation, the Civil Liability and Courts Bill 2004 states: “A person guilty of an offence under this Part shall be liable, upon conviction on indictment, to a fine not exceeding €100,000, or imprisonment for a term not exceeding 10 years, or both.” If one breaks the rules when applying for a position in the public service, one can be fined €10,000 or jailed for up to two years on indictment.

This Bill ignores all that. It only regards the likely culprit as somebody who impersonates somebody else. That person is liable to a slap on the wrist, nothing like the penalties included in the other Bills I mentioned. That is a slip up. This Bill does not take into account that it is possible to interfere with software in a computer, possibly months ahead of an election, thereby changing the election result. That is a serious offence. The penalty in this Bill is a fine on summary conviction, a modest measure although it is an appropriate penalty for conviction of impersonating somebody else. There is a difference and the Minister and the Parliamentary Counsel have not taken it into account in this legislation.

This is an important element. We must differentiate between summary conviction and conviction on indictment. We have not yet done so. Perhaps the Minister has an answer that I did not hear last night but which will put my mind at rest.

**Mr. Bannon:** I second the amendment. Interference with the voting system would be a dreadful attack on our democracy so it is important that there are deterrents in place. I compliment Senator Quinn on putting down this amendment. He suggests a fine of €15,000 but that figure should be higher. The term of five years imprisonment could also be reconsidered. Our democracy demands that we have proper and strong deterrents in place. They are necessary to uphold law and order and to retain control of our democratic system.

**Mr. McCarthy:** Yesterday I spoke in support of this amendment. The Bill contains a strong provision to punish people who are guilty of offences such as damaging machines and so forth. However, this is a good amendment. Senator Quinn is specific about the type of damage that could be inflicted on the system.

Over recent years, it has become evident that there is a sophisticated degree of knowledge and expertise in this area among lay people. Recently there were reports about a young guy in Germany who designed a worm that affected computer

[Mr. McCarthy.]

systems. It had a catastrophic effect. The reason he did it was to give his mother's business, which obviously was involved in remedying these situations, a temporary boost. That might be different from what we discussing here but we are living in an age in which some people have no regard for life, let alone democracy.

In recent years we have witnessed some horrific terrorist atrocities. What if somebody has a malicious intent to interfere with the software in this system to produce an inaccurate result or, more maliciously, to affect the result in a way that favours a political belief? The consequences are unthinkable. We must be specific about the punishments to be applied for breaking the law in this regard. I appeal to the Minister to consider this amendment favourably and to take account of the mind of the dangerous law breaking individual who has a sinister motivation and the expertise to interfere with the software in the system. That is a possibility we cannot rule out or ignore. There is provision to deal with damage to the machines but we must take it a step further and accept this amendment.

**Mr. Gallagher:** Senator Quinn has brought it to our attention that section 2 does not include software. I refer the Members to the citation in section 1 which provides that the Bill must be read in conjunction with a number of other Acts such as the Electoral (Amendment) Act 2001, particularly section 138 of that Act. It applies to referenda and presidential elections and clearly refers to software.

With regard to the amendment, I do not take issue with what Senator Quinn stated. I can offer him the reassurance I offered yesterday, that we will come back to this subject at a later stage when we receive the recommendations from the commission and the Government makes its decisions on them. It will be necessary to introduce legislation on the electronic voting and counting system and this will be dealt with in the context of that Bill. I do not see a difficulty with the suggestion but I will have to be guided by legal advice and particularly by the Parliamentary Counsel. The summary conviction fine is only €3,500 and the indictment should and would be much higher.

However, the impression should not be given that when electronic voting is in place the system will be capable of being hacked. The machines, either the electronic voting machine or the PC, are stand alone machines and are secure from hacking. The equipment will be under the supervision and control of the returning officer. It can be difficult for one person to cause damage so it is important that the fines reflect this point. I will look at this matter and take legal advice and the advice of the Parliamentary Counsel. I am sure it can be rectified before electronic voting is implemented.

**Mr. Quinn:** In business circles one is told about phrases one should never believe. One is: "I will still love you in the morning, darling." The others are: "The cheque is in the post", "I am from head office and I am here to help you" and "The computer system is secure". I do not believe that there is such a thing as a secure computer system that cannot be hacked. Such systems have been hacked.

I accept the Minister's explanation that I should have taken last night's comments into account, as well as other Bills which refer to software. However, the mere fact that interference with software is included is recognition that it could happen. What happens if somebody interferes with the software in a planned and premeditated matter? They might decide, months or even years ahead of an election, to do it. Senator McCarthy mentioned motivation. We do not know the motivation.

Look at the anarchists who turned up on websites in the weeks before May Day. There are people who, simply for the sake of anarchy, would love to wreck a system. Under this Bill, if somebody goes to all the trouble of wrecking the system for whatever motivation and has the expertise to do it, he or she will be fined €3,500 or sentenced to 12 months in jail. This is saying, in effect: "You are very bold and naughty and this is what we will do."

I was moderate in the amendment. The Bill only refers to summary conviction with penalties of a €3,500 fine or 12 months in jail or both. That type of fine is acceptable for somebody who impersonates a voter. However, somebody who premeditatedly decides to interrupt the election, probably an anarchist, can decide to do it for the fun of it because they are the only penalties that can be applied. I would have preferred a fine of €1.5 million. However, I decided to be moderate and insert the figure of €15,000. I believed it would be easier to argue the case and easier to accept. I am concerned about people such as those May Day anarchists who said they would wreck the accession party in Dublin for no purpose other than to get publicity for damaging it. Somebody could well do this in the knowledge that the highest fine is €3,500.

I am delighted the Minister has recognised that we have not taken it into account. He has no great issue with the point I have made and has promised to come back with an assurance. However, the purpose of bringing legislation through these Houses is to correct and improve it so that we can stand over it and release it as good legislation. I do not like allowing this through while recognising it is faulty and saying we will come back some other time because there is no urgency at present. If we allow the Bill to be passed and enacted in a manner that leaves such a flaw, we will be at fault. While I accept the Minister of State's assurance, I am unhappy about accepting an assurance that recognises the Bill needs improvement but that will not be done

now, rather at some later point. I am unhappy about accepting the Minister's view in this case.

Amendment put.

The Seanad divided by electronic means.

**Mr. McHugh:** On a point of order, I pressed my button but nothing happened.

**An Cathaoirleach:** Senator McHugh should have told the tellers before the results were called.

**Mr. McHugh:** It was only just brought to my attention. I assumed it had worked. I had confidence in the system.

**Mr. McHugh:** There must be a technical problem.

**Mr. Quinn:** I call for a vote other than by electronic means. It will be pedal rather than manual.

**Mr. Norris:** There should be a manual vote.

Amendment again put.

The Seanad divided: Tá, 16; Níl, 26.

Tá

Bannon, James.  
Bradford, Paul.  
Browne, Fergal.  
Burke, Ulick.  
Coghlan, Paul.  
Feighan, Frank.  
Finucane, Michael.  
Hayes, Brian.

Henry, Mary.  
McCarthy, Michael.  
McHugh, Joe.  
Norris, David.  
Phelan, John.  
Quinn, Feargal.  
Ross, Shane.  
Terry, Sheila.

Níl

Brady, Cyprian.  
Brennan, Michael.  
Callanan, Peter.  
Dardis, John.  
Dooley, Timmy.  
Fitzgerald, Liam.  
Glynn, Camillus.  
Hanafin, John.  
Kenneally, Brendan.  
Kett, Tony.  
Kitt, Michael P.  
Leyden, Terry.  
Lydon, Donal J.

MacSharry, Marc.  
Mansergh, Martin.  
Minihan, John.  
Mooney, Paschal C.  
Moylan, Pat.  
O'Brien, Francis.  
Ó Murchú, Labhrás.  
O'Rourke, Mary.  
Ormonde, Ann.  
Scanlon, Eamon.  
Walsh, Jim.  
White, Mary M.  
Wilson, Diarmuid.

Tellers: Tá, Senators McCarthy and Quinn; Níl, Senators Minihan and Moylan.

Amendment declared lost.

In page 7, between lines 3 and 4, to insert the following:

“‘source code’ means the data which defines the principles or logic governing the operation of a system of electronic voting.”.

The integrity and security of the voting system is fundamental to the exercise of democracy. Machines and their operating software must be subject to the most rigorous and comprehensive testing regimes. The Bill needs a little more definition in this regard.

Last December, at a meeting of the Joint Oireachtas Committee on the Environment and Local Government, members requested that the Minister suspend all further expenditure on the system following the discovery by experts of errors in its software. However, the Minister chose to ignore that evidence. It is important there is full transparency in the system.

### **Electoral (Amendment) Bill 2004: Report and Final Stages (Resumed).**

**Acting Chairman (Mr. Mooney):** Amendment No. 4 is consequential on amendment No. 12 and both will be taken together by agreement.

**Mr. Bannon:** I move amendment No. 4:

[Mr. Bannon.]

The Minister proposed the introduction of e-voting for the local and European elections. However, people are now aware of the problems with the system and know it cannot be trusted. The Minister did not listen to what the experts had to say in this regard. It is important there is full transparency in this area.

**Ms Terry:** I second the amendment. I would like to address the Minister of State in terms of my concern about the results of the 2002 general election in Dublin West, Dublin North and Meath in which we now know discrepancies occurred. What effect did those discrepancies have on the outcome of that election? I am not suggesting the result in terms of those elected would change. However, if the results contained discrepancies, the extent of which we are not aware, what can the Minister do to assure me and others that the result was accurately obtained?

The commission established to investigate electronic voting has condemned the system and could not say with any accuracy that it would work well on 11 June. How do we know it worked correctly in the 2002 general election? Will the Minister of State ask the commission to investigate the system used in that election in which discrepancies have been highlighted?

**Mr. Quinn:** As I stated on Committee Stage, I am in favour of the introduction of electronic voting but I also want to ensure it has the trust and confidence of the public. It is on that basis that democracy will survive.

The words "source code" refer to the data which defines the principles or logic governing the operation of a system of electronic voting. I urge the Minister of State to consider accepting the amendment which would strengthen the Bill.

**Mr. Brady:** On testing of the system, we had the privilege of hearing technical expertise, for and against the system, from a number of experts in this field. The Nedap-Powervote system has been tested by Irish and international experts. There are many checks and balances within the system from the time the poll is initiated through to the count and finalisation of the results.

As regards the source code, version 115 was in use last October-November which illustrates the technicalities involved. We are speaking of tens of thousands of lines of computer code. That is extremely technical data. The source code, as the Minister of State pointed out on more than one occasion last night, is being examined for the future. As the Minister said earlier, the commission stated it could not say that the system as proposed would not work. However, it did state that it had not had sufficient time to verify it. I do not believe the security of the system is at issue. That it has been tested time and again will prove beneficial in the end.

**Mr. McCarthy:** I, too, support the amendment. It is important we proceed with caution and attention to detail. While I accept the mechanical or logistical difficulties of accepting amendments at this stage, this amendment makes good sense and the Minister of State should look on it favourably. We are dealing with a whole new area, one which has received a significant blow in terms of public perception. Public confidence has been affected by the debacle that is e-voting.

It is important that we proceed with great care. There are very few experts in this area and we are using systems which have not been used before and are not user-friendly. It is important that the Minister show leadership and accept the amendment.

**Mr. Gallagher:** As I indicated on a number of occasions on previous Stages of the Bill, the question of publication of the source code will be examined later in the year, having regard to the security and secrecy of the ballot. As intended, my Department will be examining the count rules in the context of electronic voting and counting to provide that all the votes of elected candidates will be examined in the calculation and distribution of surpluses. The random nature of the distribution of surpluses will, I hope, be eliminated.

Any changes in the count rules will require fresh legislation. I have said this on numerous occasions. As I said to Senator Quinn earlier when we discussed the matter of summary and indictable offences, this will give us an opportunity to revisit the matter. I give that assurance to the House.

As to Senator Terry's query regarding what we can do, there is nothing we can do. The 1997 Act is explicit. It states that petitions to the court must be made not later than 14 days after the result of the election is declared by the returning officer.

Senator Terry referred to the general election of 2002. We can all quote selectively. I quote from the summary and conclusions of the commission's report. These are not the words of either the Minister or myself:

Testing of the counting software carried out by experts retained by the commission, using voting information from pilot tests during the previous elections, confirms that it accurately counted the votes recorded at these elections.

**Ms Terry:** How can that be true when there is evidence of discrepancies?

**Mr. Gallagher:** We select what suits us. I am pointing out what the commission said regarding the findings of the experts retained by it.

**Ms Terry:** There is no question about what the commission said.

**Mr. Gallagher:** The 14 days have elapsed and nothing further can be done. Neither would we interfere.

**Mr. Bannon:** I am extremely disappointed with what the Minister of State has said. This is an indictment of democracy. The Minister of State says nothing can be done because nothing was done within 14 days of the general election. This information was not in the public domain at that time. The Minister of State's response disappoints me and the candidates who were affected by this matter.

**An Cathaoirleach:** That matter is not relevant to the amendment being discussed.

**Mr. Gallagher:** It is the law of the land.

**Mr. Bannon:** On 10 December 2003, Ms Margaret McGale and others, addressing the Joint Committee on the Environment and Local Government, said all that was required was that minimum safety precautions be put in place. The witnesses pointed out to the joint committee that the proposed system posed genuine threats to our democracy. Ms McGale said the proposed system was not worthy of the electorate's trust. At that time Opposition Members asked that the issue of electronic voting be suspended until such time as the system was fool-proofed. This did not happen and the taxpayers have paid to the tune of more than €60 million.

When was the contract with Nedap-Powervote signed and did it require payment, whether acceptance testing was passed or not?

**An Cathaoirleach:** That matter is not relevant to the amendment.

**Mr. Bannon:** It is related to the amendment. It is the system that was used.

**An Cathaoirleach:** That matter cannot be raised at this stage. Is the amendment being pressed?

**Mr. Bannon:** I was hoping the Minister of State would respond.

**Mr. Gallagher:** I cannot respond.

Amendment put and declared lost.

**An Cathaoirleach:** Amendments Nos. 5, 6, 8, 9, 16 and 17 are related and may be discussed together. Is that agreed? Agreed.

**Mr. Bannon:** I move amendment No. 5:

In page 7, between lines 3 and 4, to insert the following:

"voter-verified paper record" has the meaning assigned to it in section 5;".

This amendment inserts a definition of the term "voter-verified record". It is connected to my earlier proposal regarding the new section 5, which requires a voter-verified paper record. This is something for which the Opposition and the general public have been calling. Members on the

Government benches in both Houses also see the need for a paper trail. I hope the Minister will consider accepting this proposal, even at this late stage.

**Mr. Quinn:** I second Senator Bannon's amendment. This point was made last night and I will not go over it again. I hope the Minister has had time to reconsider it.

**Mr. McCarthy:** I support the amendment. It is important to restore a sense of trust and inject public confidence in the electoral process. It is important that a voter have a guarantee that his or her vote has been lodged and recorded. We must move beyond a simple record that the voter has pressed the "cast vote" button. A voter-verified paper must also be provided.

Last night a comparison was made with ATM machines. When I use an ATM machine I keep my receipt and consult it afterwards — I am not referring to recent banking blunders — to be sure the transaction has been conducted accurately. We need an assurance that any transaction has been conducted accurately and that an accurate record of it is provided. This amendment should be considered in that context.

**Mr. Kitt:** The issue, to which the Minister of State referred last night, of two systems giving different results is a serious one. During the debate on Second Stage it was made clear that many errors had occurred in the manual voting system. Seats have changed hands on a margin of fewer than 50 votes.

