

SEANAD ÉIREANN

—————
Déardaoin, 18 Samhain 2004.
Thursday, 18 November 2004.
 —————

Chuaigh an Cathaoirleach i gceannas ar 10.30 a.m.

—————
Paidir.
Prayer.
 —————

Standing Order 30.

An Cathaoirleach: I have received notice of a matter of concern from Senator Brian Hayes raised under Standing Order 30, namely, the need for the Government to produce legislation which would give discretion to the film censor to make different age classifications for films on general release as against for videos for rent or sale and that the matter be discussed. Normally this matter would be taken at 12.50 p.m. However, notwithstanding anything in Standing Orders, does the House agree that the matter raised under Standing Order 30 be taken at the conclusion of business? Agreed.

Order of Business.

Mr. Minihan: The Order of Business is No. 1, statements on pensions, to be taken on the conclusion of the Order of Business and to conclude not later than 1.30 p.m., with the contributions of spokespersons not to exceed 15 minutes and those of all other Senators not to exceed ten minutes, the Minister to be called on to reply not later than ten minutes before the conclusion of the statements.

Mr. B. Hayes: I welcome the Acting Leader to the House. It is good to see that the Progressive Democrats have finally taken control and we wish him every success today. In light of the excellent debate last night, in which many Government Members managed to do a complete U-turn on their support for the Hanly proposals, would it be possible to provide additional time in the coming weeks as an allegation was made that some Government Members were muzzled and not allowed to speak last night because their comments were so dangerous to the life of the Government? We need more time to debate this matter.

The smoking ban underlines the need to ensure the Northern Ireland Assembly gets up and running again. The Scottish Parliament has decided to ban smoking in pubs, soon to be followed by

the Welsh Assembly. The Secretary of State for Health in Britain, Mr. John Reid, will introduce a ban in some shape or form. There will, however, be no ban in Northern Ireland because the Secretary of State for Northern Ireland wants to see if the institutions can be re-established, with local politicians making local decisions. If ever there was a need for joint action on the part of both Governments, it is on this issue. I wish both Governments well as they give their best estimate of the current process to two of the parties concerned.

When will the Government introduce legislation to put into effect the recommendations of the Boundary Commission? The commission produced its report seven months ago and it is unusual that the primary legislation to give effect to the boundary changes in advance of the next election is yet to come before the Houses.

Mr. O'Toole: Cúpla mí ó shin, nuair a bhí muid ag plé Bille na dTeangacha Oifigiúla agus na deacrachtaí a bhaineann leis, I made a strong case about avoiding wastage of money. I was interested to see a story in *The Sunday Tribune* outlining the waste of money of publishing in Gaeilge at very significant cost, documents which are barely penetrable in mBéarla. I use the Irish language more than most people in these Houses but this is absolute tokenism and an insult to muintir na Gaeltachta. It is a hand-wringing exercise so the Government can say it is working for the Irish language. B'fhearr liom go dtiocfadh an tAire isteach sa Teach to explain to us how this money might be better invested in the education, housing, infrastructure and job creation for muintir na Gaeltachta so people can live their lives through the Irish language how they want to. B'fhearr liom go mbeadh tacaíocht ó acmhainní an Stáit do mhuintir na Gaeltachta. I said at the time gur mór an trua nach raibh na Gaeltachtaí agus muintir na nGaeltachtaí i gcoílár na reachtaíochta seo and I would prefer if we invested in those people. The Minister has simply rejected the accusation and I would like to give him the space, therefore, to explain where this money went and how it might be better used for bunadh na Gaeltachta. Senator McHugh and I raised this issue during the debate on many occasions and the Minister should return to the House to explain.

It was requested that the Taoiseach come into the House to discuss Aer Lingus but the Leader felt he would not come in. In light of his long discussion of the issue in the other House, he should be invited to outline his views here. He may take the opportunity, although if he does not, someone else should come in. People did not want to hear what he had to say yesterday so, whether we agree or disagree, let us hear him.

I live in the airport area among those who work for Aer Lingus and Aer Rianta. Their view is that there are thousands of people working in Aer Lingus, not just the three people who are in the

[Mr. O'Toole.]

news. They were prepared to be flexible and offer additional productivity, creating wealth in the industry, but they did not want to create wealth that would end up in the pockets of those who would sell off the airline. Would any of us be different? The people who work in Aer Lingus made it such a success and should enjoy the full support of Government and the unions.

Mr. Ryan: Faoi cheist Bhille na dTeangacha Oifigiúla, bhí argóint idir mé féin agus an Aire toisc gur chuir sé scríbhinn amach anseo agus téarmaí teicniúla ann nár thuig mé i riamh agus nach dtuigfeadh éinne sa Ghaeltacht ach oiread. An dearcadh taobh thiar de Bhille na Teangacha Oifigiúla, agus is cosúil go bhfuil sé beagáinín caillte, ná go mbeadh gach seirbhís a bhí ag teastáil ar fáil do phobal na Gaeilge agus, faoi leith, do phobal na Gaeltachta trí Ghaeilinn agus nár chóir go mbeadh ar duine ar bith ón Ghaeltacht Béarla a úsáid faoi bhrú agus baint aige nó aici le córas an Stáit toisc nach bhfuil an córas ábalta seirbhís a chur ar fáil trí Ghaeilinn. Sin sprioc fiúntach gur fiú airgead a chaitheamh air. Ní hionann sin agus a rá go bhfuil muid le cáipéisí móra casta fada a aistriú go Gaeilinn in ainm an athbheocháin nár tháinig riamh.

In other small countries like Denmark, they do not translate complicated technical documents into Danish, they learn English and speak Danish among themselves. We should focus our funding for the Irish language on the people who want to speak it. It is a scandal that we are spending a fortune on translating documents when children in gaelscoileanna or in the Gaeltacht cannot get text books in Irish. There is an issue of resources at stake.

The House could usefully debate the Society of St. Vincent de Paul's pre-budget submission. It raises the question of the habitual residency condition for provision of social assistance. The society states that people who have been given refugee status in the State are refused social assistance on the grounds that they are not habitually resident. I am not asking for an immediate response from the Acting Leader but that the matter be pursued with the Department of Social and Family Affairs. A person allowed to live here because he has been persecuted in his own country should be treated as someone with habitual residency.

An article in *The Irish Times* this morning tells the story of a young boy from Croatia who ended up in that awful place in Artane in the 1950s. He spoke Italian and he wrote a letter to the Vatican describing what was happening to him. He is now seeking a copy of that letter from the Vatican and the Vatican, a state with which we have diplomatic relations, has refused to give this man a copy of the letter he wrote on the grounds that the archives are secret. The Minister for Foreign Affairs should pursue this matter. We have heard

so much about the new compassion and understanding of the question of child abuse but we are suddenly presented with a spectacle of rigid bureaucracy. I invite the Minister for Foreign Affairs to raise this matter with the Vatican Secretary of State and say that all the man wants is the letter he wrote 50 years ago. It is the very least that institution that now claims to understand the enormity of what was done in it by some of its servants to children should respond with some humanity.

Mr. Fitzgerald: Could the Acting Leader arrange a debate as soon as possible on the OECD report on third level education? The report calls for parity of esteem in the State's dealings with the two components of third level education, the institutes of technology and the universities, but it stops short of calling for full university status for the institutes. A debate would be useful for us to examine the complementary and distinctive roles of the institutes and the universities as the OECD sees them.