Electronic voting will eliminate inadvertent voting errors. There are people, obviously, who want the opportunity to spoil their votes. The experience in the constituencies where electronic voting was used in the general election and the Nice referendum was that inadvertent voting errors were eliminated. I cannot see how the parallel system proposed by Senator Bannon could work.

**Mr. Dardis:** There was an expectation that the introduction of e-mail, lap-top computers and so on would lead to the use of less paper. It is a curious fact that the opposite has happened. We seem to be felling forests by the new time in verifying what is on a computer screen in front of us. I am not convinced of the need for what Senator Bannon proposes.

Many of the points being made in this debate could equally have been made about the old paper system. I recall a European Parliament election count in 1994 when the Labour candidate was overhauling the last surviving Fianna Fáil candidate at a rate of approximately two votes to one. There was a general election on the same day and many voters voted, for example, numbers 1, 2, 3 and 4 on the general election voting paper and then voted numbers 5, 6, 7 and 8 on the European voting paper. In three of the four European constituencies, marking 5, 6, 7 and 8 on

[Mr. Dardis.]

the voting papers was held to be a clear preference and was admitted. However, in the Leinster constituency the returning officer ruled that a paper marked 5, 6, 7 and 8 was not valid, and many thousands of such papers were excluded. Had they been included, it is conceivable the Labour Party candidate would have won the seat. He went to the High Court which ruled that the returning officer was perfectly entitled in law to take the view she did, although it was a different view from that taken in the other European constituencies. Everybody accepted that this was the law.

There could equally be a lengthy debate about the deficiencies in the manual system. I am an enthusiast for electronic voting. While I accept the findings of the commission and think it was prudent to delay implementation of the system until there is more confidence in it, having a paper trail would not necessarily be an advantage.

**Mr. Gallagher:** This matter has been debated extensively but I have not heard any substantive reasons for the inclusion of this amendment, nor am I aware of any other country using such a facility. Whether the facility should be provided is the subject of debate. It is not a proven requirement nor is it a statutory requirement. There are arguments on both sides but the commission will consider the matter. We should await its further report.

While the commission said no other country was using the system, it should also be said that the only country using a paper trail is Brazil, which has now decided to discontinue its use. While we can always stand on our own feet, we must draw comparisons with our European neighbours in Germany, the Netherlands and Brest in France, and also in the UK, where pilot schemes have been carried out; a paper trail is not used in these countries. The Nedap system allows voters to verify their votes before casting them whereas the printing of a paper ballot raises constitutional and practical difficulties.

If the awareness and publicity campaign is continued and the workings of the machines are explained to the public, they will accept their accuracy, as evidenced by the 2002 general election. Senator Terry asked what could be done to uncover discrepancies. The legislation allows for a legal challenge within 14 days of a vote if there is a *prima facie* case, although the determination of this is a matter for the courts. If a court decided to investigate a case, there could be a printout of the votes.

I seriously believe corruption could result if there was a paper vote trail. For example, unscrupulous employers might want confirmation from employees as to who they voted for. Equally, if there were two systems, there might be two different results. A Senator clearly outlined how a seat could be lost by one vote and many Deputies are elected or defeated on the

basis of a few votes. However, in practical terms, this is not an issue. We have placed our confidence in the commission and accepted its recommendations. It will consider this matter over a period and we should await the outcome of its deliberations.

Those concerned with the 2002 general election results in Meath, Dublin West or Dublin North can take solace from the fact that the commission clearly and unambiguously stated that the system accurately counted the votes. It should surprise no one that I am not prepared to accept the amendments.

**Mr. Bannon:** It is important we protect public confidence in our voting system. The amendment seeks a viable paper trail which could be used to check the accuracy of the machines. I pointed out to the House examples of anomalies in two constituencies in the 2002 general election. In one example, there were more votes in a box than votes cast and, in another, there were less. This needs to be reconsidered. Senator Terry was concerned with the electronic voting results of the 2002 general election. While the Minister referred to possible challenges to vote results, the figures were not available to make a case within a 14 day period.

Senators Finucane and Kitt referred to the random nature of the manual system. However, we intend to adopt an electronic system which will bring with it some of the flaws of the manual system. One of the greatest advantages of the electronic system is that it will be able to count the votes as they are cast. However, there will be irregularities, as the Minister of State has admitted.

It is important an audit trail or record of votes cast exists. Back-up evidence would be needed if a court challenge to an election result resulted and it is important for democracy that we have such evidence. The entire Opposition, not just Fine Gael, has called for a verifiable paper trail and the public would feel more confident if one were introduced. Senator McCarthy gave the example of the printout received when one carries out a transaction at an ATM machine.

**Mr. Kitt:** A printout is not necessary. One can look at one's balance on the screen.

**Mr. Brady:** A receipt is provided only when requested.

**Mr. Kitt:** The Senator is too well off. It is the balance that is important, not the receipt.

**Mr. Bannon:** Following the events at AIB, more customers will look at their balances.

**An Cathaoirleach:** We are discussing elections.

**Mr. Bannon:** I am pressing the amendment.

Amendment put.

The Seanad divided: Tá, 16; Níl, 25.

Tá

Bannon, James.  
Bradford, Paul.  
Browne, Fergal.  
Burke, Ulick.  
Coghlan, Paul.  
Cummins, Maurice.  
Feighan, Frank.  
Finucane, Michael.

Henry, Mary.  
McCarthy, Michael.  
McDowell, Derek.  
McHugh, Joe.  
Norris, David.  
Phelan, John.  
Quinn, Feargal.  
Ross, Shane.

Níl

Brady, Cyprian.  
Brennan, Michael.  
Callanan, Peter.  
Dardis, John.  
Dooley, Timmy.  
Fitzgerald, Liam.  
Glynn, Camillus.  
Hanafin, John.  
Kett, Tony.  
Kitt, Michael P.  
Leyden, Terry.  
Lydon, Donal J.  
MacSharry, Marc.

Mansergh, Martin.  
Minihan, John.  
Mooney, Paschal C.  
Moylan, Pat.  
O'Brien, Francis.  
Ó Murchú, Labhrás.  
O'Rourke, Mary.  
Ormonde, Ann.  
Scanlon, Eamon.  
Walsh, Jim.  
White, Mary M.  
Wilson, Diarmuid.

Tellers: Tá, Senators Bannon and U. Burke; Níl, Senators Minihan and Moylan.

Amendment declared lost.

**Mr. Bannon:** I move amendment No. 6:

In page 7, line 5, after “vote,” to insert “produces a paper copy of each vote cast”.

**Mr. Finucane:** I second the amendment.

Amendment put and declared lost.

**An Cathaoirleach:** Amendments Nos. 7 and 14 are related and may be discussed together.

**Mr. Bannon:** I move amendment No. 7:

In page 7, line 10, after “counting votes” to insert “in a non-random way”.

This amendment relates to the random nature of the manual system of counting. Several Senators referred to this, having encountered problems in both local and general elections, although I do not think this arose in European elections. These flaws in the system are being carried into the new e-voting system but they should be eliminated and a better system should be devised. The voting machines produced have flaws, as was pointed out at the Oireachtas Joint Committee on the Environment and Local Government. However, the Government did not pay heed to those flaws, as it was intent on railroading this system through. I compliment the independent commission again on its findings. Although it did not refer directly to this matter, we would have had the system, warts and all, if the Government had been allowed to go ahead with it.

**Mr. Finucane:** I compliment Senator Bannon on this amendment, which I second. I spoke on this matter last night, although the decision has been made and we will not have electronic voting at the local and European elections. According to the Government we will not have an election for another two or three years. If electronic voting is to be introduced at that stage, and there is enough time to do so, there is nothing to stop us from having the correct software package in place.

We should not have randomisation for the next election after June. I spoke last night about the injustices involved in randomisation, which will happen again in other elections if we proceed with the current system. Surely the whole objective of introducing electronic voting is not to speed up the vote but to make the count a fair one. There is nothing to stop the Government from making the system fair for the next election. We should not have randomisation because, no matter what type of election we have, there will be close counts and if the Government does not take action it will be criticised in the future for not acting properly.

I fully support the amendment. I would be happy if a commitment were given to get rid of randomisation and I would welcome reassurances from the Minister of State about the next election, which may be a general election.

**Mr. Quinn:** I add my voice to those of Senator Bannon and Senator Finucane. We dealt with this last night and I will not repeat myself but Senator Finucane is correct. Software is now available to do things which we could not do in the past and this is a good example. The aim of electronic

[Mr. Quinn.]

voting is not speed but accuracy and, therefore, trust and confidence in the system is important. This would be very simple to do and I urge the Minister of State to consider it. This matter is not as urgent as it was because electronic voting is not being introduced. I have seen people affected by the non-random provision and it is incorrect. It does not create confidence or trust, which should be among our objectives. I urge the Minister of State to consider it in the future, if not on this occasion.

**Mr. Kitt:** The non-random way, as Senator Finucane described it, is the best way to go and should be considered. It is probably irrelevant in the context of elections on 11 June but the software is there for the future, when we will have electronic voting, and we should look at the non-random provision. I have fought ten general elections and I know well how unfair the system can be, particularly with the division of surpluses. On the other hand, in Seanad elections, and particularly on the vocational panel, there is a fairer system for the division of surpluses. The best way is to use new technology and I hope we consider that option in the future.

**Mr. Bradford:** I support the amendment. I had no opportunity to address this matter on Second or Committee Stages because of time constraints but this is a sensible amendment. We must accept that the current system of counting is not simply unfair but inaccurate. It can be said with absolute certainty that since the foundation of parliamentary and local government democracy in Ireland we have used this counting system on dozens of occasions. Whether in Dáil or local authority elections, there have been occasions when five or six votes have separated candidates and the wrong people have been elected. Those elected by the people were not allocated the seats to which they were entitled because of the counting system in place. I accept what Senator Quinn and others have said, that this is not particularly urgent today, but in another sense it is very urgent. The system of counting votes we have had in place for decades is not just unfair but inaccurate and it has resulted in the wrong people being allocated seats in town and county councils and perhaps also here in the Oireachtas.

That has to be addressed. I attended several meetings of the Oireachtas Joint Committee on the Environment and Local Government and the Minister for the Environment, Heritage and Local Government gave an assurance that electronic voting phase two, as we called it, would resolve this problem and that the technology would be in place. I could not understand why it would not be in place first day but it would be unforgivable if we do not give a clear indication that once electronic voting is introduced we will have no more random sampling. We will have the correct counting of votes and those who win seats will be those who got enough votes to do so, not

those elected by a quirk. I accept that only applies to a minority but it has undoubtedly happened. We recall candidates being defeated or winning by between three and 12 votes. On that random basis of counting, there would have been inaccurate results. If we are advocates of democracy and of doing the job properly, it is essential that we do not have to await phase two of electronic counting. On the first occasion in which electronic voting and counting takes place it must count the entire value of each vote cast and the result must truly represent the will of the people rather than the random, hop of the ball system which we have allowed to remain in place for too long.

I suspect candidates have been elected to all levels of Government, local and national, who do not fully understand the system of proportional representation. Certainly that applies to many of those who cast their votes. If the hundreds of thousands who cast their votes at general elections realised the last seat is given out on a random basis, where there is a narrow margin of victory or defeat, and naturally can be wrong, there would be an outcry. We must provide for an electronic system which will ensure that will not happen again and that the candidates with sufficient support from the people will win the seats.

**Mr. Gallagher:** As I have indicated on a number of occasions, including yesterday, it is the intention to review the count rules, having regard to the calculation and distribution of votes. It affects only surpluses, not eliminations. The review will also cover other areas linked to some arbitrary and random elements of the count. It was made abundantly clear yesterday, particularly by a Member who may have been the victim of the type of random selection under which Senator Finucane and possibly others may have either won or lost seats by a few votes, that it depends on from where the bundle of votes comes. They may come from an area that is not politically advantageous. Sometimes people vote politically and follow through by voting parochially. If we are to resolve this issue, this is the time to do it.

While we all agree that the principle of electronic voting is more efficient, more user friendly and faster we want to ensure 100% accuracy and to eliminate the random elimination. In theory it is all important now but, in practical terms, it does not kick in this time because we are reverting to the traditional system. I give an assurance that further legislation on count rules will be introduced. We will then have an opportunity to discuss the issue and hopefully it will be used for the next general election. Even if we have electronic voting for a presidential election, it would not affect that in any way. As there would be only one seat there would be no difficulty; it would be all eliminations.

On my own behalf and on behalf of the Minister I assure the House this is an issue we are anxious to deal with and there is no conflict whatsoever between the various parties or the Independent Members.

**Mr. Bannon:** Will the Minister of State give an indication as to when he will introduce the legislation? I appreciate he has given a commitment to the House. The amendment proposes that any system adopted for counting votes should be non-random. As the Minister of State said, what members of the Government parties and this side want is accuracy, that is, that the true intent of voters is fully acknowledged and that there is an accurate result. Can the

Minister of State give us the date on which he intends to introduce the legislation?

**Mr. Gallagher:** All I can say is that it will depend on various factors, not least of which is a report from the Commission on Electronic Voting. I cannot give an indication of the date because it relates to that report. When we have that report there will be a further opportunity to discuss the introduction of legislation on count rules. There is no urgency. The important thing is to get it right. When we have all the information that is required and the legislation on the count rules is prepared, we will bring it forward. I am not being evasive. Nobody could give a precise date.

Amendment put.

The Seanad divided: Tá, 14; Níl, 26.

Tá

Bannon, James.  
Bradford, Paul.  
Browne, Fergal.  
Burke, Ulick.  
Coghlan, Paul.  
Cummins, Maurice.  
Feighan, Frank.

Finucane, Michael.  
Henry, Mary.  
McHugh, Joe.  
Norris, David.  
Phelan, John.  
Quinn, Feargal.  
Ross, Shane.

Níl

Brady, Cyprian.  
Brennan, Michael.  
Callanan, Peter.  
Dardis, John.  
Dooley, Timmy.  
Fitzgerald, Liam.  
Glynn, Camillus.  
Hanafin, John.  
Hayes, Maurice.  
Kett, Tony.  
Kitt, Michael P.  
Leyden, Terry.  
Lydon, Donal J.

MacSharry, Marc.  
Mansergh, Martin.  
Minihan, John.  
Mooney, Paschal C.  
Moylan, Pat.  
O'Brien, Francis.  
Ó Murchú, Labhrás.  
O'Rourke, Mary.  
Ormonde, Ann.  
Scanlon, Eamon.  
Walsh, Jim.  
White, Mary M.  
Wilson, Diarmuid.

Tellers: Tá, Senators Bannon and U. Burke; Níl, Senators Minihan and Moylan.

Amendment declared lost.

Amendment No. 8 not moved.

**Mr. Bannon:** I move amendment No. 9:

In page 7, between lines 23 and 24, to insert the following:

5.—As soon as practicable after counting has completed, the Commission on Electronic Voting shall conduct manual mandatory random recount of the voter-verified records—

(a) in the case of a general election, presidential election, European Parliament election, or referendum, of at least 10 percent of the constituencies collectively;

(b) in the case of a local election, of at least 25 local electoral areas,

and shall immediately publish the results of those recounts.”.

**Mr. Norris:** I second the amendment.

Amendment put and declared lost.

Amendment No. 10 not moved.

**Mr. Bannon:** I move amendment No. 11:

In page 7, line 46, after “may” to insert “by order”.

This is a technical amendment. The Minister’s reputation and his standing within Fianna Fáil has fallen greatly because of the manner in which—

**An Cathaoirleach:** The House is not discussing the Minister's reputation or his standing in Fianna Fáil. The Senator should speak to the amendment.

**Mr. Kitt:** There are no votes in that sort of stick.

**Mr. Bannon:** It is a technical amendment to strengthen the legislation further.

**Mr. Bradford:** And the Minister's standing.

**Mr. Norris:** I second the amendment.

**Mr. Gallagher:** As I stated last evening, I do not consider it necessary for instructions to be included in a statutory order. Any instructions issued will be public documents, not just confined to a party. It is the intention that most of the instructions will be in the guidelines to be issued under section 31 of the Bill. These guidelines will be available for public scrutiny. The same applies for other legislation.

Amendment, by leave, withdrawn.

The Seanad divided: Tá, 26; Níl, 15.

Tá

Brady, Cyprian.  
Brennan, Michael.  
Callanan, Peter.  
Dardis, John.  
Dooley, Timmy.  
Fitzgerald, Liam.  
Glynn, Camillus.  
Hanafin, John.  
Kett, Tony.  
Kitt, Michael P.  
Leyden, Terry.  
Lydon, Donal J.  
MacSharry, Marc.

Mansergh, Martin.  
Minihan, John.  
Mooney, Paschal C.  
Morrissey, Tom.  
Moylan, Pat.  
O'Brien, Francis.  
Ó Murchú, Labhrás.  
O'Rourke, Mary.  
Ormonde, Ann.  
Scanlon, Eamon.  
Walsh, Jim.  
White, Mary M.  
Wilson, Diarmuid.

Níl

Bannon, James.  
Bradford, Paul.  
Browne, Fergal.  
Burke, Ulick.  
Coghlan, Paul.  
Cummins, Maurice.  
Feighan, Frank.  
Finucane, Michael.

Henry, Mary.  
McHugh, Joe.  
Norris, David.  
Phelan, John.  
Quinn, Feargal.  
Ross, Shane.  
Ryan, Brendan.

Tellers: Tá, Senators Minihan and Moylan; Níl, Senators Bannon and U. Burke.

Question declared carried.

#### Public Finances: Motion.

**Dr. Mansergh:** I move:

That Seanad Éireann

commends the Government for its prudent handling of the public finances and reaffirms that it is a key objective of An Agreed Programme for Government to sustain a strong economy and "keep the finances of

**An Cathaoirleach:** On the Order of Business today it was agreed that Report and Final Stages of the Electoral (Amendment) Bill 2004 would conclude not later than 4 p.m. As it is 4 o'clock, I am required to put the following question: "That Fourth Stage is hereby completed and the Bill is hereby received for final consideration and passed."

Question put.

The Seanad divided by electronic means.

**Mr. Finucane:** Given the importance of the issue, I request a manual vote.

**An Cathaoirleach:** As Senator Finucane is not a teller, will the Senators supporting his request please stand?

*More than four Members rose.*

**An Cathaoirleach:** The vote will now proceed.

Question again put.

general Government close to balance or in surplus.";

acknowledges, in particular in this regard, the achievement of the Minister for Finance in maintaining a stable and disciplined budgetary policy at a time of global uncertainty, when many of our neighbours in Europe are experiencing deficits, serious economic setbacks and, in some cases, negative economic growth;

accepts that while inevitably there has been public concern given the international downturn and the consequential slowdown in the Irish economy, it has only been by acting sensibly and refusing to take the short-term option of massive borrowing, that the Government has contributed significantly to Ireland's fiscal and economic future;

recognises that our economy is now in a strong position to accelerate rapidly and that, in terms of pursuing higher growth, Ireland is starting from a good base relative to our European or OECD counterparts;

notes also, in terms of growth, employment, income per head and adherence to the Stability and Growth Pact, that Ireland compares very favourably with the rest of the EU;

welcomes especially our continued strong employment performance which is particularly impressive in a situation where, last year, labour force participation averaged over 60% of the adult population — the highest level ever recorded;

congratulates the Minister for Finance for pursuing policies that have helped ensure the annual rate of inflation fell to 1.3% in March, the lowest for almost five years;

our GNP was 3.3% higher in 2003 compared to the previous year and accelerated to 5.5% in the last quarter;

employment grew by 1.8% last year, despite the difficult global economic environment, while unemployment was kept to a comparatively low rate of 4.7%;

and

the end April Exchequer returns indicate that we are on course to meet our public finance targets for 2004;

urges the Minister for Finance to maintain our low levels of direct taxation which, in accordance with the policies of the parties in Government, have boosted significantly both employment and revenue;

supports the Government's continued opposition to irresponsible fiscal policies predicated on unsustainable borrowing; and

encourages the Government to follow through on its policy of careful and sustained investment, in particular, in our public services and infrastructure which has already done so much to transform our economy.

It is a great pleasure to move this motion. The state of our economy is a source of justifiable pride and satisfaction, notwithstanding that there are many readily identifiable things to be done. Credit is due not just to the Government but also to the social partners who have worked closely with Government for the past 17 years. They can

take equal satisfaction from this as they begin to negotiate a further spell of the current agreement.

The French newspaper, *Le Figaro*, carried an article last Friday reporting the views of a French economics professor on the impracticality of tax harmonisation. It contrasted the French preference for public goods, such as state electricity, railways and post offices, with countries such as Ireland where people are able to keep more of their income and enjoy high growth and full employment. The connection is not accidental. The Irish economic model is admired across the world, as we saw in the applicant states of eastern Europe on the day of enlargement. It is admired in developed countries, large and small. The Chinese Prime Minister is visiting this country at present. Even though China is the largest country in the world, the Chinese have a great interest in what Ireland is doing and, indeed, in the Shannon region in the Minister of State, Deputy de Valera's, constituency. Indeed, there is interest in Ireland's economic experience even in the White House.

The Irish economy has achieved a soft landing, which was a source of concern two or three years ago. Both GDP and GNP growth are reckoned to be in the region of 3.5% this year. The public finances are in first rate order despite attempts last year not just by the Opposition but also by some economists to suggest they were going off the rails. We were told by the Opposition that benchmarking would be the ruination of the nation but it is not even mentioned in the amendment to the motion. It seems to have gone off the radar.

**Mr. J. Phelan:** We did not say it would be our ruination. That is an exaggeration.

**Dr. Mansergh:** That was a complete exaggeration and misreading of the situation. The public finances were far stronger than anticipated and benchmarking is not causing a major problem.

Revenue is needed for improved public services. It is a source of immense satisfaction that since 1996, the last year of the rainbow Government, revenue has been doubled from €16 billion to approximately €33 billion. That has been achieved at the same time as tax rates have been substantially reduced. Economic policy is all about maximising tax revenue, not maximising tax rates. Maximising tax revenue may even, in certain situations, involve cutting tax rates. We have had experience of that.

I do not agree with suggestions that the headline rate of income tax should be raised by 1% or 2% for health services or anything else. We need to maximise revenue for public services and the Government is going the right way about it. On a year to year basis there is flexibility in the tax system for adjustments. In some years it is possible to index the tax rate or over-index it while in other years it is necessary to under-index

[Dr. Mansergh.]

it. In the last budget, the concentration of the resources available was on the low income groups, the people at the bottom of the pile. This resulted in up to 90% of people on the minimum wage being taken out of the tax net. Everybody benefited. I am sure adjustment of the bands to take account of inflation over the past couple of years will more than likely be a topic of conversation among the social partners. However, I have no worries on that score.

There are concerns about corporation tax in the new member states but our headline rate of corporation tax, at 12.5%, is lower than that of any of the accession countries. Obviously, we must keep a sharp eye on our competitiveness. The Opposition in its amendment lists 27 stealth taxes. The term "stealth taxes" has been misused. It includes the increase of bus fares in line with inflation. That is not a tax, still less a stealth tax. What is stealthy about it? The Opposition has tried to throw every conceivable item into this category but the public perfectly understands—

**Mr. J. Phelan:** The other 26 are stealth taxes.

**Dr. Mansergh:** —how the Government has been running the finances.

**Mr. J. Phelan:** The Senator agrees with the other 26.

**Dr. Mansergh:** The public knows that revenue is needed for public services and understands the issues involved, especially since it is now clear that the economy is still doing well.

The way employment has remained stable through the downturn over the last two or three years is fantastic. The number of unemployed, which is not measured by the live register, is still under 100,000 or less than 5%. The Opposition's live register figures are not up to date. The April figures are 164,000, 10,000 below what they were this time last year.

**Mr. J. Phelan:** We tabled our amendment before yesterday.

**Dr. Mansergh:** The figures are not a measure of unemployment. There has also been positive growth in incomes of approximately 4% to 5%, ahead of inflation, which is now down to between 1% and 2%. It is true that redundancies have increased. However, in the main people have been able to find replacement jobs relatively quickly and employment is still rising. It has never ceased to rise throughout this period. Before the economy got going in 1987, employment was below 1.1 million and is now more than 1.8 million, which means that employment has increased by more than 50% and is still on an upward trend.

The community employment scheme was an issue approximately one year ago, but is no longer an issue. I have had no representations about community employment.

**Mr. J. Phelan:** Where does the Senator live?

**Dr. Mansergh:** That has been stabilised. When the Opposition talks about impending large cuts in community employment schemes, that is last year's issue.

The national development plan is progressing well. Thanks to, among others, our good Leader, we saw the Luas on the streets last night and it will be in operation within a few months.

**Mr. J. Phelan:** And then every five minutes.

**Dr. Mansergh:** What about the having a word with your new partners about the Monasterevin bypass?

**Acting Chairman (Dr. Henry):** The Senator would cause less aggravation if he addressed his remarks through the Chair.

**Dr. Mansergh:** I get distracted by the Opposition. Our Fine Gael friends might like to have a chat with our Green friends, who on 8 August 2003 said there was no demand for new roads.

**Ms O'Rourke:** How did they manage that?

**Dr. Mansergh:** I do not know. We are now in tenth position in competitiveness, ahead of—

**Mr. J. Phelan:** We were in fourth position a couple of years ago.

**Dr. Mansergh:** The Fine Gael amendment mentions us being behind most countries, which is not true.

**Acting Chairman:** The Senator should be addressing the motion at the moment.

**Mr. J. Phelan:** The Senator is addressing the amendment and has not yet addressed the motion yet.

**Dr. Mansergh:** Finland and Luxembourg are the only EU countries ahead of us in competitiveness. Absolute poverty has been reduced and we had a social welfare package of €630 million in the budget. There were increases of 6% to 8% whereas the policy a few years ago under the rainbow coalition was to barely index. We are well on the way to a pension of €200. In 1997 the pension was the equivalent of €85. Today it is €167.30, which is practically double. Child benefit was £39, or approximately €49.50. Today it is €165.30.

As this is a serious debate I want to discuss three concerns about the economy: a possible hard landing and an unwinding of the housing market; the rise in international energy prices; and the financial problems of the US and Germany, although a firm grip will boost confidence.

In looking at alternative economic policies, I am very interested in the proposal from the Green Party that the top rate of tax should increase to 50%.

**Mr. J. Phelan:** The Senator is very interested in the Greens.

**Dr. Mansergh:** They will be part of your new Government, with whom you will have to negotiate.

**Acting Chairman:** The Senator should address his comments through the Chair.

**Mr. J. Phelan:** The reality has dawned on the Senator.

**Dr. Mansergh:** The real issue is the effect an alternative Government would have on the confidence that has sustained our economy in the past 20 years, about which I have grave doubts.

**Mr. Fitzgerald:** I second the motion and am delighted to do so, despite what Senator Brian Hayes said this morning about Fianna Fáil having a brass neck. While we would love to hear an alternative set of economic policies, the amendment indicates Fine Gael members are living in a fairyland. The dustbin would be the best place for it as it contains very little, if any, economic logic. There is no serious attempt to propose an alternative economic policy. We would welcome the presentation of such an alternative economic policy in this debate.

We are proud to stand over what has been an exceptionally spectacular record over seven years. I commend the previous and present Governments for substantial achievements in that period. These achievements span every area of public policy, each of which has a detailed plan for the future. We are not just welcoming past achievements, the fruits of which we are now enjoying. We are also welcoming the planning and foresight and the acknowledgement of the Government's responsibility for the people into the future. We welcome the past and present achievements, and the planning for the future going on now.

Many initiatives have already been taken by the Minister for Finance and his fellow Cabinet members, which will be of huge benefit to the next generation. Examples include the establishment of the National Pensions Board, the substantial reduction in the national debt and the record investment in addressing infrastructural deficit. These are just a few examples of the forward planning of the present Government and its predecessor, in which the Leader of the Seanad served, notwithstanding all the difficulties they encountered, some of which I will mention later. These measures aimed at the future will significantly reduce the burden to be carried by the next generation of taxpayers.

One of the hallmarks of the Government's approach is the achievement by the Minister of

Finance of a stable and disciplined budgetary policy at a time of global uncertainty. While that may sound like lovely language, there is considerable meaning to it. We have one of the lowest unemployment rates and one of the strongest public finances in Europe. We have just emerged from the most serious global recession since the mid-1980s. At the moment many of our neighbours are experiencing difficulties with deficits, negative growth etc., as the motion has acknowledged. We have lower taxes, higher social welfare benefits and an expanded public service. We are the envy of Europe and most of the industrialised world.

At the same time the Exchequer results for the first four months to the end of April indicate the Government is still on track to meet its budgetary targets for 2004. The prudent and responsible management style of the Minister in keeping the finances close to balance or in surplus is probably best described as a "hands-off approach". He has repeatedly refused to take the soft but irresponsible option in the short term of borrowing his way out of recession and this has been the strategy of successive Governments. He knows such borrowing would have led to the classic boom and bust scenario that brought the country to the brink of bankruptcy in the mid-1980s. We will not go back to that.

The Government is convinced that more spending will mean more taxes, more borrowing, longer dole queues and more hardship for ordinary people. Responsible budgeting is the key to sustained growth and the generation of revenue for our public services.

This year's strategy of a 5% increase in overall spending leaves the Irish economy well placed to take advantage of the world recovery, which is already occurring. At the same time we are protecting the tremendous gains made since 1997. Another aspect of the hands-off approach of the Minister for Finance, which is interesting and effective, is to give each Minister responsibility for his Department and budget. They are fully accountable and everything is fully transparent. The use of the term "stealth taxes" is a total misnomer and is misleading. There is very little, if any, stealth now. Everything is upfront, transparent and there is accountability and openness in the whole approach.

This hands-off approach extends to the individual taxpayer. The bottom rate of tax for PAYE workers is probably at its lowest level in the history of the State. This approach provides people with real freedom, choice, independence and openness rather than having the Minister placing his large ministerial hand into their pockets to take money to put into various services.

We talk about equality, fairness and inclusion. Among the guiding principles underpinning the Minister's approach is the need to generate resources before they can be spent. That was adverted to by Senator Mansergh. The Minister's approach has encouraged and facilitated

[Mr. Fitzgerald.]

prosperity in every sector of the economy. It has created and maintained employment. Since 1997, unemployment has been reduced from over 10% to historically low levels. April's live register shows the unemployment rate is down to 4.4%. Over 300,000 new jobs have been created and long-term unemployment has been cut by 80%. During the dark days of forced emigration we all experienced the pain of having immediate family, other relatives, neighbours and constituents leave. Those days are over. Modern Ireland is seeing the return of thousands of emigrants to a country which is a far better place in which to live and work than the one they left.

We have a thriving enterprise culture while our rate of inflation fell to 1.3% in March, which was the lowest level in five years. Despite the global economic slow down, these achievements have enabled the promotion of social equality and inclusion. Levels of consistent poverty have fallen dramatically in recent years and the ability of people to participate in society has improved. The poverty targets set out by the rainbow coalition Government in 1996 have been achieved a couple of years in advance. The prudent, competent management of our economic activity over the last seven years has facilitated massive investment in the social policy area. Were it not for prudent management, we would have had to resort to borrowing to fund this level of investment. Thankfully, that has not had to happen. I commend the Government and applaud the ongoing development of its programmes.