Ms Terry: The Minister for Finance should look at the inequities in stamp duty for first time buyers when dealing with his budget and come into the House to attend a debate on the issue. First-time buyers in Dublin are crucified when it comes to paying stamp duty on second-hand houses. Stamp duty should be removed from second-hand homes up to the value of €400,00 for first-time buyers. This approach would recognise the cost of a house for most first-time buyers today.

I would also like the Minister to consider stamp duty on second-hand homes for families moving because they are growing or for work relocation. Such families must pay 9% stamp duty on any house priced over €635,000. The inequity is that a family must pay the same stamp duty on a home of that value as an investor who intends to rent it out. The matter should be addressed.

Mr. Kett: I ask that consideration be given to providing time for a debate on the needs of the elderly. Experts predict we will have one of the coldest winters on record and Age Action Ireland tells us that between December and March there will be as many as 2,000 weather-related deaths among the elderly. It is a statistical fact that in the winter months the mortality rate in Ireland is 23% compared to less than 5% in Germany and Sweden. Elderly people should not be afraid to turn on their heating in the winter months for fear they cannot pay the bill. We must address the matter in the House.

Dr. Henry: On Tuesday, I attended an excellent seminar in Dublin Castle, which was organised in the main by Senator White, on post-release republican and loyalist prisoners. There are 25,000 such ex-prisoners many of whom have had very unsatisfactory lives in the context of

employment since being released. I call for a debate on the matter in which discussion is extended to address the facilities in place to help all released prisoners secure employment.

Labhrás Ó Murchú: Aontaím leis an Seanadóir O'Toole go mbeadh sé cabhrach dá dtiocfadh an tAire isteach agus labhairt linn faoin Ghaeilge go forleathan, ní amháin an combhionannas teanga ach stádas na Gaeilge san Eorap fosta. Chuala mé faoin scéal a bhí sa nuachtán Dé Domhnaigh. Shéan an tAire sin agus dúirt sé nach raibh búnus leis. Tá mé lán cinnte dá dtiocfadh sé isteach linn anseo, bheadh sé in ann soiléiriú ar thabhairt ar an scéal.

The Minister for Community, Rural and Gaeltacht Affairs, Deputy Ó Cuív, has said the story which appeared in a Sunday newspaper had no foundation in fact. It is to be expected that certain stories would float around given the volume of work required to put in place an equality of languages structure as well as the seeking of working-language status for Irish in Europe. It is important for the Minister to attend the House to discuss these matters. My recollection of the debate on both issues is that a great deal of goodwill and unanimity obtained. It is important to maintain these attitudes. I am inclined to lean towards the position outlined by Senator Ryan. We require a certain amount of practicality and pragmatism in approaching the language issue. From the contributions I heard in the House, I note there is a great deal of expertise and experience which could be brought to bear on how best to implement the aspirations and legislation we have.

Mr. Coghlan: I am worried about our new-found socialism in light of the new line up.

An Cathaoirleach: On the Order of Business, Senator Coghlan.

Ms O'Meara: There is nothing to worry about.

Mr. Glynn: The Senator should not talk about it.

Mr. Coghlan: Would I ever ignore the Cathaoirleach's guidance?

An Cathaoirleach: We do not mention our concerns and worries here unless they are relevant to the Order of Business.

Mr. Coghlan: I agree with the remarks of Senator Brian Hayes on Northern Ireland. There is a great need to have the Assembly up and running to bring into play some necessary uniformity in certain areas, especially regarding the smoking ban.

I agree also with Senator O'Toole's remarks on the waste of public funds which the unnecessary translation of documentation would occasion. I

support strongly Senator O'Toole's argument that it would be far better if the people of the Gaeltacht could benefit from the money.

I support the call to extend to the Taoiseach a courteous invitation to attend the House to address us on the future of Aer Lingus and related matters.

Mr. Ross: Hear, hear.

Mr. Coghlan: People want to hear the ventriloquist without the dummy.

An Cathaoirleach: I would like the Senator to withdraw both references.

Mr. Ross: No. Why should he?

An Cathaoirleach: The Chair is asking Senator Coghlan to withdraw the remark.

Mr. Coghlan: I wish always to be obedient to the Chair's rulings. If that is his wish, it is done.

Ms White: I call for a debate in the House on child care as a matter of urgency. It is the most significant issue for the 18 to 44 year old cohort of people having children. Child benefit is the Government's primary fiscal instrument to deal with child care but the payment is only €32 per week. The Government thinks it is doing something about child care but it costs €88 per week for the cheapest crèche and up to €190 per week for a private facility.

Mr. B. Hayes: Hear, hear.

Ms White: Second only to my involvement in the peace process and the conference on Tuesday to which Senator Henry referred, child care is the issue about which I am most concerned. The Government must address it.

Mr. Ryan: Hear, hear.

Mr. Bannon: Change the Government.

Ms White: I do not care what the Opposition thinks. While I have already had a meeting with the Minister for Finance and those colleagues with whom I drew up a document on the matter, we must continue to work on the Government over the next two or three years to ensure it has a vision for the children of the future.

Mr. Coghlan: Stick it to them, Mary.

An Cathaoirleach: Is Senator White seeking a debate?

Ms White: Yes.

(Interruptions).

An Cathaoirleach: Order, please.

Ms White: The children being born now will live in poverty in 20 years time because their parents could not afford to pay for child care.

Ms O'Meara: I support Senator White's call for a debate on child care. In the course of such a debate, I hope Members including her acknowledge it is their Government which has overseen the debacle which has arisen from the failure to provide for child care.

Like Senator Brian Hayes, I was very concerned at the muzzling of speakers last night during the worthwhile and important debate on health issues, including the implementation of the Hanly report. It occurred to me that some Members were stuck for words rather than being muzzled as a result of the clarity of the remarks on the report's implementation by the Minister of State, Deputy Tim O'Malley.

Mr. Dooley: Senator O'Meara must have been at the dogs. There was no muzzling here.

Ms O'Meara: On a related matter, Comhairle na nOispidéal has published a very important report on a number of health provision issues, of which medical assessments are one. In the course of its report, the council asserts as it has in the past that among the sources of the crisis in our hospitals is the shortage of acute beds. If we implement the Hanly report, we will have even fewer acute hospital beds. Once again, I call on the Minister for Health and Children to drop this disastrous policy and ask for a debate on the current and previous Comhairle na nOispidéal reports.

Mr. Bannon: I call on the Minister for the Environment, Heritage and Local Government to attend the House to discuss the recently published AgriAware report. It is a national report in which the opinions and attitudes of rural dwellers to building in rural areas are assessed. There is a great deal in the document, which the Minister and planners should note. It is a very important report, which we should debate in this House. According to the report, rural communities are in favour of the current level of housing development and welcome new residents.

I call for a further debate on Hanly because we had confirmation from the Minister last night that Hanly will be implemented in full, resulting in the closure of 26 accident and emergency units throughout the country. Politicians on the Government side stated from time to time that Hanly was dead, was binned. It appeared last night that some of the politicians on the Government side were not only muzzled but binned.

Mr. Glynn: Aontaím go hiomlán le tuairim na Seanadóirí O'Toole agus Ó Murchú mar gheall ar an Ghaeilge. A matter which has been brought to my attention on more than one occasion pertains

to credit card fraud and fraud at ATM machines. I ask the Acting Leader to arrange a debate as soon as possible to exhort the financial institutions to arrange for greater security for cash card users. There is strong evidence to suggest criminal gangs are coming into Ireland for the sole purpose of defrauding the people. As a House we must support the Minister for Justice, Equality and Law Reform in his efforts to ensure those people are precluded from entry. When that debate is arranged I ask that we have some proposal from him to curtail what goes on with fireworks because there have many serious injuries and every day I learn of additional injuries.