**Mr. J. Phelan:** I move amendment No. 1:

1. "That Seanad Éireann, bearing in mind the 2002 programme for Government promise to 'keep down personal and business taxes' and the undertaking by the Minister for Finance prior to the last general election that no cutbacks were being planned 'secretly or otherwise', notes that

- the Government has implanted 27 taxes by stealth over the last two years,
- 170,000 people are now on the live register,
- 30,000 industrial jobs have been lost since 2001,
- 27,000 redundancy notices were served last year,
- the community employment scheme faces the largest cuts in its history,
- 16 savage social welfare cuts were passed in budget 2004 alone,
- the Irish economy continues to be one of the least competitive in the European Union due to the high cost base facing Irish businesses,

- Irish workers endured an income tax increase because of the refusal of the Government to increase tax bands in line with inflation, thus artificially boosting income tax receipts for this year,
  - young homebuyers now pay 45% of the value of their home in taxation,
  - Ireland has been described by the United Nations as one of the most unequal countries in the western world,
  - over 70,000 households remain in consistent poverty,
  - 300,000 children are now living in households whose income is below €175 per week,
- and
- the national development plan continues to run behind time and grossly over budget and calls on the Government and the Minister for Finance to refocus their fiscal and economic policies to ensure value for taxpayers' money, an easing of the tax burden on middle and low-income earners, a tackling of poverty and an improvement in competitiveness."

I was struck that Senator Mansergh spent nearly 12 minutes speaking about the Fine Gael amendment while scarcely mentioning the Government motion.

**Dr. Mansergh:** I did not.

**Mr. J. Phelan:** In his contribution he seemed to be concerned with Fine Gael and the Green Party. I am glad he is coming around to the belief that his party will be booted out of office at the next general election when there will be an alternative. I am pleased to hear the Senator discussing that alternative as we have certainly been discussing it over the past few months. I was very disappointed that Senator Mansergh could not bring himself to address anything within the Government motion.

**Dr. Mansergh:** The Senator cannot have been listening very hard.

**Mr. J. Phelan:** Senator Mansergh's contribution consisted entirely of an attack on what Fine Gael contends in its amendment. Senator Fitzgerald carried on in the same vein.

It is extraordinary to have this debate given the recent fiasco with electronic voting which involved the most scandalous waste of public money which we have seen in a long time. It is extraordinary to have a two-hour debate during which Members opposite pat themselves on the back about how good the Government is at managing the public finances when we know what has happened with electronic voting. It is a significant own goal.

**Dr. Mansergh:** It puts things in perspective.

**Mr. J. Phelan:** Machines which will never be used are sitting in warehouses up and down the country at a cost of thousands of euro to store. Despite that, we are holding a debate on how well the Government is managing public finances.

I noted Senator Fitzgerald's comment that each Minister is being held to account for the money he or she spends. Why has no one been held to account for the money which was spent at Punchestown? The buck has been passed left, right and centre and the spending has been blamed on every civil servant in the relevant Departments. Certainly, no Minister has been held to account by the Taoiseach or anybody else on the Government benches in either House. They seem to be washing their hands of the matter completely.

The hypocrisy expressed in the contributions of Senators Mansergh and Fitzgerald was astounding. They should have thought about what they were about to say before they stood up. Clearly, they did not. I am delighted to move the Fine Gael amendment tonight. Senator Mansergh spoke about what has been written in French newspapers, but he should read more often what is written in Irish newspapers about public finances and the scandalous wasting of resources which we see regularly. The Senator spoke of the public finances being in order.

**Dr. Mansergh:** First rate order.

**Mr. J. Phelan:** The primary reason we have a surplus this year is that the tax bands were not increased in line with inflation by the Minister last year though he promised they would be. We have a surplus this year because another promise was broken by the Government in the last budget. Members opposite should not pat themselves on the back and contend that they are great fellows for having €500 million extra when that money came out of taxpayers' pockets.

**Mr. Ross:** Hear, hear.

**Mr. J. Phelan:** It is money taxpayers were promised would remain in their pockets, but it did not when the Minister reneged on a promise he made during the last general election campaign.

I was very interested to hear Senator Mansergh mention the 27 stealth taxes. As he disagreed on only one, I presume he agrees with us on the other 26.

**Dr. Mansergh:** I just took a representative example.

**Acting Chairman:** Please, Senator Mansergh.

**Mr. J. Phelan:** That the vast majority of these cuts were made cannot be gainsaid. Over the past few years, we have seen substantial increases in motor taxation.

**Dr. Mansergh:** What was stealthy about that?

**Acting Chairman:** Please.

**Mr. J. Phelan:** The drug refund scheme was increased in 2002 by 31%, VHI charges by 18% and bank card charges by 108%. Does Senator Mansergh remember the Minister more than doubling bank card charges?

**Dr. Mansergh:** It was a very small amount.

**Mr. J. Phelan:** It was a significant amount. The cost of a television licence has increased by 40%.

**Dr. Mansergh:** That is not a tax.

**Mr. J. Phelan:** It may not be a tax, but it is a stealth charge.

**Dr. Mansergh:** It is not. It is open and transparent.

**Acting Chairman:** Senator Mansergh, please allow Senator Phelan to speak without interruption.

**Mr. J. Phelan:** Senator Mansergh also mentioned bus fares. The Government is certainly responsible for the provision of public transport. Over the last few years, we have seen public transport charges increased significantly by over 12% but we have seen very little improvement in the services.

**Dr. Mansergh:** I disagree.

**Mr. J. Phelan:** ESB bills continue to rise.

**Dr. Mansergh:** That is not a tax and they are not subsidised by the Government.

**Mr. J. Phelan:** They are 12% or 13% greater than they were a couple of years ago. It is a stealth charge.

**Dr. Mansergh:** It is not.

**Acting Chairman:** Senator Mansergh, you have spoken already.

**Mr. J. Phelan:** Senator Mansergh spoke about the increase for pensioners. It is obvious that none of the Government Senators has been on the doorsteps yet. They will get a rude awakening when they get out to canvass for the local elections.

**Dr. Mansergh:** The Senator is kidding himself.

**Mr. Fitzgerald:** We have been out all year.

**Mr. J. Phelan:** I was out last night in Mullinavat and I spoke to a pensioner who has voted Fianna Fáil all her life. While she will probably continue to vote for that party, I will work for her to the best of my ability. She spoke to me last night

[Mr. J. Phelan.]

about the great fanfare in the last budget to the effect that pensioners were to receive €10 extra and of the withdrawal at the same time of the €9 fuel allowance. The real increase was €1 but Senator Mansergh did not mention that fact during his remarks on the large increases for pensioners. While pensioners are better off in terms of the sums they receive, the capacity of the money to purchase the services they require has dwindled dramatically over the course of the last few years.

**Dr. Mansergh:** That is not the message I am hearing from pensioners.

**Mr. J. Phelan:** Purchasing power is the issue.

As is typical of Government speakers, Senator Mansergh referred at length to 1997 as though it was the beginning of a bright new age. When the current Administration took office in 1997, the annual growth rate was 10%.

**Dr. Mansergh:** It was not. The 10% peak was in 2000.

**Acting Chairman:** Senator Mansergh, please.

**Mr. J. Phelan:** Over 1,000 jobs were being created every week in the economy when the Government came to power. While that rate of increase could not continue forever, it has already slowed.

It is disgusting that the Government motion should be moved in the context of the scandalous waste of money which we saw, for example, with electronic voting. Despite the serious issues people face daily, we have provided two hours of the time of this House to allow the Government to pat itself on the back and tell itself what a great job it has done. To borrow a phrase, while it might have done a great deal, there is a hell of a lot more to do.

**Mr. Cummins:** I second the amendment.

**Mr. Ross:** I should preface my remarks by stating that this is not a unique debate in this House nor is it a motion which will inspire a great deal of original thought or enthusiasm. What we are hearing is a Government indulging itself in a certain amount of self-praise and an Opposition, for reasons of its own, not reciprocating that particular sentiment.

I have noted one or two things in the motion before us. There is no great ideological difference amidst all the mumbo-jumbo between the motion and amendment. Whereas the motion is somewhat absurd in its detail and should simply state that the Government congratulates itself on running the economy well, the Opposition ought simply to oppose it and forget about it.

It is easy for an Opposition to be selective in its criticism of Government economic policy by picking out various bits of it. We could all do that. Behind all this, however, I sense enormous

agreement across the fold in terms of how the economy ought to be run. What I do not note in the Government motion or the Opposition amendment is any great commitment to ideology and I suspect that is because their ideologies are similar. There are noticeable absences in today's debate, one being the lack of debate on direct taxation because everybody favours low tax. Many people are frightened of criticising the Government's low taxation policy because virtually everybody in the country approves of it. The debate is held in a vacuum because there is no ideological difference between Fianna Fáil, the Progressive Democrats and Fine Gael on the economy. There may be a difference between them and the Labour Party but that, too, is becoming blurred.

It is difficult to take on a Government which has had, I suspect, a pretty easy ride running the economy because it has been doing so during prosperous times. The question we need to ask is whether it has done the job well, whether it has been lucky and whether it has steered the economy well through good and bad times with a certain amount of wisdom, discretion and courage. It is my view that since 1997 — I hope it is an objective view — the steering of the economy, mostly by the Minister for Finance, Deputy McCreevy, and others has been extremely prudent. Though we can all point to serious mistakes, the great test for the Minister for Finance was whether he could steer the economy well in difficult times. It is self-evident that task is easy in more prosperous times. I believe he did so. When times were rough and other countries were getting into difficulties, what happened in Ireland was minor in terms of a blip. That, I suggest, is due to the fact that we are not as tied to the type of sluggish European economies as are other countries and because the Minister for Finance was extremely prudent in his management of the public finances and did not take the easy choice of borrowing too much money as other parties might have done. Also, he had the backing of sturdy, courageous, committed people in both parties to take that stance.

An objective person must, in this debate, look not at the detail of the motions, because the Government and Opposition wording and itemisation are totally and utterly selective and understandably so, but at whether overall the economy has come through a difficult period well and whether we are now out-performing what we might have done had another government been elected. I understand and sympathise with Fine Gael's position on this matter. I believe Fine Gael approves of what the Government is doing. Ideologically, it is at one with the Government but it is stuck with a political problem in that it cannot form a Government — Senator Mansergh is right to point this out — without getting into bed with the Green Party and the Labour Party. In that regard, it has to pretend it is in some way deeply opposed to what the Government has been doing, when it is not. Fine Gael must

approve of the Government's low taxation policy because it tried, when in Government, to lower tax. We all know what happened: the Labour Party prevented it doing so. I cannot remember the details and am open to correction on this but I think Fine Gael tried to reduce income tax from 47% or 48% to 45%.

**Dr. Mansergh:** They wanted to introduce a 1% cut in the standard rate.

**Mr. Ross:** That is correct. However, Fine Gael was prevented by the Labour Party from doing so. That is the quandary in which Fine Gael now finds itself. It now has to flirt with the Green Party and the Labour Party and pretend it disapproves of what the Government is doing when, in effect, that is what it was prevented from doing. That is the quandary in which many of us would find ourselves if in government. The Government is lucky in that it has an overall majority, a great deal of self confidence and the backing of people of courage in various key Ministries. The Government has steered the economy well.

Why is it that the Irish economy, despite the statistics as pointed out by the Opposition — all of them correct but not terribly important — is so outstanding in a European context? There is no disputing that inflation is low at, as Senator Fitzgerald pointed out, 1.3%. Growth is also outstanding at 4% and unemployment is low as is capital gains tax and income tax. We have managed to do the double because public spending is high. I suggest there are two reasons that is so. First, the structural situation in which the economy finds itself — our transatlantic dependency in terms of our huge dependence on America. We have the United States to thank for the boom, the Celtic tiger, which Europe does not have. Second, a Government with a different philosophy and ideology could have easily squandered our wealth and would have done so. When in Government, Fine Gael had a major problem in terms of the Labour Party's high spending policies. Fine Gael could not resist the extraordinary demands — I am not referring to the Eircom shareholders, we can forgive them for that — of the high spending Labour Party that wanted public spending to increase come hell or high water.

If we had followed that path, we would not be enjoying the prosperity we now have. There are problems and there will always be problems with

an economy like ours but overall if  
5 o'clock we had to make a judgment, we  
would say we are in a pretty good  
situation and that the economy has been pretty  
well taken care of to the satisfaction and  
prosperity of the Irish people during the past  
seven years.

**Ms White:** I welcome the Minister of State. I would like to make a number of points and to

show the House a map which illustrates the new entrants on 1 May 2004 to the European Union.

**Mr. Ross:** May I raise a point of order? To whom is Senator White showing the map?

**Ms White:** To people here.

**Mr. Ross:** Is she showing it to Senators or to the Acting Chairman.

**Acting Chairman:** Senator White appears to be looking at the map herself.

**Mr. Ross:** Senator White said she would like to show it to the Chair.

**Acting Chairman:** I do not think Senator White is using the map as a prop——

**Ms White:** What is meant by a prop?

**Acting Chairman:** She is refreshing her memory.

**Mr. Ross:** She said she would like to show it to us.

**Acting Chairman:** She is not showing it to me. I have not seen it.

Senator White, you are aware that you may not show things to the House. You may look at the map yourself.

**Ms White:** A map which was published in *The Irish Times* during the week shows that Ireland's *per capita* purchasing power is €25,000. This is higher than that of any of the other 25 EU countries apart from Luxembourg, which is a cash cow economy. This contrasts with our economy when we joined the EEC in 1973. The new member states, particularly the Baltic countries of Estonia, Latvia and Lithuania which have a *per capita* purchasing power of approximately €9,000, look to us as a role model.

These countries will challenge us in the future. No matter how good our economy is we are faced with two major challenges. The Forfás annual report for 2003 warns of the level of foreign direct investment into China and the countries of central and eastern Europe. These countries are no longer poor in education and skills and will give us mega-competition. We face even greater competition for foreign direct investment than in the past.

The second challenge arises from the lack of competitiveness in our economy. We need foresight, consistent economy philosophy and creativity to bring our economic institutions on board to attain the necessary level of competitiveness. Without them the economy will slip back. We need a sustained commitment to policies which deliver a rate of inflation below that of our main trading partners. In my own business I experienced a competition cushion when the euro was weak but now that the euro

[Ms White.]

has strengthened against sterling I find it harder to do business. If trade unions, IBEC, other employers' organisations, chambers of commerce, workers and management do not work together the economy will suffer.

Over the last four years, Intel made a \$2 billion investment in Fab 24, the latest and most powerful microchip available in the world. Last weekend, the employees of the Intel plant in Leixlip, under Mr. Jim O'Hara, produced the first run of Fab 24 and achieved the highest first run yield of any Intel facility in the world. The Intel plant in Leixlip employs more than 3,000 people. This achievement consolidates the Irish Intel plant in the international Intel corporation.

My own company faces a new challenge. We heard two days ago that we may sell our Baileys chocolates outside of Ireland. We must be competitive. One can do so much within one's own company but one faces many indirect cost increases. These must be challenged by the Government.

**Mr. Cummins:** The first sentence of this evening's motion commends the Government for its prudent handling of the public finances. Senators on the Government side have a cheek to suggest this after the Punchestown debacle when €15 million was spent in the Minister for Finance's constituency and proper regulations and procedures were abandoned. Where was the Progressive Democrats, the so-called guardians of the public purse, in this regard? Where was openness and transparency on this matter? The Progressive Democrats sat like church mice and we did not hear a word from them. Perhaps we will hear from them during the course of this debate.

A Government should be judged on how it treats the poor and the weakest sections of society. In this regard, the Government has failed miserably. While conferring tax breaks on the rich and influential friends of the Government, it attacks the poor through the savage 16 social welfare cuts. The Government has also hit people on the margins and the middle classes with more than 27 extra stealth taxes. Senator Mansergh may not want to hear about stealth taxes. He does not believe they are stealth taxes.

**Dr. Mansergh:** Some of them are not taxes at all.

**Mr. Cummins:** However, the people who are paying the taxes know all about them. While they may be small increases to Senator Mansergh and his friends, they hit the poor and middle classes. Whatever they are called, they are extra taxes on the public.

In 2002, An Agreed Programme for Government stated: "We will keep the public finances in a healthy condition and we will keep down personal and business taxes".

**Dr. Mansergh:** We have done that.

**Mr. Cummins:** Senator Mansergh will not like to hear of some of the taxes but they exist. In 2002, motor tax increased by 12% and hospital charges by 26%.

**Dr. Mansergh:** Hospital charges are not a tax.

**Mr. Cummins:** The cost of the drug refund scheme rose by 31%, VHI charges by 18% and the cost of cigarettes and alcohol by 15%. Bank and car charges rose by a staggering 108%, bin charges by 29% and ESB charges by 13%.

**Dr. Mansergh:** ESB charges are not a tax.

**Mr. Cummins:** College fees rose by 9%.

**Dr. Mansergh:** They are not a tax.

**Mr. Cummins:** Parking fees rose by 25% and bus fares by 9%.

**Dr. Mansergh:** They are not taxes.

**Acting Chairman:** Allow Senator Cummins to speak without interruption.

**Mr. Cummins:** They are all stealth taxes and extra charges which the public must pay.

**Mr. McCreevy:** Should they go free on the buses?

**Mr. Cummins:** They do not need a 9% price increase. The Minister could find the money for the debacle at the mad cow roundabout.

In the December 2003 budget, the Government introduced further charges and taxes. The drugs refund scheme threshold was raised by €8 to €78 per month, accident and emergency charges increased from €40 to €45 and there was a 15% increase in the cost of a private bed in a public hospital. The Government imposed a €5 increase in the cost of an overnight hospital stay, third level student registration fees increased by €80 and the fee for the junior and leaving certificates increased by €10. In addition, development levies increased by between €6,000 and €30,000, depending on which local authority was involved. This hit first-time house buyers in particular, from whom the Minister had taken the first-time house buyers' grant not long before.

The Government is hitting vulnerable ordinary people with major charges. The House should consider the increase in passport charges. The fee for a standard ten year passport increased by a third, from €57 to €75.

**Dr. Mansergh:** It is once every ten years.

**Mr. Cummins:** The cost of a three year passport for infants up to three years of age rose from €12 to €15 while the five year passport for those between the ages of three and 18 years rose by

over 100%, and the emergency fee for passports increased by €37. Motor tax increased again in 2003 by a further 5%. The House knows of the increases in commercial rates, which have soared way beyond inflation. This is what the Government calls keeping down personal and business taxes. The Minister should talk to the owners of small businesses who will tell him they are being taxed out of existence.

Ireland is now the most expensive country in Europe in which to live. Fine Gael has set up a website, *ripoff.ie*, which has received thousands of hits and hundreds of e-mails from all over the country. We have led campaigns on stealth taxes, the price of insurance and soft drinks and the ripping off of Irish customers by British chain stores. Ireland has gone from fourth in 2000 to 30th this year in the World Economic Forum's global competitiveness report.

**Dr. Mansergh:** We are tenth.

**Mr. Cummins:** This is due mainly to the Government's failure to control prices. With regard to jobs, industry and small business, there are 170,000 people on the live register according to the Central Statistics Office.

**Dr. Mansergh:** The figure is 164,000.

**Mr. Norris:** Senator Mansergh should not interrupt.

**Mr. Cummins:** Some 11,000 industrial jobs were lost in 2003. Industrial employment is at its lowest level since 1998 and almost 30,000 jobs have been lost since 2001. ISME warned that 35,000 small firm jobs are in danger. According to a survey carried out by that group, one quarter of companies stated they expected to employ fewer people this year. The same survey showed that most small business owners perceived the Government as regulators rather than facilitators. Yet the Government wants to be congratulated on its policies.

The Government shows its true colours in regard to poverty and the wealth gap. An Agreed Programme for Government in 2002 stated the Government would support the positive role of community employment schemes. Members know what has happened to them — they are gone.

**Dr. Mansergh:** No, they are not.

**Mr. Cummins:** We have witnessed the impact of the 16 social welfare cuts. One disgraceful cut was reversed, that hitting at poor widows, on which the Government was forced to row back. It is a pity the surplus in the finances is not used to reverse the other 15 cuts. It is clear that Government priorities are not in line with those of hard-working, honest people.

**Minister for Finance (Mr. McCreevy):** I am grateful to the Senators who put down this

motion as it affords me an opportunity to discuss and evaluate the current and future prospects for our economy. The record will show that in my period of office a thriving economic climate has been created in Ireland. We have recorded one of the best economic performances in the world. Economic growth has averaged nearly 10% per annum, unemployment has reduced from over 10% to historically low levels, over 300,000 new jobs have been created, and long-term unemployment has been cut by 80%. These achievements are recognised and applauded by responsible commentators everywhere in the developed world. For instance, in August 2003, no less a body than the IMF commended the Irish authorities for our "exemplary track record of sound economic policies".

The new member states which have just joined the EU also recognise this and their common desire is to be like Ireland. They are anxious to learn how we did it. Clearly, the Government has established a climate which has allowed our economy to flourish. Despite the international economic downturn of the past number of years, our economic record far outshines that of our main EU partners and our budgetary position remains sound. I am confident that if we ensure we regain competitiveness, we can improve our economic growth to reach 4% to 5% in GDP terms going forward.

The motion, therefore, rightly and accurately summarises the economy's achievements, namely strong growth, full employment and low inflation. Who in the House as little as 20 years ago could have imagined any Minister for Finance being able to give such a synopsis of the economy? It would have seemed a pipe-dream then, yet it is now a reality and the credit goes to the effort, enterprise, diligence and creativity of our people. It is due also to the relentless pursuit of the right economic and fiscal policies to help the dream become reality.

It is on certain aspects of that reality that I want to dwell in my contribution. We have in the past seven years changed the face of this country and made it a better place in which to live and work. We have restored pride and encouraged the return of tens of thousands of our young people.

The object of Government policy in every Administration has been the creation of jobs. In that, we have been remarkably successful. What has been all the more remarkable is that despite the recent economic shock, the level of employment has held up well. The unemployment rate now stands at just 4.4%, the lowest since December 2002, and in the last year an additional 31,000 not just part-time but also full-time jobs have been created. As satisfying as these figures are as an endorsement of the low-tax policies which the Government has pursued in the interests of job creation and maintenance, they must be galling for an Opposition which, if the amendment to today's motion is any measure, is increasingly bereft of any constructive ideas.

[Mr. McCreevy.]

The Government claimed that we had a flexible job market and we have seen the proof of that. However, it has been no accident. The Government's tax policy has been a large contributing factor. Some 35% of income earners are now outside the tax net, that is 669,000 earners compared to 380,000 in 1997. The result is that, as recently acknowledged by the OECD, we have the lowest tax wedge on the average single worker in the EU. The Government has increased the entry point to the tax system from €98 per week in 1997 to €246 per week now. Since the Government came into office, it has reduced the average tax rate by 10% for a single worker on the average industrial wage. This means the average PAYE worker pays far less tax than before and gets to keep much more of any extra income in his or her pay packet.

The Government's tax policy has encouraged and sustained the jobs market in both good and bad times. Together we must secure our competitive edge by moderation in future pay increases. The Government's record on tax reform is one of solid achievement of unparalleled success when compared with any period in Irish history during which the parties opposite were in Government. Ireland is truly now a country of opportunity.

The Administration's second notable achievement has been the reduction in inflation to less than 2% per annum. In little over a year, the CPI has declined dramatically from 5.1% to its current level of 1.3%. The inflation we suffered owed much to the fortunes of the euro, the very high level of demand for labour in our economy and the price effect of the process of catching up with our wealthier EU neighbours. The last of which is the so-called Balassa-Samuelson effect, which the new member states are all looking forward to.

If one were to listen to the Opposition, one would think the Government was the real cause of inflation. This must be examined in so far as indirect taxes are concerned. Taxes on alcohol have been left largely unchanged since 1994. VAT rates were cut during this period on one occasion and excises on petrol and diesel were reduced in one budget. Tobacco excises were raised substantially, but primarily in pursuit of health policy objectives as well as for Revenue reasons. I have been constantly implored by the health lobby to ignore CPI effects when it comes to policy decisions on tobacco taxes and to persuade the CSO to drop tobacco from the CPI altogether.

It seems that any tax changes one does not like are now characterised as "stealth taxes".

**Ms O'Rourke:** That is true.

**Mr. McCreevy:** The word "stealth" means unseen or underhand. As I stated in my budget speech, the real stealth tax is borrowing because it is the unseen thief whose services those in

Government in the mid 1980s were only too ready to employ. Moreover, the progress made in debt reduction has released an additional €1 billion or so per annum for investment in public services which would otherwise have been spent on servicing the debt.

I make no bones about raising indirect taxes when they are needed to pay for better public services. My policy is to keep direct tax low to encourage enterprise and effort to produce the goods and services in the first place. Even on direct taxes, allegations of stealth taxes are thrown around without any proper analysis of the facts. The recent superior performance of tax revenue has been ascribed to the non-indexation of the tax bands. This is simply not the case. Tax revenue at the end of April was some €500 million ahead of profile. Half of this is due to a better CGT performance. Some €170 million of it was due to more income tax, of which €135 million is schedule D tax and Revenue investigations and €35 million was due to additional revenue from PAYE. Stamp duties provided an extra €60 million and other tax heads are more or less on target.

Most of the excess of €500 million is from capital gains, self employed and property taxes. Less than one tenth is PAYE which tax bands would affect. Despite my reputation, I seem to be soaking the rich. I can eagerly look forward therefore to middle-aged 1970s socialists coming over to my side. Despite my reputation, it was I who enhanced Revenue powers in the Finance Act 1999, resulting in the greatest crackdown on tax evasion by any Minister for Finance and an extra €1 billion in revenue for the State coffers.

**Mr. Leyden:** Senator Norris is here — he has joined our side.

**Mr. McCreevy:** I thank Senator Norris. I appreciate it greatly.

We need to keep the sound position and good shape of the public finances if we wish to provide properly for the next generation. The achievements of this Government in successfully managing the public finances are evident. We have the second lowest debt level in the euro area, at under 33%. We have a sound budgetary position with a general Government deficit target this year of 1.1% of GDP. Many of our EU partners find that they have to make painful budgetary changes to ensure they respect the Stability and Growth Pact. Through prudent budgetary planning we have ensured that our position is consistent with the Stability and Growth Pact and we have avoided that difficult experience.

It is to be expected that the ordinary knockabout of politics always focuses on the near term. However, the Government must be more forward looking. This is less about vote winning than spending our largesse now as some would have us do. The Celtic tiger has left us with a lasting legacy which we are determined not to

squander. The Government has taken decisions that will ensure the legacy of the Celtic tiger will still be with us in a generation. Part of that forward-looking policy has been maintaining a high level of capital spending, which is twice the EU average in terms of GNP, in providing for substantial capital envelopes amounting to nearly €34 billion for the next five years and in reforming the tendering and purchasing rules for capital spending to ensure better value for money.

The Government has also begun to tackle the pensions issue both by saving at Government level through the National Pensions Reserve Fund and at individual level through SSIs, giving savers better control over their pension nest egg and the institution of PRSAs. A recent pensions seminar put the potential pensions savings gap at €6 billion per annum. This is consistent with what I have said on previous occasions, namely, that the annual contribution of €1 billion per annum to the National Pensions Reserve Fund will meet only one third of future pension costs of the public service.

Against this background, maintaining a balance in the public finances is a basic requirement to provide us with the means to cope with the future costs of health and pensions for a rapidly ageing population. I intend to continue to follow this course and to use such windfall gains as may arise to add to our pension nest egg.

The Government has continued to accord priority to investment in the key areas of social and economic development. In particular, it has accorded top priority to the areas of social welfare, health and education. Since 1997, health expenditure has increased from €3.6 billion to €10 billion; education has increased from €3.2 billion to €6.6 billion; and social welfare spending has increased from €5.7 billion to €11.3 billion. Overall, spending on health, education and social welfare has increased from €12.5 billion to nearly €28 billion, an extraordinary increase in resources. Health, education and social welfare spending will account for 68% of total voted spending this year.

The exceptional economic growth in the years from 1997 to 2000 enabled annual gross spending to be increased very substantially to a high point of 21% in 2001. As economic growth has moderated, the Government has, in the interests of prudent management, followed a course of bringing spending increases more into line with increases in revenue. This has seen annual increases moderating from around 21% in 2001 to an estimated 7% this year, which is still a substantial rate of increase by any standard.

This Government's record on its management of the economy is one of substantial achievement. The motion before the House accurately summarises that record. Since 1997, the Government has consolidated the capacity of our economy to grow and create jobs; cut taxes on labour and on the lower paid; brought inflation under control to secure our competitiveness;

managed our public finance soundly; and kept its eye on the future through spending on capital and prudent pension provision. Such policies will yield rewards both in the short and the longer term and will show the wisdom of a prudent approach to the public finances.

I commend the Government motion to the House.

**Ms O'Rourke:** Hear, hear.

*(Interruptions).*

**An Cathaoirleach:** There should be no applause.

**Mr. Norris:** I have no objection to applause, although the Minister might.

**An Cathaoirleach:** Applause is not in order in the House.

**Mr. Norris:** I welcome the Minister. I accept he is an extremely able Minister for Finance and that he has given considerable service. However, I am not voting with the Government on this occasion and I will explain why. I met the Minister in the corridors earlier and I explained to him that it is a waste of Seanad time to have these slavering Government motions reciting their own wonderful deeds. Self praise is no praise. There is a ritual dance and then the Opposition, of which I am not a member, as I am an Independent Senator, says everything is in a chaotic, ghastly state. Neither statement is completely realistic and they do not advance anything.

**Mr. Leyden:** They do here.

**Mr. Norris:** They do not advance anything. If the Government is so bankrupt of ideas that are appropriate to this part of the parliamentary day then it should yield to groups like the Independents. The House should compare the record of Independents in Private Members' time with the abuse of that slot by the two principal sections of the House. People will note that many of the motions we put down have been agreed and we do not have this nonsense of a vote. It is a farce and a futile political exercise.

One does not have to be a mathematical genius like the Minister for Finance to know the Government is going to win the vote. What is the point of putting the House through an endless charade—

**Dr. Mansergh:** The economy is an appropriate issue.

**Mr. Norris:** Yes, the economy is a very important issue. I agree with Senator "Mandarin" on this—

**Ms O'Rourke:** Politics is adversarial by nature.

**Mr. Norris:** —but there is an appropriate place for it. If one looks at the way the Independents use—

**An Cathaoirleach:** Senator Norris without interruption.

**Mr. Norris:** It is interesting to hear that the Seanad is adversarial.

**Ms O'Rourke:** I did not say that. I said politics is adversarial.

**An Cathaoirleach:** Senator Norris without interruption.

**Mr. Norris:** The House is not adversarial. It is not supposed to be. Senators need not laugh.

One of the values of the House is that we advance issues by reasonable debate, not this charade. Although I accept many of the arguments of the Government side I will not vote with them because this is a waste of time. It is also chaotic; I have been in the House for nearly 20 years and only in the last year have we begun to have Private Members' time at 5 p.m. and at 4 p.m. on other occasions. For almost 20 years it was between 6 p.m. and 8 p.m. I know the House can order its own business—

**Ms O'Rourke:** The Committee on Procedure and Privileges did that.

**An Cathaoirleach:** That is not relevant to what we are discussing.

**Mr. Norris:** It is very relevant.

**An Cathaoirleach:** The Chair says it is not.

**Mr. Norris:** There is the question of the economy of time.

**An Cathaoirleach:** The Committee on Procedure and Privileges decided to change the time, so it is not relevant.

**Mr. Norris:** I am entitled to comment on it. I will not be muzzled, even during this farcical debate.

**An Cathaoirleach:** The Senator is represented on that committee.

**Dr. Mansergh:** This is a debate on the economy, not the economy of time.

**Mr. Norris:** The economy is vital and I will turn to that.

**An Cathaoirleach:** The Senator should speak to the motion.

**Mr. Norris:** I am speaking to the motion without interruption.

**Ms O'Rourke:** The Senator is interrupting himself.

**Mr. Norris:** That is a tautology.

**Mr. McHugh:** On a point of order, will the Senator consider sharing his time if he finds this debate a complete waste of time?