Mr. McHugh: I agree with my colleague, Deputy Brian Hayes, on the issue of the smoking ban. It is appropriate to the Border counties where business has been affected given that the smoking ban operates on the southern side and not on the northern side. Given the importance of maintaining the momentum of the peace process the uniformity of the smoking ban needs to be addressed.

I agree with my colleagues, Senators O'Toole and Ryan, on the matter of the Irish language. The cost of translation services was raised in an article in *The Irish Times* by my colleague, Deputy Deasy, during the summer. When the Irish language Bill was going through the House we discussed value for money and the need for a sensible Bill because we do not want millions of euro wasted on a translation service. That will not help the Irish language and it will not encourage people to learn it. An example can be highlighted here today. This House is being provided with a service, of which we were all notified yesterday, involving a CD and different pamphlets encouraging us as political representatives to learn the Irish language. There are challenges for the Irish language Bill and Senator Ó Murchú will agree there are opportunities to involve people in learning Irish. People talk about learning the Irish language, their willingness and their hope one day to have a conversation in Irish or even to be able to utter a few sentences in Irish. The means to do this through courses, etc., must be provided. That is the challenge.

Mr. Ross: I propose an amendment to the Order of Business that we discuss today the state of Aer Lingus. I am somewhat depressed, and the House should reflect on this, that the House today is discussing the sole item of statements on pensions. I do not believe that is as urgent as the issue of Aer Lingus. The Seanad is in danger of becoming increasingly irrelevant if it refuses to discuss issues of this sort. Senator O'Toole and I would certainly disagree with this but it is important that legitimate views on Aer Lingus are considered.

Last week I called for a debate on An Post which is also facing a crisis. The prospect of

debating that issue has been buried because, apparently, it is too sensitive for us to discuss. It seems Aer Lingus cannot be discussed in this House because we might say things that would jeopardise the Government's or somebody else's agenda. It is important for the House that issues of this sort should be discussed, even if there are differences between the Progressive Democrats or Fianna Fáil and Fine Gael. I would hate to think we are being refused a debate on this issue because there are differences between the Government parties.

The second reason it is important, and I will not use the colourful language Senator Coghlan used as he got rapped over the knuckles, is that the Taoiseach has been speaking on this issue in the Dáil. Yesterday he attacked individuals for apparently trying to enrich themselves — trying to make a few bob in my language. These people were not there to defend themselves while the Taoiseach was voicing the views of people outside the House, specifically the trade unions. He is entitled to do that I suppose, but I am not sure he is entitled to the defence of Members of this House who were not included in the debate.

Mr. Ryan: Hear, hear.

Mr. Ross: Let us have a relevant debate with the Taoiseach, who is now the mouthpiece for the unions in Aer Lingus, and allow him to defend his position. That is what we are here for and let us have legitimate views from all sides — the Progressive Democrats, the Fianna Fáil Party, the Labour Party, the Fine Gael Party and the Independents. If we refuse debates on issues of this kind we might as well pack up.

Senators: Hear, hear.

Mr. Ross: That is what the House is about and nearly all of us are in agreement on that, even if we are not in agreement about the underlining issues. I plead with the Acting Leader to give the House a debate on a relevant issue, not on an issue like pensions, which will not affect a great number of us for at least ten years.

Mr. Hanafin: I seek a debate, in general terms, on the way the country is progressing. *The Economist* issued a glowing report on Ireland. It has placed Ireland at the top of the quality of life index. This is no mean publication. It is accepted in boardrooms and countries throughout the world. The index took cognisance of 111 countries. It measured not only income but health, freedom, employment, family life, climate, political stability and security and gender equality.

Mr. B. Hayes: Child care.

Mr. Hanafin: This publication is widely respected and across a wide range of areas Ireland has come out well ahead and on top. That

should be applauded because this is how others see us. It is important to note that one of the major reasons for our success is that in Ireland stable family and community life was viewed as positive; this has pushed us ahead of other countries. Perhaps it is a matter on which we should reflect.

Mr. Browne: I second the amendment to the Order of Business. It is time we had a debate on Aer Lingus especially since the Minister for Justice, Equality and Law Reform, Deputy McDowell, was actively encouraging Senator Morrissey in his interview to oppose the views of the Minister for Transport, Deputy Cullen. This indicates grave divisions within the Government. Unfortunately, the consumer and the workforce in Aer Lingus will suffer as a result of these internal difficulties. It is timely that we have a debate today.

I call for a further debate on the Hanly report. The Opposition was fantastic last night as our position was clear but I was not clear on the Government's position. It was amazing that the amendment to the Private Members' motion last night never mentioned whether the Government parties supported the Hanly report.

An Cathaoirleach: Private Members' business was dealt with last night. There were other calls for debates and I am sure the Acting Leader will reply adequately to them.

Mr. Browne: The problem is that it has not been dealt with. We never heard from Senators Leyden or Dooley.

An Cathaoirleach: That does not arise on the Order of Business.

Mr. Browne: We do not know where they stand on the Hanly report. Senator Feeney would not answer the question. We need to have a clear debate.

Mr. Dooley: Like other Senators, I would welcome a debate on the future of Aer Lingus. However, it would be a futile and hasty exercise to hold it today. I am not sure about the schedules of the Taoiseach or Minister but I doubt they are waiting in the corridors just to be called into the Seanad. There are certainly some very serious issues to be discussed. There is no great difference of opinion between the PDs and Fianna Fáil on this issue. Senator Morrissey and I are on a transport committee and we note that there are differences of opinion from time to time. However, on the strategic issues, in a global sense, there is no difference of opinion.

Senator Ross spoke of the management team making a few bob. We all saw the few bob associated with Eircom and what happened in that regard.

Mr. O'Toole: Hear, hear.

Mr. Dooley: There should be a very measured approach—

Mr. B. Hayes: Who was the Minister responsible for that?

Mr. Cummins: He is not here today.

Mr. B. Hayes: The Senator would not say that if he was here.

Mr. Dooley: It would be very useful to have a debate on this issue because it is important to clear it up.

I know the Minister is moving quickly to ensure a management team is put in place. He is having discussions with the chairman of Aer Lingus today to set in train a process whereby a new chief executive can be put in place. I would welcome it if this could happen quickly. The management team should not be allowed to procrastinate for the next six months.

An Cathaoirleach: The Senator has made his point adequately. We cannot discuss the issue during the Order of Business.

Mr. Dooley: I welcome movement on this matter.

Mr. Minihan: The Leader of the Opposition, Senator Brian Hayes, referred to the last night's Private Members' debate on the health service. I assure him and other Members of the Opposition that there is no question of anybody being muzzled on this side of the House.

Mr. Ryan: Lost for words.

Mr. Minihan: A number of Government speakers, including myself, were waiting here in the hope that we would have an opportunity to participate in the debate. If there had been more time, we would have contributed.

Ms O'Meara: What would the Senator have said?

Mr. Minihan: There have been a number of debates on the Hanly report and the health service. The Opposition has failed to make any clear points in this regard, yet it keeps coming back and making the same points.

Ms O'Meara: We will do so until the Government hears them.

Mr. Minihan: The issue has had a fair hearing. There is no question of anybody on the Government side being muzzled.

Ms O'Meara: We all support the Hanly report.

An Cathaoirleach: Order, please.

Mr. Minihan: On the comments on the Assembly in Northern Ireland, all Members of the House hope the talks are successful. Senator Brian Hayes highlighted a very clear example demonstrating the importance of getting the institutions up and running. We all join with the Senator in wishing the participants in the talks well.

Senator Brian Hayes also raised the issue of the Boundary Commission. I am told legislation in this regard is being drafted by the draftsman's office. I do not know when it will come before the House, but we will inform the Senator as soon as we know.

Senator O'Toole, who was supported by Senators Ó Murchú, McHugh and others, spoke on the Irish language and made specific reference to the publication of documents. It would be in the interest of the House to have a debate on how we can utilise resources in the most direct manner to promote the continued use and development of the language. I will speak to the Leader and endeavour to arrange a debate on the future of the Irish language.

Senator Ross raised the issue of Aer Lingus, as did a number of other Senators. A debate on Aer Lingus will be scheduled as soon as time can permit. I will talk to the Leader about it. There is no question of the debate being avoided. Different views on Aer Lingus have been identified but it is healthy if different views are expressed. If everyone was to have the same view on everything, it would not lead to a positive outcome. People should not read too much into different views, thereby perceiving divisions that do not exist.

Mr. B. Hayes: We have a debate.

Mr. Minihan: I will discuss the Taoiseach's attendance in the House with the Leader. I know the Taoiseach has come to the House and is committed to doing so at least once in each session. However, it would be more appropriate if the line Minister took the debate on Aer Lingus.

Senator Ryan mentioned the pre-budget submission of the Society of St. Vincent de Paul and the Croatian who was placed in an institution in Artane in the 1950s. We will have opportunities to raise the first issue next week when speaking on the Estimates for the forthcoming budget. I take it that the Senator has raised the issue of the Croatian gentleman with the Minister for Foreign Affairs or will be writing to him about it. I ask the Senator to communicate the matter to the Leader's office, where the Leader can take it up.

Senator Fitzgerald referred to the OECD report on third level education. A debate on education should be scheduled as soon as possible and I will ask the Leader to include it on the agenda.

Senator Terry raised issues concerning stamp duty. The debate on the Estimates represents a forum in which these points could be highlighted.

Senator Kitt spoke of care of the elderly. All Senators recognise that particular attention needs to be paid to the elderly. We must continue to put in place mechanisms to support the issues highlighted by the Senator. I will ask the Leader to schedule a debate on care of the elderly. We had such a debate during the last session and the former Minister of State at the Department of Health and Children, Deputy Callely, was present therefor.

Senator Henry mentioned facilities for prisoners. As one will know, the Minister for Justice, Equality and Law reform attends this House very frequently, and when he does so again we should speak about outreach programmes.

Child care was raised by Senator White. I presume there will be an opportunity to discuss this in respect of the Estimates on the forthcoming budget. Just as the welfare of the elderly needs to be discussed, so too does the welfare of children. We should try to arrange a debate on children in general, not only child care but also the issue of children dropping out of education for various reasons. I will ask the Leader to consider this suggestion.

Senator O'Meara mentioned last night's Private Members' motion and suggested that we revisit it. I have given assurances in this regard.

Senator Bannon called for a debate with the Minister for the Environment, Heritage and Local Government on the AgriAware report. I have not seen the report but I will communicate the Senator's views to the Leader's office.

Senator Glynn called for a debate on the security of ATM machines and credit card fraud. There is no doubt that statistical evidence indicates that the amount of credit card fraud has been phenomenal. There have also been significant advances in security in this area. Those of us who have credit cards all know of recent changes in the design of cards to enhance security. I will raise this issue with the Minister for Justice, Equality and Law Reform.

Senator Ross also called for a debate on Aer Lingus. I have covered this issue. He also raised the issue of pensions. I remind him that the Leader has responded to a call for such a debate by a number of Senators from both sides of the House. They sought it at the end of the last session and at the beginning of this session, and it has been scheduled. Senator Ross was one of the Members who sought the debate, which will be allowed. I have covered the debate on Aer Lingus.

Senator Hanafin referred to *The Economist* report which was also referred to yesterday by Senator Quinn. On the Estimates debate, we can discuss the positive aspect of how this country has developed in recent years. Senators Browne and

Dooley sought a debate on Aer Lingus, with which I have dealt.

An Cathaoirleach: Senator Ross has proposed an amendment to the Order of Business: "That statements on Aer Lingus be taken today." Is the amendment being pressed?

Mr. Ross: In view of the Acting Leader's extremely considerate agreement to have a debate, and presuming it will take place at an early date, I will not press the amendment.

Amendment, by leave, withdrawn.

Order of Business agreed to.

Pension Provisions: Statements.

Minister for Social and Family Affairs (Mr. Brennan): Pensions are an international issue and most countries in the developed world face the same challenges as Ireland, namely, how to provide pensions that are both adequate and sustainable in a context where our population is ageing rapidly. The combined effect of large numbers reaching retirement age and rising life expectancy will mean a doubling of the old age dependency ratio. In 2000, the over 65s were equivalent to a quarter of the working age population in the EU. By 2050, it is projected to be nearly 50%. The situation in Ireland is unique. At approximately 11%, we currently have the lowest proportion of older people in our population in the EU and things will remain relatively stable for the next ten years or so. After that the old age dependency ratio will start to increase rapidly. In the circumstances, we face the same challenges as other countries. The only difference is that these appear later, which means we have more time to prepare for the demographic changes to come.

One of the miracles of the modern age has been the rapid improvement in life expectancy. Thankfully, we are all living longer, healthier and more active lives. The number of older people in our society will increase in the years ahead. Regardless of the burden, this is something we should not decry, we should celebrate it. The challenge we face is to provide a pensions system that will provide adequate resources for people to enjoy the type of retirement for which they would wish and which they have earned through a lifetime of work. It is also important to ensure that the system is affordable in the future so that we do not place unsustainable costs on future generations and put at risk the benefits we want for all older people, and for ourselves in due course. In addition, it is important to ensure that our pensions system is modern, that ideally it does not create disincentives to work and that it complements the operation of a smooth labour market.

The pensions system in Ireland comprises two components, namely, a social welfare and a sup-

[Mr. Brennan.]
plementary pension, both of which I will discuss. Social welfare pensions play an important part in the overall income of our older people. For many people, old age pensions and other social welfare benefits represent their only source of income. In the circumstances, it is important that our payments are set at a level that will ensure older people do not live in poverty. Social welfare provision for older people has been a priority for the Government since 1997. The Action Programme for the Millennium set a target old age pension rate of €126.97 to be achieved by 2002. In the review of the programme for Government, the target was extended to other social welfare pensions and, in most cases, it was achieved ahead of schedule. New targets were then set which will see pensions increase to at least €200 per week by 2007, and significant progress has already been made in this regard. The situation will also be examined in the upcoming budget.

Since 1997, pensions have increased by 69%, some 43% above the rise in the cost of living over the same period. I hope to be able to continue this progress in the forthcoming budget. Ultimately, the aim is to reach a position where the old age pension is set at a rate equivalent to 34% of the average industrial wage in line with the commitment in Sustaining Progress. At present it stands at approximately 31% of the average industrial wage.

At the same time as increasing rates of payment, the Government has sought to ensure that as many as possible can qualify for contributory pensions and thereby reduce our reliance on means tested benefits. Already there is a decline in the importance of the old age non-contributory pension, with a reduction of 20% over the last ten years in the numbers relying on this means tested payment. This reflects improved social insurance coverage and increased labour force participation, particularly among women. In regard to the former, there was a series of extensions to social insurance from the early 1970s through to the 1990s with part-time workers, the self-employed and public servants being some of the major groups brought into the system. We have an almost comprehensive social insurance system and this improved coverage is manifesting itself in the increasing numbers now qualifying for contributory payments.