**Mr. Norris:** No, I will not.

**An Cathaoirleach:** That is not a point of order.

**Mr. Norris:** Senator Cummins mentioned the widows being handbagged by the Minister for Social and Family Affairs, Deputy Coghlan. She was put in that situation, unfortunately, and she had to withdraw from that position. I am glad she did.

**An Cathaoirleach:** The Senator has only one minute left.

**Mr. Norris:** I am expecting some injury time. I was interrupted all over the place.

**An Cathaoirleach:** There is no injury time.

**Mr. Norris:** I was proud to hear representatives of the applicant countries talking of their ambitions of following the Irish economic model. We can be happy with that and I compliment the Minister on making provision for pensions. It is unusual to find a Minister who is altruistic and who is thinking of the long term rather than short-term benefit. That is excellent and I support it.

Too much health expenditure goes on administration, which needs to be overseen clearly.

**An Cathaoirleach:** I miscalculated. The Senator has three minutes.

**Mr. Norris:** The Minister spoke about investment in infrastructure and I applaud him for that. He is a practical man but he also has vision. We are stuck with Luas regrettably. I spoke against it because I knew it was not possible to transport sufficient numbers of people at the correct intervals of time and so on. I spoke instead for a metro system and those arguments were made here. We had the excellent support of our current Leader, who was also excellent as Minister with responsibility for transport. She was realistic on this issue, unlike her predecessors. However, we need some vision and imagination in this area. I need not cite the facts and figures as I am sure the Minister has those to hand. He will know how positive the various consultants' reports were, including the present report, on the financial benefits. There is an inarguable case here and we need someone to show some courage. The Minister is the man to do it.

I have a habit of bumping into the Minister in the corridors every few months and when I do I

whisper in his ear. One issue in which I have a personal interest involves my car. It is a beautiful old car which cost me €5,000 but it costs almost as much to tax and insure it. That tax is a mistake because it discourages people from keeping these excellent vehicles on the road. They are scrapped and thrown out to pollute the environment.

Why not do what the French did and abolish car tax altogether? Imagine how popular that would be in an election.

**Mr. Cummins:** They did that before.

**Mr. Norris:** If one cent were added to the price of petrol one would refocus on those who use old, gas-guzzling cars. Their payments would be relative to their use of the roads and consumption of petrol, so it would be environmentally friendly as well as politically advantageous. I know I should include that in a budget speech but we are only allowed to make moltaí. When former Deputy Albert Reynolds was Minister for Finance I put down two or three pages of moltaí and he kindly incorporated them in his budget and referred to the fact. I missed that glorious moment because I was guzzling in the restaurant, as usual. This is something the Minister could consider. It would be politically popular, environmentally positive and would keep old classic cars on the road. I see no negative side to this at all.

**Mr. Leyden:** I welcome the Minister for Finance. We were the class of 1977 and a great class it was.

**Ms O'Rourke:** Which cut car tax.

**Mr. Leyden:** We will not go back to Senator Norris's proposal, attractive though it may be. It was attractive at the time and the economy was shattered after the dreadful Government of Liam Cosgrave.

**Mr. Cummins:** The 1977 budget was the cause of it.

**Mr. Leyden:** Doom and gloom.

**Mr. Cummins:** The Minister was one of those who opposed it.

**Mr. Leyden:** It was the easiest election I ever fought. It was a marvellous manifesto. I did not read it all but it sounded very good. I was too busy canvassing. We will not go back to those issues.

This motion is not about the Minister. It is about the work of the Government but the Minister for Finance has been tremendously innovative and I will give an example of that. The tax incentive scheme for Longford, Roscommon, Leitrim and south Sligo has revolutionised the town of Carrick-on-Shannon and areas in Roscommon like Kilteevan and Portrun. People are now moving into those areas and this

innovative scheme has created a huge amount of building activity.

I disagree with Senator Norris about this debate. It is an opportunity for Members to put their ideas to the Minister, which can then be considered along with issues arising from the tax incentive scheme. That was a pilot scheme. All of Roscommon is not included in the tax incentive scheme. Only one part of the electoral area I serve as a county councillor is included, the Kilteevan-Portrun area, which has created so much activity. In Kilteevan a pub and lounge is being built.

**Ms O'Rourke:** What is wrong with that?

**Mr. Leyden:** It is marvellous.

**Ms O'Rourke:** Good.

**Mr. Leyden:** It is drawing activity into an area that never had a pub. The last pub was a shebeen in the 1800s. Where else would one see that activity?

**Ms O'Rourke:** The Senator had better not drive.

**An Cathaoirleach:** Order, please.

**Mr. Leyden:** It is also happening along the Shannon basin. There are housing developments and builders were never busier. The Minister was responsible for the development of Carrick-on-Shannon and the towns of north Roscommon, Leitrim and Longford. That is one of the greatest schemes ever introduced as far as rural Ireland is concerned. Along with the CLÁR programme, that scheme has made a great difference. While the Minister may have difficulties with the EU, I suggest the scheme be extended to the remainder of County Roscommon and some other areas. The Minister's decision to reduce capital gains tax to 20% has made a great difference.

**Mr. McCreevy:** Yes.

**Mr. Leyden:** It has created more tax income. As the Minister has all the figures I shall not dwell on them. He reduced capital gains tax from 40%. At one stage capital gains tax was 60%. The difference now is that people are prepared to buy and sell so that there is development and innovation. That is the difference. Fianna Fáil and the Progressive Democrats are pro-development, pro-progress and pro-jobs. The Minister has made all this possible by making it worthwhile to sell property—

**Mr. Cummins:** What about the first-time buyers?

**An Cathaoirleach:** Senator Leyden without interruption.

**Mr. Leyden:** —and to pay 20% tax. People are delighted to pay only 20% tax. The Minister has got more funds in the Exchequer and there is more money for schools and the health service.

**Mr. Cummins:** First-time house buyers have to pay more.

**Mr. Leyden:** The Minister introduced the special savings investment account which was revolutionary. Members of my family who would not usually have saved are now saving. For the first time young people are saving and are looking forward to the day when the money will be available to allow them to start building a house, build an extension or buy a car. It is a tremendous scheme. I strongly recommend a roll-over scheme, a national development plan scheme with attractive interest rates, where people would be prepared to reinvest the money saved at the end of the scheme in a national saving bond, organised by the National Treasury Management Agency. Some 50% of those investors would be prepared to reinvest in the interests of the State to borrow for infrastructural development. Compare that scheme to the scheme proposed by the leader of the Labour Party, former Workers Party, former Democratic Left, former loony left—

**Mr. McHugh:** Sinn Féin the Workers Party.

**Mr. Leyden:** —regarding the €1,000 baby bond. Did one ever come across anything as daft?

**Ms O'Rourke:** It is a good idea.

**Mr. Leyden:** It was devised by Fergus Finlay and a few other gurus as something innovative at the Ard-Fheis.

**An Cathaoirleach:** The Senator should not mention people outside the House.

**Mr. Leyden:** Fergus Finlay is close—

**An Cathaoirleach:** The Senator heard what I said.

**Mr. Leyden:** I will not mention them again. The €1,000 baby bond scheme came from a party that was led by Proinsias De Rossa, former president of the Labour Party, former leader of the Workers Party and former leader of Sinn Féin the Workers Party. When he was the Minister for Social Welfare, he gave the smallest increase ever for babies in Ireland. Yet the Minister for Finance, Deputy McCreevy, is giving €1,000 every few months to people. I am aware of a case recently involving a couple who had twins and the Minister gave them €2,500 for a few months as well as an incentive for the twins. The leader of the Labour Party has suggesting giving €1,000 for 18 years. Is he mad? The poor fellow has run out of ideas. The scheme must have been devised by some of the accountants in Enron. It reminds me

of the £9.70 that the former Taoiseach, Garret FitzGerald, promised to women who stayed at home. The Cathaoirleach is smiling — he would remember it. Fianna Fáil created jobs for people at home who wanted jobs. There are jobs for everyone. He even reneged on the £9.70.

**Mr. Cummins:** Remember the flawed budget in 1977 which that Minister would not stand over.

**Mr. Leyden:** I do not know why I prepare scripts when I do not need them.

**An Cathaoirleach:** Senator Cummins has made his contribution.

**Mr. Cummins:** The Senator is inviting comment.

**Mr. Leyden:** Does the House recall the last general election and the compensation for the Eircom shareholders?

**Mr. McHugh:** This is flawed history from Senator Leyden.

**Mr. Leyden:** It is well known that if one invests in shares — I invested — one may lose or win. He was also going to compensate those who lost in the derby. What kind of a party is that? It is gone to hell.

**Mr. Cummins:** What kind of rubbish is this?

**Mr. Leyden:** Now it is joining up with Green Party and recommending that people give their number two vote to that party, which is opposed to the live export of cattle and to farming. I predict a day when we will bring Fine Gael under our wings, a day when there are six or seven Fine Gael Deputies and we need them to form a Government.

**Mr. Cummins:** The rules are greatly exaggerated and the elections will prove it.

**Mr. Leyden:** In fairness, the Fine Gael Party has a fine and proud history and it has made a contribution to the country.

**Ms White:** It was very small.

**Mr. Leyden:** At this stage, it has lost its way.

**An Cathaoirleach:** The Senator has exceeded the time allowed.

**Mr. Leyden:** We have the best talents in the Government.

**Mr. Cummins:** A clap in the back for the Senator.

**Mr. Leyden:** We have the best Taoiseach and the best leader of the party. The Progressive Democrats is working with us. We have

tremendous ability to carry on in the interests of the country.

**An Cathaoirleach:** The Senator has exceeded the time allowed.

**Mr. Leyden:** I could say a good deal more. We have a lot done, more to do, and we are getting on with it.

**Mr. McHugh:** I will not respond to the items raised by Senator Leyden because they are not appropriate to the motion. However, I shall refer to something Senator Ross said about the economy and all the debates that have taken place on it. Senator Ross's viewpoint is simplistic. Every time he speaks about the economy, he speaks about the Government and what it will say and what the Opposition will say. All he mentions is income tax. I accept that the Minister, Deputy McCreevy, and the Government have contributed to lowering the income tax band but there is more to the economy. I am glad the Minister is present. This is the first time I have had the opportunity to speak to him and I shall be selective in terms of the two issues I wish to raise.

The Dyslexia Association of Ireland has 37 workshops and employs tutors to carry out essential services for those with dyslexia. On average, each of these workshops raise €30,000 per annum which is completely voluntary. It is raised locally and from the parents of children with dyslexia and from different fund raising activities. That is a direct failure of the Department of Education and Science. While it is not an issue for the Minister's Department, it is an issue for another day. In September 2004, there will be a call on the tutors to pay income tax on their earnings. That is fair enough. Anybody who earns income has to pay income tax. I ask the Minister to provide some form of subsidy or support for these workshops. They are charity organisations and the volunteers are fulfilling a service that should be provided by the Department of Education and Science.

Senator Ross accused us of being selective for one reason. If Senator Leyden and his colleagues are confident that the economy is in a good state of health, there is no reason we cannot subsidise these workshops because these volunteers are being hammered and are faced with brick wall after brick wall. I met with a group from Letterkenny last night which is crying out for some form of support or acknowledgement of their work.

The second item I wish to raise is non-residents accounts. I am not talking about tax evasion. I do not condone tax evasion and never will do so. I am referring to elderly people who have accounts in Northern Ireland and the UK, containing €5,000 or €6,000.

A tax amnesty was introduced which was a good scheme to recover money from people who were laundering money or earning income illegally without paying tax. I ask the Minister

and his Department to examine why the Revenue is looking for 230% on top of the penalties and the sums that must be repaid.

I know of an elderly gentleman with €6,000 in an account in Northern Ireland and he must pay back the guts of €8,500 in penalties and interest. That is wrong and is an injustice to the elderly. This is a group of people who were not involved in tax evasion. They may have lodged a few pounds every year. Prior to 1987 and 1988 when the interest rates were high, they were the ones being crucified. The banks are charging these people €35 per hour to access information and that is wrong. Some accounts hold only €1,000, €1,500 or €2,000 and were set up to help put students through college. They are not bogus accounts. These people have not been involved in fraud or tax evasion. If Senator Leyden feels fully confident that the economy is in such a healthy state, why are these people being crucified? They are vulnerable people at the margins of society. Senator Ross spoke about income tax. This generation cannot further penalise those people because we owe them a debt.

**Mr. Leyden:** The Senator should table a motion.

**Mr. McHugh:** I ask the Minister to consider some way in which his Department and the Government can intervene in this situation.

I know of one man in Donegal who was hospitalised as a result of the pressure and stress of this serious situation. I am calling the Government's bluff regarding the good state of the State's finances. I ask the Minister to take this vulnerable section into consideration.

If people are to be penalised for alleged wrongdoing in the period pre-1989, for simply opening an account in the North——

**Mr. McCreevy:** It is not an offence to have an account outside the State nor is it an offence not to have declared it. It is the source of the money in the account, whether that was taxed and whether the tax and the interest that arose thereon was returned that is at issue. The holding of an account outside the State is not and never has been an offence.

**Mr. McHugh:** The holders are still liable for these penalties.

**Mr. Cummins:** If it has not been declared.

**Mr. McHugh:** If it is not declared in previous tax amnesties.

**Mr. McCreevy:** If the income in the account has been taxed and we will assume that is not a problem, the question arises as to the source of the income and whether tax was paid on it before it arrived in the account.

**Mr. McHugh:** These people are forced to employ bank staff and pay €35 an hour to access

[Mr. McHugh.]

information to prove they have not been involved in tax evasion. This is a very strong issue on the canvass. People are very irate. The Government can intervene; the banks should not be the facilitators in this matter.

If people are to be penalised for something as simple as having €3,000 or €4,000 in an account, who will be penalised regarding the handling of the €15 million Punchestown affair? I am not raising this matter because it is in the Minister's constituency. Who will be penalised for the mishandling of Punchestown and who will be penalised for the mishandling of e-voting and the €55 million incurred? The vulnerable have been punished consistently since 1997.

**Ms White:** The Senator should join Fianna Fáil.

**An Cathaoirleach:** Order, please.

**Mr. Scanlon:** I concur with Senator Leyden's statements about the rural renewal scheme in certain areas of Roscommon, Leitrim and south Sligo. This scheme has benefited the people of the area in which I live. It has been an excellent scheme which has rejuvenated the area. In my home town of Ballymote, a house had not been built for 20 years but nearly 150 houses have been built in the last three and a half years. I do not know where the people are coming from. Houses are being sold and that is good for the area. The same applies in Collooney and Tubbercurry and Leitrim has also benefited very substantially from the rural renewal scheme.