Today approximately 69% of old age and retirement pensions are contributory based, and it is expected that in ten years' time this will have increased to 85% of the pensions in payment, which I welcome. As well as improving social insurance cover, the Government has also made changes in qualifying conditions to make contributory payments available to more people. The average number of contributions required for a minimum pension was reduced from 20 to ten and special pensions introduced for those with pre-1953 insurance and for some self employed

people. A range of *pro rata* pensions is also available to allow those with insurance at different rates or from other countries to receive a payment. At this stage, I consider that the range of *pro rata* and special pensions available is adequate to deal with most situations having regard to the need to ensure that the contributory principle underlying entitlement to social welfare contributory schemes, which requires a certain level and type of social insurance, is maintained.

I am aware of further demands to deal with other situations, which some people perceive as anomalies. However, in considering any further enhancements or improvements, I must be conscious of the need to ensure adherence to the contributory social insurance principle to which I have already referred. In this regard, my Department is at present reviewing the qualifying conditions for old age contributory and retirement pensions and I hope to publish a report in this regard early in the New Year.

As well as providing pensions, the Government also invests heavily in the non-cash benefits paid through the household benefits package, which provide telephone rental, free electricity and TV licences. Free travel is also available to all those aged over 66. These benefits are very highly valued by those who receive them and the Government has also taken measures to ensure that they are available to as many people as possible. All those over 70 years of age are now eligible for the benefits, regardless of their income or household composition. The qualifying conditions have also been eased to allow those without qualifying social welfare payments to receive these highly valued benefits, which are equivalent to approximately €16.50 per week.

As I already indicated, the support we provide through the social welfare system is an important part of the overall income of older people and complements other services provided by other Government agencies and Departments. We will continue to seek appropriate opportunities to improve on the support we provide so that older people can enjoy a good level of support generally in older age.

Occupational and private pension provision is an important element in the overall pensions system. An increase in the number of people participating in occupational pension schemes, or providing for their retirement through personal arrangements such as personal retirement savings accounts is a priority issue for Government. This extended coverage is important for ensuring the effectiveness of the income replacement function of our pensions system. As I have already outlined, the social welfare system will provide a good basic payment but if people want to enjoy the retirement they would hope for they must make extra provision by joining employer-sponsored schemes or by making their own provision through a private scheme, both of which are highly tax advantaged.

The Pensions Board in its report on the national pensions policy initiative estimated that up to 70% of people over the age of 30 need such cover, and I am aware that this is an ambitious target we are aiming to achieve. Recent figures released by the CSO suggest that the coverage rate for this important target group stands at just over 59%, so there is plenty of room for improvement.

The introduction of personal retirement savings accounts last year is an important element of this policy and the results to date have been reasonable with just over 37,000 accounts opened with a total asset value of €106.6 million at the end of September. We have also seen an increase of 2% in numbers covered by occupational schemes in 2003, which now stands at 724,000. Progress is being made but we will need to see a more substantial increase in coverage over the next two years if our strategy is to be considered a success.

For our part we will continue to provide resources for the very successful national pensions awareness campaign being run by the Pensions Board on behalf of my Department. This is designed to highlight pensions issues and to encourage people to consider joining occupational and private schemes. I would also urge employers, trade unions and representative organisations to play their part in selling the pensions message to their employees and members. It is in everyone's interest to ensure that people have an adequate income when they retire.

As I stated earlier, Ireland has more time than many other countries to prepare for the demographic changes that are coining. However, we cannot become complacent. The facts speak for themselves. Currently Ireland has the lowest proportion of older people in the EU, with just over 11% of the population aged 65 years or over, against a European average of 16%. That gives us some time. This proportion will remain at roughly the same level for the next ten years, after which it is projected to increase steeply to 15% in 2021, 19% in 2031 and 28% in 2056. At present there are five persons in the active age groups — those aged 20 to 64 years — for every pensioner. This ratio is projected to decline steeply over the period to 2056 when there will be just two active people for every pensioner. We will be moving from a ratio of 5:1 to a ratio of 2:1.

These statistics, coupled with the current inadequate level of private pension coverage, are the early warning signals that Ireland faces major challenges in the area of pensions. I emphasise that this is an early warning signal. We are working extremely hard to address this problem through initiatives to increase pension coverage by the voluntary route. Our overall strategy in this area will be reviewed in 2006. However, even before 2006, if we find that the voluntary approach has not delivered the increase in coverage we require, other measures will have to be

considered in our drive for an adequate sustainable pension for all.

There is a variety of pension models and other EU countries are examining them at present. That said, no one pensions hat fits all. We need to ensure that our systems suit Ireland and, ideally, that we can build on our current approach. We are in a relatively stable situation at present, which leaves us some room for manoeuvre to get our pensions system right. However, that window of opportunity will not remain open forever.

There is no doubt that occupational pension schemes went through a very difficult period from about 2000 to 2003 when many sustained very significant losses. Thankfully the position has improved somewhat over the last 12 months, but there is still some way to go before schemes get back to the position they were in prior to recent difficulties.

The funding position of defined benefit schemes is monitored closely by the Pensions Board through the funding standard which, basically, requires pension funds to assess their ability to meet accrued liabilities in the event of a wind-up. There are strong views that the standard is too onerous and is contributing to the difficulties in which many schemes find themselves. On foot of this, some flexibility was introduced in the standard pending a full review of the system and this succeeded in easing the pressure on schemes. Following a wide consultation exercise the Pensions Board is finalising a review of the funding standard and I expect to receive its report in the near future. I will consider this carefully and will bring forward changes if, having considered the report, I consider it appropriate. In considering the funding standard it is necessary to strike a reasonable balance between the interests of scheme members, pensioners and the sponsoring employers. Clearly, the burden of regulation must be such that it does not discourage employers from playing an active role in ensuring good pension provision for their employees.

I am aware, however, that there is a dilemma in that pension provision is, by definition, a long-term investment while on the other hand, a wind-up standard implies some requirement for a more short-term investment portfolio. In addition, presumably the investment strategy of a pension fund should reflect the trustees' informed judgment following a comprehensive review of the projected assets and liabilities of the fund, which will differ from scheme to scheme. These are challenging times for trustees and sponsoring employers and, no doubt, the Pensions Board will address this in its report.

We must be careful in developing our pensions system that we do not place unreasonable demands on future generations. The financial sustainability of pension systems is a necessary precondition for the provision of adequate pensions in the future. Ireland was one of the first countries to put in place a national pensions reserve

[Mr. Brennan.]
 fund in 2001, as a way of ensuring that future generations of workers are not over burdened with tax and social insurance contributions when the increased pension costs arising from increased longevity and the retirement of the baby boom generation start to bite. At the end of September the fund stood at €10.8 billion. The Government is committed to maintaining its contribution to the fund at 1% of GNP each year.

When considering questions relating to financial sustainability of pensions, much of the focus is on questions of cost and funding arrangements. However, an equally important factor to be considered is the ratio of the active population to inactive persons, the so called economic dependency ratio. I have already referred to that. In an Irish context there are at present five persons in the active age groups for every pensioner and this will decline over the years until we reach a position when there will be just two active people for every pensioner. In the circumstances, it is clear that focusing on improving the work force participation of older people, and other groups with a low participation rate at present, can make a significant contribution to the sustainability of our pensions system.

In terms of workforce participation for older people, Ireland has one of the higher levels in the EU and we are very close to achieving EU targets in this regard. Action has been taken in the context of public service pensions which, for new entrants, have raised the age at which full pension can be paid and eliminated the requirement to retire at 65. I am aware of suggestions that a general rise in the retirement age will be required in the future in order to ensure the adequacy and sustainability of the pensions system. This is not something which is being contemplated, though we need to ensure that people are, as with the new arrangements in the public sector, facilitated if they wish to work beyond what we regard as normal retirement age. While we need to ensure that there are no financial disincentives to someone continuing in work, the attitude of employers to the retention of older workers will be an important factor in developments in this area.

The future of national pensions systems has been the focus of an in-depth analysis at EU level through what is known as the "open method of co-ordination". Under this process agreed objectives in the area of adequacy, financial sustainability and modernisation were set out. The aim is that member states learn from each other while remaining free to develop their pensions systems in accordance with their own traditions, values and priorities.

As part of this EU process we presented a clear strategy to achieve the common goals in relation to pensions of adequacy, sustainability and modernisation. Our overall strategy for the future in the area of adequacy includes a continuation of our policy of significant increases in State pen-

sions and increasing the number of people with occupational or private pensions. Overall, the EU considered that Ireland had made good progress in ensuring the financial sustainability of our pensions system while at the same time increasing the adequacy of our pensions.

Provision for older people remains a priority for the Government. Adequate pensions are essential to ensure that people can enjoy a long, active and productive retirement. The Government has a clear strategy in place covering all aspects of pensions to ensure that it can deliver an acceptable income in retirement for existing and future pensioners. We are determined to achieve the ambitious targets we have set for ourselves in this important area.

The area of pensions represents a major challenge. It concerns me that more than 50% of the workforce has made no provision for retirement and will rely on the State pension. Of the 50% who do have a pension, approximately half of those have inadequate pensions. Despite the good progress we have made, probably no more than 25% of the working population have made adequate provision for retirement. I hope this debate will focus on the message to employers and employees that they must take heed of the situation whereby some 75% of workers do not have adequate pensions. We must consider whether it is sufficient to deal with this on a voluntary basis, as we have been doing. There is no crisis as yet but the situation could become critical for future generations. It must be frightening for people heading into retirement without adequate pension provision and forced to rely on the State pension, which is no more than €8,000 per year. This is an unacceptable situation.

We have made progress and established good systems. The public service is well looked after through the national pensions reserve fund but there is a range of workers who need to get the message on pensions. I congratulate Senators for bringing focus on an issue which will face most people as their lives go on.

Ms Terry: I welcome the Minister for Social and Family Affairs, Deputy Brennan. I will preface my comments by echoing what the Minister said in his closing remarks. It must be frightening for the many people who face into retirement without a pension. This is an easy statement to make and with which we all agree. It is also frightening, however, for the many thousands of people who have paid into a pension fund but are now facing into retirement with an inadequate provision. I hope to outline why so many people have no pension or an inadequate pension. While I am angered by some of the details in the Minister's report, I recognise the good work the Government has done with regard to pensions and its commitment to effect further improvements in this area.

I am mostly concerned to discuss occupational pensions. I have asked for a debate on pensions on many occasions and I thank the Leader that it has finally taken place. I hope the Minister will consider the recommendations I will offer. I understand that he is still finding his feet in his new Department but I trust that he will take a new view on how to assist the many people who have occupational pension schemes and those others who are considering taking out such pensions but feel it is not worthwhile.

Pensions should be guaranteed. Why should anybody bother paying into the pension funds which are being advertised when they know they will not pay out to the value one would expect, and have not done so historically? The industry or the Government should provide a bonding system to protect members. We must address the inequity between the guaranteed pensions for the State sector, where employees enjoy secure employment, and the insecure pensions available to the private sector. The Pension Benefit Guaranty Corporation, PBGC, is the United States Government agency set up to protect private sector pension scheme benefits. An employer in that country must get approval from the PBGC before winding up a scheme. If a scheme has insufficient funds to meet its commitments, the PBGC guarantees the funds. Financing comes from insurance premiums paid by the companies which have their plans covered from investments and from assets of pension plans taken over, but not from taxes. The Minister should consider whether such a model could be adopted here to ensure protection for the many people who have and want private pensions.

Pensions should be dealt with by one of the Departments. It could be argued that there should be a Minister with responsibility for pensions, perhaps the Minister for Social and Family Affairs. The regulatory body of life assurance companies and pension funds is in the hands of the Department of Enterprise, Trade and Employment. The Pensions Board regulates occupational pension schemes while the Department of Finance controls the pensions reserve fund and the SSIA scheme. This latter scheme, if slightly modified, would make an excellent pension vehicle.

The Director of Corporate Enforcement and the Comptroller and Auditor General should investigate the operation of pension funds and quantify any damage done to members' benefits. They should consider the poor value for money we are getting in terms of tax concessions that have been made to the industry. Why is the industry making significant profits while pension benefits are more at risk than ever before? It should be established whether employers who wound up their pension schemes because of under-funding enjoyed contribution holidays in the preceding years. It will be found that most of them did and that is disgraceful. If those contribution holidays

had not been permitted, the schemes would not be in such serious difficulties. Companies benefited while pensioners today and of the future will suffer.

The continuation of the Pensions Board as currently constituted should be reviewed. Since its foundation, private sector pensions cover has been reduced from 66% to 50% with a significant swing from defined benefit to the less secure defined contributions schemes. The board's performance in monitoring and supervising the administration of occupational pension schemes leaves a lot to be desired. Once a member leaves a scheme because of early retirement or because the scheme is wound up, he or she is not even retained as a statistic in the board's records. It is disgraceful that the board is only concerned with members who have schemes. If a member is told by his or her company that its scheme is being wound up or is under-funded, as often happens, the people with frozen benefits disappear from the radar as far as the board is concerned. There are no facts and figures about these people. This should not be allowed. Companies should know about every employee who has ever had a pension in their employment and what happens to such employees when their pension benefit is eroded or put in jeopardy.

Participation in private sector pensions schemes should be optional. I did not like to hear the Minister say that if the current system which operates on a voluntary basis does not work, he will consider something else. He did not use the word "compulsory", but I believe that is what he meant. Under current circumstances if he made it compulsory for employees to join schemes, that would be disgraceful. I will outline why I believe that to be the case.

The current system, which may be unconstitutional, whereby an employer who is contributing to a pension scheme may make it a condition of employment that employees join the scheme — which does not guarantee any benefits — should be discontinued. I ask the Minister to discontinue such compulsory obligation. If a person gets a job in a company that has a pension plan, employers oblige the employee to join it, even if it is a waste of time, so to speak, which it has been in many cases. Many people who have paid into a pension fund for years because they were obliged to do so are facing retirement with an inadequate pension. Until this system is protected, there should be no mention of making it compulsory for employees to join such schemes. It is wrong to force a person into such a bad situation.

I ask the Minister to examine the current inequity where higher paid workers enjoy a higher percentage tax relief on pension contributions than lower paid workers. If a person is earning €100,000 a year and that person contributes to a pension fund, the tax benefit he or she will get because of paying the higher rate of tax

[Ms Terry.]

will be higher than a lower paid worker who also contributes to a pension fund. Euro for euro the lower paid worker's tax relief on pension contributions is less. That is an inequity which should be addressed.

The Government has consistently refused to acknowledge that there are tens of thousands of workers whose employment termination was driven by the pension industry. These workers are now suffering major erosion of their pension payments from schemes they were compelled to join. The threat to the solvency of some pension schemes is accepted by the Government as a valid excuse for not granting a statutory right to the preservation and revaluation of pension benefits earned in respect of pre-1991 service for private sector occupational pension scheme early leavers. People's pension entitlements should be guaranteed. That is a trend that runs through what I have to say.