The Minister has extended the scheme to June 2006, which is very welcome. Persons wishing to qualify for the scheme must obtain planning permission by 31 December 2004. I ask the Minister to keep an open mind on that regulation—

**Mr. McCreevy:** Planning permission must be applied for by that date.

**Mr. Scanlon:** That is good. There was some confusion. People were under the impression that planning permission should be obtained by 31 December 2004. I am delighted to know that once a person has applied for planning permission in this year, he or she can still claim the benefits from the scheme.

With regard to Senator McHugh's contribution, there are victims in the matter of the accounts which may have been held in the North. I am aware of a situation where a widow discovered her husband had an account in the North containing £4,000. I understand there are serious penalties attaching to that account and the funds therein. That woman is completely innocent. She was not even aware that her husband had the account until after his death. I am aware of similar cases. I ask the Minister to consider those hardship cases and be a little lenient as there was no intent to defraud the State

on the part of the beneficiaries of the accounts. I thank the Minister for his work for the country.

**Mr. O'Toole:** I welcome the Minister to the House and I am pleased to contribute to the debate. This is an appalling motion and desperate to the world. The Leader this morning said the Government was entitled to blow its own trumpet but the problem is that trumpets get confused with foghorns now and again and frighten off the horses. If the motion had read that Seanad Éireann acknowledges the policies of the Minister for Finance in pursuing policies that have helped to ensure all those increases listed in the motion, I would have voted for it. The Minister has done things that I have disagreed with and I have disagreed with him in the House. Some two and a half years ago there was a time when my colleagues, Senators Ross and Quinn, raised the issue of inflation time and again in debates in this House. When the social partners and others got together with Government and decided that the reduction of inflation was an objective for all partners in the social partnership they were laughed at. I admit the Minister held the line. He can claim due credit for these improvements and for the growth in the economy.

The Minister is entitled to examine competitiveness and growth. I will deal specifically with the former, an interesting issue about which I am more entitled than most Senators to speak. Competitiveness decreased marginally last year and increased this year. One of the reasons for the decline was the benchmarking payment. As had been predicted, we had a big bang when a number of factors combined.

The Minister stood by his side of the bargain and paid the benchmarking increases against considerable opposition from many quarters. I appreciate it when somebody sticks to his or her word through hard times and good times. Many Senators on this side were not in favour of paying the benchmarking increase. It is important to place on record that the Minister looked after public servants and I have no difficulty doing so.

We have emerged from a period in which competitiveness declined and inflation and growth increased. The other important issue is employment. Much of the Fine Gael Party amendment is factually correct, whereas other aspects send out an erroneous message. This is a developing, changing and flexible economy. The fact that P45s are being handed out is not the issue; the real issue is the net figure in terms of the difference between jobs created and lost and the sectors in which jobs are being created and lost. Everybody knows that certain forms of traditional industry cannot continue. During my years in the trade union movement I have repeatedly asked that we be honest and inform our members that we cannot produce certain items as cheaply as other countries without diving

to the bottom of the pile in terms of pay and reward. It is necessary to recognise this trend.

We need to examine how we spend our revenue. The most crucial feature of the past three years was that for the first time we entered and emerged from a recession within a short period. In the past, we were never economically prepared to come through a recession without first suffering badly for a decade. It is important that we came out of the previous recession and have reached a stage where the spikes and surges in economic activity have been levelled out to an extent and no longer have the same impact.

We had double digit growth in the economy for many years. As I have stated repeatedly, however, we really need consistent growth rates of between 4% and 5%, which are about as high as an economy can sustain without overheating, creating major demands on services or increasing inflation to an unmanageable level. We are moving towards this position.

I disagree with the Minister as regards the manner in which we spend. While I agree with some of the comments expressed by Senators on this side, contrary to the sentiment expressed in the Fine Gael Party amendment, I was happy that income tax was not reduced further last year.

The Minister has €500 million available to him which he had not expected. This money should be used to give the national development plan a boost. A railway link to Navan should be opened and the line between Sligo, Limerick and Rosslare upgraded or reopened as necessary. I spoke recently to the station master in Ennis where a new commuter service to Limerick opened in December. People wondered whether the new route would be viable, yet despite minimal advertising, the number of people using the line has already doubled.

The Shannon stopover and plans to break up Aer Rianta have caused a major row. The Minister should give the Minister for Transport a cheque at the next Cabinet meeting and ask him to build a railway into Shannon Airport. This would make it the only international airport with a rail head and give new impetus to the west. This, combined with a rail line from Cork to Sligo, would open up the west.

I ask the Minister to address one issue as regards the rural renewal initiative. A couple of years ago, to widespread approval, he cut back on tax reliefs for hotels in certain circumstances because the scheme was being abused through partnership deals and so forth. Fine towns, including Kilrush, Ballinrobe, Tuam and a long list of others, do not have a hotel which is inhibiting investment. I ask the Minister to examine the matter.

I hope that when I raise my final concern in more detail in the House in the coming weeks the Minister will come before us to address it. It is clear that interest rates will increase in the coming years, creating problems for people making repayments on their houses. I have examined the policy of other countries on this

matter. In certain states, legislation has been introduced to require that in the event that interest rates increase, repayments may only increase by an amount not greater than inflation. Lenders may then raise repayments in line with inflation the following year as a means of catching up, as it were. If they find they cannot catch up, they may extend the repayment period. With people worried about the possibility of interest rates increasing in three or four years, similar legislation here would protect those with mortgages without depriving lenders of their money, although payments could be delayed. This approach has worked in other countries. I will address the matter in greater detail at a later date.

The economic indicators are solid and the Minister can take credit for this. My argument with him concerns the areas in which he spends. I have many ideas in this regard and Senator Cummins also made some valid points about areas in which we should invest. There is no point having money if we do not spend it.

**Dr. Mansergh:** I welcome the Minister and thank Senators for their contributions to the debate. As is frequently the case, the Independent Senators, particularly Senators Ross and O'Toole, made very good speeches. Discussing the economy at regular intervals is important and not a waste of time. Economic success is not only good news for the Government but also for the country. We have a right to be proud of what we have achieved, even as we accept the many things we must still do.

I pay tribute to the trade union movement's approach in the recent past. In the negotiation of the first half of the current partnership programme, it helped the Government reduce the rate of inflation, which had peaked at approximately 7% in one month, to its current level of about 1.5%. I am somewhat worried, however, that the increase in international oil prices may have a negative impact on inflation. I hope the second half of the partnership negotiations, which are, I presume, under way and progressing, will come to a satisfactory conclusion because I have always been a strong believer that social partnership has a vital role to play.

Senator O'Toole called for the reopening of the Limerick to Rosslare railway line. CIE is spending €2.6 million on the railway bridge in Cahir which is nearly ready and will result in a better service. I agree with the Deputy's comments on rail. I am not convinced of the need to spend vast sums on an elaborate Dublin metro, but small investments in public transport outside Dublin could have a major impact on provincial areas.

The Minister made the point that the current buoyancy in tax revenue is not due to non-indexation in last year's budget but to revenue from a range of other taxes. Cutting capital gains tax from 40% to 20% was a major strategic

**[Dr. Mansergh.]**

decision which is resulted in a flow of revenue ever since.

It was pointed out that jobs are being lost but as Senator O'Toole pointed out the net figure is what matters. If people become redundant but are able to find reasonably good jobs again relatively quickly, they are not nearly in as serious a position as they would have been 20 years ago when people lost jobs without any prospect of being re-employed.

One point that is perhaps not reflected in public print to date is that large parts of the countryside outside Dublin have really taken off in the past 12 months or so in a way that they were not all doing even at the height of the Celtic tiger. It would be wrong to attribute this entirely to the decentralisation announcement, but there is no doubt that it has boosted confidence enormously. Private investment is taking place without even waiting for the public service jobs to arrive.

The decentralisation scheme is excellent. There is inevitably a certain amount of politicking on this issue at present but I hope the public service unions will adopt a constructive attitude to it when the local elections are over. Despite what anyone may say, decentralisation was written explicitly into the Fianna Fáil manifesto in 1997. Moreover, the terms on which it is being carried out are such that substantial, well-connected towns that were not necessarily good at attracting industry will benefit.

**Mr. O'Toole:** It cannot be done in three years. That is the problem.

**Dr. Mansergh:** The Senator should have a word with Mr. Phil Flynn. There is no clearer democratic mandate to carry this out. As a former civil servant, I note that a duty of civil servants, who obviously have to point out all the difficulties and ramifications, is to implement Government policy for which there is a clear mandate. On the basis of conversations I have had, I am sure they will do so, despite what one is reading.

**An Cathaoirleach:** Is the amendment agreed to?

**Senators:** Agreed.

**An Cathaoirleach:** Is the motion, as amended, agreed to?

**Senators:** Agreed.

**An Cathaoirleach:** When is it proposed to sit again?

**Dr. Mansergh:** It is the original motion that is agreed rather than the amended one.

**An Cathaoirleach:** Did Senator Mansergh not hear what I said? I asked if the motion, as amended, was agreed to.

**Mr. O'Toole:** The motion, as amended, is agreed to.

**Dr. Mansergh:** Yes, okay.

**An Cathaoirleach:** When is it proposed to sit again?

**Dr. Mansergh:** On a point of order, it is the original motion tabled by the Government, not the motion as amended, that is agreed to.

**Mr. O'Toole:** The amendment was put.

**An Cathaoirleach:** I will put the question again. Is the amendment agreed to?

**Dr. Mansergh:** No.

**Mr. O'Toole:** It was agreed to.

**Mr. Cummins:** It was agreed by the House and the Cathaoirleach accepted it.

**Mr. O'Toole:** The motion, as amended, was agreed to.

**Mr. Cummins:** The Chair put the amendment—

**An Cathaoirleach:** I will put the question now. There might be a misunderstanding. The question is: "That the amendment be made."

**Mr. Cummins:** On a point of order, the Cathaoirleach put the amendment and it was agreed to. One can look back—

**Dr. Mansergh:** We assumed the Cathaoirleach would be putting it to a vote.

**Mr. Cummins:** Excuse me, the Cathaoirleach put the amendment.

**An Cathaoirleach:** There is a little ambiguity and I will put the question again.

**Mr. Cummins:** There is no ambiguity. The only ambiguity is that the Government side was caught—

**An Cathaoirleach:** The Chair decides on this matter.

**Mr. Cummins:** That is not in order.

**An Cathaoirleach:** I am ruling it in order.

**Mr. Cummins:** We intend to take this matter further. The Chair put the amendment to the floor.

**An Cathaoirleach:** I am putting it again.

**Mr. Cummins:** The Cathaoirleach is reversing the decision taken by the House.

**An Cathaoirleach:** No, I am not reversing the decision.

**Dr. Mansergh:** What about the spirit of the motion?

**Mr. Cummins:** It was the House that made the decision.

**An Cathaoirleach:** I am formally putting the question.

**Mr. Cummins:** The House made a decision and the Cathaoirleach is overruling it.

**An Cathaoirleach:** I am formally putting the question: "That the amendment be made." Is that agreed?

**Mr. Cummins:** That is completely out of order.

Amendment put and declared lost.

Motion put and agreed to.

**An Cathaoirleach:** Will the Acting Leader state when it is proposed to sit again?

**Dr. Mansergh:** Is it next Tuesday at 2.30 p.m.? I do not know.

**An Cathaoirleach:** Is it not next Wednesday at 10.30 a.m.?

**Ms White:** We do not know yet. I asked an hour ago.

**An Cathaoirleach:** Is the Acting Leader proposing to sit again at 10.30 a.m. next Wednesday?

**Ms White:** We do not know yet. I asked an hour ago.

**Dr. Mansergh:** Can it be altered to 2.30 p.m. next Tuesday?

**An Cathaoirleach:** No. We must fix a date.

**Dr. Mansergh:** Next Wednesday at 10.30 a.m.

**Mr. Norris:** I would like to raise a point of order.

**An Cathaoirleach:** The House is adjourned.

**Mr. Norris:** If it is adjourned, why is the Cathaoirleach still accepting a speaker?

**An Cathaoirleach:** I am asking when it is proposed to sit again.

**Mr. Norris:** I am objecting to the adjournment of the House and I will speak on it and call a

vote. A precedent was created when the Government was defeated when I called a vote in exactly the same circumstances. It may be an error but the precedent exists and it must be observed. I heard exactly what was said and there is no doubt that the Government lost this motion.

**Mr. Cummins:** The Senator is correct.

**Mr. Scanlon:** Next Wednesday at 10.30 a.m.

**An Cathaoirleach:** The House is adjourned until next Wednesday morning.

**Mr. Norris:** The Cathaoirleach can adjourn what he likes but I will raise this matter when we meet again because it is——

**An Cathaoirleach:** The House is adjourned until 10.30 a.m. on Wednesday, 19 May 2004.

**Mr. Norris:** I object to the adjournment of the House and want to vote on it.

**An Cathaoirleach:** The House stands adjourned.

**Mr. Norris:** The Cathaoirleach should act within the rules of the House and he has not done so. I am serving warning that I will raise this matter next week.

**Mr. Cummins:** We will raise it as well.

**Mr. Norris:** Good.

### Adjournment Matters.

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### Grant Payments.

**Dr. Henry:** There can be few people in the country today who have not heard of the national spatial strategy and the drive to decentralise the development of the country from Dublin. The arguments in the report are clear. Any hope of a future for regions outside Dublin depends on an actively managed suite of policies encouraging the industrial, educational, infrastructural and political development of the regions.

In that context, the recent decision of the Department of Education and Science to curtail or eliminate the technological sector research programme, TSRP, seems, at best, incongruous and, at worst, deliberately destructive of the spatial strategy. The TSRP has, for several years, supported the development of regionally based research and knowledge expertise in the institutes of technology. The capability has functioned as both a support to the education and training of technologically literate graduates and as a direct support to local and regional innovation.

Ireland's future economic development will not be on the strength of its manufacturing potential but on the ability of its companies to innovate

[Dr. Henry.]

successfully and to be competitive in the international market. If the Minister had been here earlier, he would have heard Senator White stress the need for competitiveness and she is a successful business woman. To innovate successfully, Irish companies need access to locally based centres of expertise. Critical to the development of Ireland's knowledge economy is access to a workforce that understands knowledge, its production, organisation and utilisation. Knowledge is the raw material of the current age.

Study after study has underlined the importance of local access to expertise in successful regional development. Some studies estimate the "sphere of influence" to be as small as 50 km. in radius from the centre. It is no coincidence that, almost without exception, the institutes of technology are sited almost 100 km. apart to maximise their regional impact. The importance of regional expertise is also illustrated in studies of patenting activity where expertise local to the company filing the patent is cited rather than that from another region or country.

The capacity of the institutes of technology to deliver this expertise was being developed through the TSRP. In the absence of the TSRP and its specific function in the support regional innovation capacity, hundreds of students will no longer have the option of being innovative researchers, many tens of innovative research teams established over the past few years will have to disband and teams working in the area of renewable energy, e-business, sustainable development, laser optics, telecommunications, software, rural economics and urban sociology, to name but a few, will be lost.

The Minister for Education and Science recently attended an EU conference at which the impact of third level research on regional economic development was a major theme. As Dr. John Donovan, chair of the Irish Research Scientists' Association pointed out: "It is a wonder how the Minister could say to any of his colleagues that Ireland is so committed to the development of its regions when it has eliminated what are, in many cases, the only support for the regional innovator and entrepreneur. How can he be taken seriously when his right hand is stroking the national spatial strategy while his left hand is strangling it at birth?"

In the wider European context, Ireland has committed itself to the Lisbon declaration "...to be the most dynamic, knowledge based economy in the world" and agreed to spend 3% of GDP on research and development. The purpose of this is to provide a sound underpinning of knowledge creation, manipulation and exploitation on which to base our future economic development. Extinguishing the TSRP will ensure that any value of the 3% investment will be entirely contained within Dublin and larger urban regions. Smaller urban and rural regions will be actively denied access to expertise that will create

jobs, sustain communities and ensure balanced regional development.