The Pensions Board is more concerned with attracting new members. Perhaps the Minister agrees that is what it is supposed to be doing. The board is more concerned with attracting new members than with protecting the interests of its existing members and early leavers. The Minister seems to be of the same view. He seems to be concerned about the pensioners of the future. While I agree with that approach, I hear no mention of the pensioners or workers of today, which I find frustrating. The Pensions Board is supposed to protect the interests of people, but it is not doing so. What it is doing, and it has a pensions awareness campaign paid for by the taxpayer, is all about attracting new members to buy more schemes. However, once they join the board seems to wash its hands of how those schemes work out. That is not good enough.

People are paying into pension schemes and nobody is monitoring the entitlements they should get. The Pensions Board's claim that its only interest is in the number of active members as this reflects its income, is deplorable. That is a fact which is stated in its report.

Can the Pensions Board be impartial? I would say it cannot be because it relies on pension scheme operators for funds. It accepts sponsorship from those in the industry for their away days. A substantial number of the board members come from the pensions industry. I can understand why the Pensions Board reflects the opinion of the pensions industry more often than it ever reflects the opinions of the workers.

Today's workers are paying for the current State sector guaranteed pension, the future State sector guaranteed pension through the pension reserve fund and, in many cases, for their own insecure occupational pension. In addition, they are being encouraged by the Pensions Board to contribute to the pensions of their children and grandchildren. Never before were so few asked to provide for so many. When the Minister talks

about providing for future pensions, who is paying? Workers are paying for their own pensions. They have paid for it through the sale of Eircom and the Minister is asking them to pay for future pensions. What about workers today who are hard-pressed and have come through hard times? They are being asked by those in the Pensions Board to pay to look after their grandchildren and their children. They need to get a life.

A good broker would recommend investing in the stock market only with money one can afford to lose. We have all heard that before. However, we are bombarded with advertisements encouraging us to buy pensions which enjoy tax relief only to be invested in the volatile stock market. The Minister is aware that most Irish people do not buy shares on the stock market. Many people had their fingers burned in the Eircom share debacle, which may have been their first and only time to buy shares. People are careful with their money. However, they pay money into pension funds and hand it over to brokers to manage and play with on the stock market like it was Monopoly money. People would not do that with their money but they hand it over to brokers because they are encouraged by the Government to pay into a pension fund, which they believe will provide for them in their retirement. The Minister is fooling the people in this respect. It is dishonest.

I want to address the pensions industry. Two senior officers of a large national union, one of whom is on the board of the Pensions Board, have recently advocated child pensions, the SSIA's to be diverted into pension funds and mandatory adoption of PRSAs. I would expect these officers to be more concerned with the interests of workers and to seek to protect their pensions rather than advocating those issues and simply trying to secure additional funding for the pensions industry. The unions seem to have been brainwashed by the industry.

The industry is collecting money from ordinary workers which attracts full tax relief. For those people whose marginal tax is at the high rate, the

Government is contributing €1 for every €1 paid. The industry is not taxed on the profits from its investments. It is not obliged to guarantee any return. It can freeze and has frozen payments for pre-1991 early leavers. If the fund runs out of money, as is happening quite frequently these days, when it comes to paying pensions, it can wind up the scheme leaving the members with nothing. It is nice business for the industry but bad business for the ordinary worker. As George Bernard Shaw once said, "Every profession is a conspiracy against the lay man". That aptly applies to the pensions industry.

As a result of the way administration expenses are calculated, the administration costs have gone up while pension benefits have gone down. The pensions industry is taking everything and giving very little back. The industry must learn something from the success of the SSIA's. The Govern-

ment contributes one euro for every four contributed to a SSIA while it contributes one euro for every euro in the pension schemes. However, PRSAs have been a failure. The Minister says he wants to wait a further two years too see if they will be a success. I doubt that they will.

It is obvious why they have failed. With so many snouts in the pension fund trough, pension funds are being squandered. It is time the pensions industry got its act together. If private pensions could be presented in a formula as simple, transparent and fair as the SSIA's, there would be a much better take-up of pensions than there is today. If the industry is unable to do this, the Government should step in and do it. In only five years more than 1 million adults, with considerable help from the Government, will have voluntarily saved €14 billion. Who is to say how much we would save for our retirement if the Government could organise a simple special savings pension account? The high take-up of SSIA's and the high rate of home ownership proves, that the Irish are not squanderers but savers.

The Government must ensure that the pensions industry does not get its hands on the SSIA's, which it is eyeing like hawks. The industry has proved it is incapable of preserving pensions and it now wants to squander the savings of more than 1 million people. The Minister must not let that happen. The Government must retain control of pensions to protect this money and encourage people to continue saving, whether for retirement or not, and make sure those savings are protected. I have no confidence that the pensions industry will protect that money. It will squander it.

Ms Cox: I welcome the Minister to the House. I am delighted the Leader was able to arrange this debate on pensions in advance of the budget and Estimates. I compliment Senator Terry on many of the points she made regarding the pension industry. My focus will be on older people.

The current pensions system is made up of two components, the social welfare pension and a supplementary pension. As a young person I was confused about those two elements. I was content that I would receive a pension from the State when I was 65 but it was not until I reached a certain age that I wondered what sort of lifestyle I could have with only a State pension. When one is beginning to earn money and later when one thinks about buying a house, the last thing on one's mind is a pension. Even if one thinks about providing for the future, it seems far away and not something one needs to worry about. By the time the question of a pension has become urgent and important one may have committed oneself in other areas such as mortgage or loan repayments and be unable to contribute sufficiently to a pension scheme.

The pension board has a responsibility to educate the public. This education must begin in the

schools so that people understand the need to provide for their own futures, both through the State pension and a supplementary work related pension. We must understand that we need enough money as we get older to continue to provide for our needs. We are all living much longer. We cannot expect to die in our 50s. Many of us live into our late 60s, 70s and 80s and we must be able to provide for that. Young people think the State will provide a pension, which will be sufficient for their needs at the age of 65. How many 20 year olds think 40 year olds have had it? It is important for us to realise, and to convince our children, that the future must be provided for, what that will cost, and how much of a challenge it will be.

Senator Terry and the Minister both referred to the personal retirement savings accounts. I am delighted it is recognised that they have been a very successful initiative. Although many people derided the former Minister for Finance, Deputy McCreevy, for his concept, they have encouraged the most unusual people to save.

Ms Terry: Senator Cox is speaking about special savings incentive accounts.

Ms Cox: I am sorry. I was talking about SSIA's. It is a particularly important and attractive scheme. It was simple, clear and transparent. Everyone understood that whatever money was saved would be backed by the Government and that tax would only be paid on the interest. A number of weeks ago the Minister said he was considering the impact interest on SSIA's might have on means tests for social welfare payments. I hope he will be successful in that regard. It would be unfortunate if older people or those in receipt of social welfare lost out because they had earned interest on savings they had generated themselves. I hope the Minister wins that battle. The transparency and ease of SSIA's and the fact that they appealed to everyone should be taken into account by the Minister when he reviews pensions and in the Government's review of how we will face the challenge of 2025 when many more people will be entitled to pensions.

The voluntary nature of the personal retirement savings accounts is essential. I deal with many international companies who come to Ireland to recruit and to set up here. They are part of our economic success and contribute to our full employment. If we create a compulsory tax in order to provide for our pensions and make pension contributions non-voluntary we will ruin our competitiveness. Compulsory payments, whether by the employer or employee, will destroy the nature of voluntarism. We must create an environment where people see the value of contributing to a pension scheme, get value for money from their contributions and want to contribute. That is our challenge. We should not take the easy way out. In the review

[Ms Cox.]

of 2006 it would not be helpful to decide that because only a small percentage of people have taken up PRSAs and are providing for the future, contributions should be made compulsory. Compulsory contributions by employers would create an additional tax on employment and compulsory contributions by employees would impose an additional tax on earnings. Such a decision would impact on our competitiveness. If, between now and 2006, PRSAs are found not to be as successful as the Government had hoped, I appeal to the Minister to be broad minded in addressing that issue and not to take the easy course of compulsion.