In his message to me Dr. Donovan wondered how many regional Deputies and candidates in the local and European election campaigns realise that the entrepreneurial and innovative spirit of their regions is being so callously removed. I urge the Minister to reverse the decisions he has made in this regard in light of the importance of the TSRP to the economy of rural Ireland.

**Minister of State at the Department of Communications, Marine and Natural Resources**

**(Mr. J. Browne):** I thank Senator Henry for raising this issue and apologise for the absence of the Minister who is in the Dáil Chamber at present. I am pleased to have the opportunity to outline the significant developments taking place in research in the technological and wider higher education sectors. Unprecedented levels of investment are now being made through our higher education system, across a range of funding programmes, in pursuit of the development of the knowledge base on which our future growth strategy is based. In this regard, the Government has committed €2.5 billion to research, technology, innovation and development under the national development plan.

The Department of Education and Science was delighted in the context of the 2004 Estimates to announce the resumption of capital funding under cycle three of the programme for research in third level institutions, PRTLI. The PRTLI has had a profound impact on the research environment in Ireland. Already, 1,400 researchers are being funded in our universities and institutes of technology and 60 research programmes are in place. A total of 33 new research centres have been approved. The Department made it clear that this was the first instalment of the Government's commitment to the full delivery and timely completion of cycle three.

When one considers that there was no dedicated programme of funding for research and development under the Department of Education and Science prior to 1998, the scale of the €605 million projects approved for funding under the PRTLI since then can be placed in a clear context. Taken with the separate programmes of support for the two relatively recently established research councils, the technological sector programme, HEAnet and the North-South research programme, the picture that emerges is one of a transformed landscape for research activity, individual researcher support and research infrastructure across the higher education sector in a short space of time. The Government-wide priority for developing the knowledge economy is reflected in other complementary, mission-oriented, research funding strands that also rely on and benefit the higher education sector. In this regard, the rapid

growth of Science Foundation Ireland's activities has been particularly significant. Reflecting the strategic Government priority attaching to research in the biotechnology and information technology sectors, its funding will grow by €41 million to €113 million in 2004.

This investment has benefited the entire sector. Six institutes of technology have received PRTLI funding. The PRTLI beneficiaries include key strategic research centres and programmes such as the centre for biopolymer and biomolecular research at Athlone Institute of Technology; the smart space management project at Waterford Institute of Technology; ecotoxicology, waste reduction and air pollution at Cork Institute of Technology; the biosolids research programme at Sligo Institute of Technology; and environmental science at Carlow Institute of Technology.

The success of institutes of technology in successfully competing for PRTLI funding, either as lead institutions or collaborative partners, reflects a potentially highly valuable role for institutes of technology in the development of our national research infrastructure. We need to build on key institutional strengths across the higher education sector in a collaborative way if we are to develop the critical mass required to become significant leaders in research.

The technological sector research initiative has been a key element in building that institutional strength within the technological sector. A specific allocation of €38.09 million has been assigned to this under the National Development Plan 2000-2006 to support and strengthen the research capabilities of the institutes of technology sector by enabling institutes to focus on core strengths at both national and individual institute level. This sub-measure comprises three strands: postgraduate research and development skills programme with an allocation of €9.8 million; enterprise platform programme with an allocation of €12.4 million; and core research strengths enhancement with an allocation of €15.9 million.

In the period from 2000 to 2003, €16.25 million has been expended to support these research strands in the institute of technology sector. All of these strands are important components of enhancing the capacity of the institute of technology sector to realise its full potential as part of the national research and innovation system. Following examination of the position in the Department of Education and Science, funding of €5.8 million will be made available in 2004, including €600,000 specifically to support new projects under strand 1, for programmes under this initiative.

In investing so heavily in research activity as a clear strategic priority, the Government is making an unequivocal statement of intent regarding Ireland's place in the new knowledge age. Our higher education institutions are the pivotal players in translating that investment into tangible progress in the coming years. We are making clear strategic choices in order to lay the

ground for future development and the higher education institutions are being placed centre stage in that.

I again thank the Senator for raising the matter in this House.

### Aquaculture Licences.

**Mr. McHugh:** I welcome the Minister of State, Deputy Browne, to the House. While I have raised a general matter concerning the Aquaculture Licences Appeals Board, ALAB, an autonomous body established by the Department of Communications, Marine and Natural Resources, I am specifically concerned about the application by Marine Harvest for a fish-farming site in County Donegal.

This is a very straightforward issue. ALAB discussed the merits and demerits of the application. Although the board officially had a quorum, because all members were not present a balanced and definitive argument on the merits and demerits of the site were not forthcoming. I have a problem in that when the board was established each of the representatives came from different backgrounds within industry and the fishing sector. If the full representative group was not present to make a competent and comprehensive decision on that licence application for the salmon industry in County Donegal on behalf of Marine Harvest, the decision must be reviewed as must the role of ALAB in general.

I look forward to the Minister's response. ALAB has been compared to An Bord Pleanála and there have been difficulties with that board as planning is also not a defined science. However, in order to make a competent decision on any issue concerning a licence application for fish farming we need all representative parties at the table.

**Mr. J. Browne:** I thank the Senator for raising the issue and giving me opportunity to apprise the Seanad of the functions and responsibilities of the Aquaculture Licences Appeals Board in the overall process for licensing of aquaculture. The most useful starting point for this purpose is the Fisheries (Amendment) Act 1997, which brought about a comprehensive streamlining and modernisation of the law governing fish farming. In particular, it established a process for the consideration of applications for aquaculture licences that is open and transparent and permits participation by all interested parties.

A person who wishes to engage in fish farming must apply to the Department of Communications, Marine and Natural Resources for an aquaculture licence and must provide all of the information necessary for the detailed consideration of the proposal. Details of all applications are made available publicly and to prescribed bodies, and account is taken, in determining applications, of all submissions received. The Department, in its consideration of

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applications, is advised by the aquaculture licences advisory committee. In addition to departmental personnel, it is made up of officials of the Marine Institute, Bord Iascaigh Mhara and the Central Fisheries Board.

It is open to the Minister, following consideration of an application, to decide to grant or to refuse to grant a licence. Where the decision is to grant a licence, the decision will specify conditions to be attached to the licence. These can relate to matters such as the limits of the area where the aquaculture may be carried on, the kinds of operations that may be undertaken and operational practices.

When the 1997 legislation was under consideration, there was a widely held view that there should be a right of appeal against decisions on licence applications. Fish farmers, on the one hand, wanted to be able to seek a review of a decision to refuse a licence, or of conditions that might, in their view, be too onerous. Environmental and other interests sought a right of review of decisions to grant licences. For this reason, the Act provided for the setting up of the Aquaculture Licences Appeals Board, which came into operation the following year.

The board is a statutory body and is independent in the discharge of its functions. Its membership is designed to be representative of the various interests concerned with aquaculture. The chairman is appointed by the Government and the six other members are appointed by the Minister for Communications, Marine and Natural Resources from among the nominees of prescribed organisations representing a range of interests. These interests are the aquaculture industry, wild fisheries protection and development, planning and development, protection and preservation of environment and amenities and general economic and community development.

It is open to the applicant or any other person to appeal to the board against a decision on an aquaculture licence application, within a month of publication of notice of the decision. The process for dealing with appeals is spelled out in detail in the 1997 Act and, in keeping with the open and participatory nature of the licensing system generally, requires the board to allow the parties to an appeal and other interested persons an opportunity to make submissions on the appeal.

The factors that the board must take into account in determining an appeal are the same as those that apply in respect of ministerial decisions. These considerations, which are spelled out in section 61 of the 1997 Act, include the suitability of the area proposed for the aquaculture, other beneficial uses of that location, the likely ecological effects of the proposed aquaculture and the particular statutory status, if any, of the area.

In view of the board's independent status, the Senator will appreciate that it would not be

appropriate for me to comment on any particular case that it has determined or that is currently before it. Accordingly, my remarks are necessarily limited to general issues and principles on the appellate process.

By and large, the board's work involves coming to a decision between competing and conflicting viewpoints on the merits of proposed aquaculture developments. As is the case with appellate bodies generally, it frequently finds itself in a position where one side or the other is dissatisfied with its determination. That said, there is a general recognition and acceptance of the need for a process which allows appeals to be taken against aquaculture licensing decisions. Our objective, therefore, must be to ensure that we have an appeals system which works in a timely and efficient manner to ensure that the aquaculture industry develops in a sustainable way, in the right locations and subject to appropriate conditions. Therefore, the appellate body must be appropriately constituted and follow working practices and systems which allow it to determine cases following full and careful consideration of the relevant issues within reasonable timeframes.

I am generally satisfied in the light of experience to date that the current provisions governing board membership ensure the bringing to bear on the determination of cases of a wide range of experience and viewpoints. I am prepared, however, to consider the matter further in consultation with relevant interests and in the context of Senator McHugh's remarks when an appropriate opportunity arises in the context of future proposals to amend fisheries legislation. I point out that section 56 of the 1997 Act allows the Minister to require the board to conduct reviews of its organisational structures and of the systems and procedures it uses to determine appeals. As over five years have passed since the board's establishment, it may be timely to ask its members to carry out a review of this nature. I am currently considering this matter and will inform Senator McHugh when I come to a decision in this regard.

Finally, I draw the Senator's attention to section 62 of the 1997 Act which permits the issue by the Minister to the board of general policy directives on aquaculture. The need for such directives will be kept under review in light of evolving trends in, and circumstances of, the industry. I assure Senator McHugh that I have noted carefully the points he made today and on other occasions about the appeals process. I will bear them in mind in the ongoing work to ensure that our aquaculture licensing processes are as efficient and as effective as possible.

**Mr. McHugh:** I thank the Minister of State for his response and welcome the fact that there will be a review. It is timely after five years. I accept that the Minister of State cannot respond in the House on specific applications due to his independent role. I ask him to try to find an

opportunity to contact Marine Harvest in Fanad, County Donegal and, through his officials, to discuss its case.

### Common Foreign and Security Policy.

**Mr. Mooney:** I thank the Minister of State for taking this matter. As the inhabitants of a small State with a colonial past, it is inevitable that we tend to empathise with people in other parts of the world whose culture, religion and ethnic identity comes under threat. There are more solidarity associations in Ireland per square mile than one finds in other countries of the same type. This is positive given that Ireland is a confident European country which is open to new ideas and exploring ways of helping the broader mass of humanity. In that context, as a member of the Joint Committee on Foreign Affairs I met six weeks ago with a representative group from the Kurdish party Kongra-gel. I also received a very angry letter from Carla Kennedy, the secretary of Kurdistan Solidarity Ireland which is based in Cork. She wrote with grave concern to express her dismay at the EU decision to place Kurdish organisation Kongra-gel on its list of proscribed terrorist groups.

As Irish citizens, the members of Kurdistan Solidarity Ireland are disappointed at their Government's involvement in this decision. Ms Kennedy noted that as the Joint Committee on Foreign Affairs had held a meeting with Kongra-gel representatives, I was in a unique position to speak up on the issue. She said that having heard during that meeting about the aims, structure, methods and ideology of Kongra-gel directly from its foreign affairs spokesman and from my wider knowledge of the Kurdish issue, I could make up my own mind as to whether the body fitted the definition of terrorist organisation which was attributed to it. She goes on to say that Kongra-gel operates in an entirely peaceful and democratic way and has done so since it was established last October.

Kongra-gel is the successor to the PKK which was a much more militant Kurdish organisation which employed very violent methods towards the established Turkish Government over an extended period. From even a cursory knowledge of Kurdish politics, Members will know that Kurdistan exists across several states. Kurdish people are part of the ethnic mix of Turkey, Iraq, Iran and Syria. In Iraq, they have established themselves to a large degree and achieved semi-autonomous status. Hopefully, the Kurdish minority will be treated equitably in any new configuration of the Iraqi unitary state.

Kongra-gel, the leader of which is currently incarcerated in a Turkish prison on foot of convictions on terrorist charges, made it clear to me and many of my committee colleagues that it was not engaged in violent actions and was exclusively peaceful. I drew a parallel between Kongra-gel and Sinn Féin. While the party has a violent past and previously formed the political

wing of a militant organisation, it feels it is being increasingly respected as it is drawn into the political process and the democratic manner of doing things. We, in Ireland, have encouraged Sinn Féin in much the same way.

By raising this matter on the Adjournment, I am attempting to establish the EU's justification for placing Kongra-gel on a list of proscribed terrorist groups. On behalf of the members of Kurdistan Solidarity Ireland, Ms Kennedy has expressed great anger. She says the listing of Kongra-gel with Islamicist groups and other murderers who threaten our citizens and way of life as a grave insult to its Kurdish and European supporters. She wishes the Minister for Foreign Affairs to clarify the Government's policy on the anti-Kurd bias of the EU. She hopes the matter can be raised as to support Kongra-gel and its efforts is to support democratic and peaceful change within the Kurdish community and among its neighbours in Turkey, Iraq, Syria and Iran. Perhaps the Minister of State has a view and can clarify the EU decision.

**Mr. J. Browne:** I thank Senator Mooney for raising the issue and I apologise for the absence of the Minister for Foreign Affairs who is attending to Government business.

The EU has given careful consideration to the status of Kongra-gel. The final decision to include the group on the EU list of terrorist organisations as an alias of the Kurdistan Workers Party, or PKK, was taken unanimously by the Council of Ministers of the European Union on 2 April 2004. The Council is satisfied that Kongra-gel, or Kurdistan People's Congress, is involved in terrorist activities. It is a successor organisation to the PKK and cannot be separated from it in any meaningful way.

All proposals for designation are examined in light of criteria established under the European Union's common position 2001/93I/CFSP, which was adopted on 27 December 2001. The common position involves the application of specific measures to combat terrorism. It enables European Union member states to fulfil their obligations under UN Security Council Resolution 1373, which was adopted in the wake of the attacks on 11 September 2001. If the Council of Ministers is satisfied that an organisation meets the defined criteria, it may be included on the EU list of terrorist groups.

Terrorist groups should not be permitted to de-list themselves by simply adopting a new name. However, each addition to the list must be considered on the basis of evidence rather than an organisation's associations. While Kongra-gel was designated an alias of the PKK, which was itself designated by the EU as a terrorist organisation on 2 May 2002, the decision to include it on the list was taken on the basis that it actively engages in terrorist activities. I would like Members of the House to be clear on the terms that are being used. The Common Position provides a definition of terrorist acts as, *inter alia*,

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attacks on a person's life which may cause death, attacks upon the physical integrity of a person, kidnapping or hostage taking, causing extensive damage to a Government or public facility, directing a terrorist group or participating in the activities of a terrorist group, including the funding of its activities. These are acts committed with the aim of seriously intimidating a population or unduly compelling a Government or an international organisation to perform or abstain from performing any act. They are aimed at seriously destabilising or destroying the fundamental political, constitutional, economic or social structures of a country or an international organisation.

The Council is satisfied that there is sufficient basis to conclude that Kongra-gel meets the

criteria for designation. The entries on the list are reviewed at regular intervals, at least once every six months, to ensure there are grounds for keeping them on it. If Kongra-gel shows a genuine willingness exclusively to embrace fully democratic and peaceful methods in the pursuit of its aims, the Council will then reconsider its status.

The EU supports the right of the Kurdish community democratically to express its aspirations. However, terrorist acts are not a legitimate part of democratic expression. They have no place in the political process and the EU will take every appropriate action to counter the threat posed by terrorism wherever it originates.

The Seanad adjourned at 6.55 p.m. until 10.30 a.m. on Wednesday, 19 May 2004.