Education and awareness of PRSAs is essential. The Pensions Board's awareness campaign has been very successful. Nevertheless, we need to do more. We also need to focus on women. The Minister's predecessor, Deputy Coughlan, took cognisance of this issue. There is a huge gap in pension provision for women. Women work in part-time jobs, take time out to job share and take time out of the workforce completely to stay at home to look after children. For these reasons we lose out in making adequate pension provision. Some families do not have sufficient money to make pension contributions for the parent who is not the bread winner. The bread winner's pension may be funded by his employer and it is assumed that he will always be there.

That is not good enough anymore in this age of separation and divorce with families facing the challenge of moving into two households. There are too many women in this country who have no pension provision; what will they do when they reach the age of 65? They are mothers who have brought up their children and some of them went hungry to provide for children in poor circumstances. When they reach 65 they will face the old age pension or become a qualified dependant, which is not good enough. That is a challenge for the Government.

I wish to focus on a number of key issues the Minister might consider examining, perhaps not in the forthcoming budget but in subsequent budgets. There is a range of benefits and free schemes that are means tested for those over 65 but are free to those over 70. Will the Minister look at the issue of waste charges levied on old people living in reduced financial circumstances? They are forced to justify to a local authority why they should be entitled to a waiver scheme where one is available. Where a local authority may not have a waiver scheme, however, the elderly are being forced to pay waste charges of between €300 and €400 per annum. It is a significant amount of money for such people.

I understand that a pay-per-volume system is to be introduced but a minimum sum will still have to be paid for the provision of that waste disposal service. People aged 65 and over should not have to pay such charges at all. The Govern-

ment should fund local authorities in order to provide that service free of charge to such people. Those over 65 are entitled to free travel and do not have to purchase a television licence, so they should not have to pay waste charges either.

The Minister referred to people over 65 continuing in the workforce, which is a great idea. Many people aged 65 or 66 are not ready to retire but they should not be obliged to pay tax at that age. If someone has worked all those years he or she should be exempt from income tax because he or she has already made a contribution. While not every cent may be tax free and there might have to be some limit, if people choose to work after 65 years of age why should they pay tax? I ask the Minister to consider that matter. It is a matter of choice, so if people in their 60s want to continue working they should be allowed to contribute to society. However, it should be recognised that by the time they get to 65 their tax contribution has been made so they should have the full benefit of the money they earn at that stage. If they choose to spend the money on their children, grandchildren or the wider society, that is their business. They should be allowed to keep all the money they earn. If we are prepared to allow people to retire at 65 we should not ask them to continue to provide for State services through taxation at that age.

The position of women within the social welfare system is unique and not enough is being done to recognise it. I have repeatedly come up against a rule in the social welfare system whereby a person can only receive one payment. Therefore, a widow looking after family members cannot claim a carer's allowance because she is in receipt of a widow's pension. When her husband was still alive she would have received a carer's allowance because she would be entitled to a disregard on her husband's salary or pension of approximately €250 per week. As a widow, however, she only receives one payment and so must choose between the widow's pension or the carer's allowance, whichever is greater. There is no equity in that situation, which arises due to a rule that one cannot receive more than one social welfare payment. It is unfair and inequitable so the Minister should consider changing the position in the next couple of years.

Pensions must be operated on a voluntary basis because an additional tax cannot be imposed on employment. If we are to maintain competitiveness and full employment we must ensure that our competitive level in every boardroom, when measured against boardrooms in the United States, India and elsewhere, is not penalised by taxation. I ask the Minister to bear that in mind.

I thank the Minister for attending the House and I am glad of this opportunity to contribute to the debate.

Mr. O'Toole: I welcome the Minister to the House and wish him well with his new responsi-

bilities. I want to raise a number of points and while I realise that some of them are perhaps the responsibility of the Minister for Finance, the question of pensions moves between the Department of Social and Family Affairs and the Department of Finance. Some of the matters I think should be examined here have worked in other countries. Senator Cox referred to American boardrooms so I will begin with a proposal that has worked over there. Traditionally, pension legislation has been characteristically hidebound but in recent years the former Minister for Finance, Deputy McCreevy, relaxed it more than any of his predecessors. People have been afraid to touch some fundamentals, however, because of the sort of conservative thinking one gets from officials in the Department of Finance. I know this to be the case because I have argued some of these points with them.

I will cite one example in which I became interested five or six years ago, having met a man who had retired from the ESB. He had worked all his life in the ESB in a technical management area and was highly skilled. He was the most experienced person in his area and had been involved in the development of overseas tendering and bidding. It will be recalled that the ESB was involved in such work for many years before we made it legal, because the company was not supposed to be doing overseas work prior to that. This man had built up a wide level of experience. When he reached retirement age he was active and felt like doing more work, although he was not prepared to do so for nothing. He wanted to do some work for the ESB but under the terms of his pension arrangements he could not be paid a pension and a salary at the same time, although he may have been able to do some consultancy work. The man finished up working for Viridian, or the Northern Ireland Electricity Board as it was called at the time, which was the ESB's main competitor. Therefore, all the experience paid for by the ESB crossed the road to work for the competition. It would not be allowed to happen in a small shop down the country, let alone in a major national organisation.

I spoke to a number of people, particularly in Boston College, who had done much research on ageing and pensions. I found that some changes to the system had been made in the United States. *The Economist* picked up on the issue for a significant period. I am sorry to be long-winded about this but I think the Minister could build on this experience, which he may find attractive. They altered pensions legislation in the USA to allow people to change into different kinds of employment. That is the single biggest problem in this country; people are working full time one day and have nothing to do the next. The Minister should persuade the Government to take a more open view on the matter. Take, for

example, a person in a major industry in Connecticut, who reaches an age where he or she does not want to work full time or retire fully. Under the American system, such a person can work in New England during the summer and then spend the six winter months taking it easy in Florida, on a rotating basis. How it works is rather complex, however. For the six months he is on retirement he is receiving pension at that rate. When he returns for six months, he still receives his pension and also receives a salary based on the hours he works. Out of that salary comes a pension contribution. I would not make this up if I had not checked. This is what happens on a six-months-on, six-months-off basis. People also work on a month-on, month-off or a half-time basis and everybody is a winner. The company is a winner, the person's quality of life is improved, creativity is maintained, productivity is increased and it is beneficial in all sorts of ways. The only reason we cannot do this here is that the law does not allow it.

I made a very strong case for this in the public service. While I will give the example of a teacher, it could apply to any workplace in the public or private sector. A school in Senator Cox's area of west Galway might require special needs support or remediation support. However, to have a full-time teacher in that locality could cost a significant amount of money and might exceed the school's requirements. A teacher living locally who has retired early might feel that he or she would not mind working three or four hours per week, but does not want this impacting on his or her pension. The school should be allowed to give the person four hours paid work per week while he or she continues to receive a pension. This solves approximately three problems at the same time.

As part of his work previously and now, the Minister will know that life expectancy has changed completely. I had major rows with the former Minister for Finance, Deputy McCreevy, when he made various changes affecting elected public representatives and others. Leaving that aside, everybody knows people will work longer but differently. Whereas different work patterns are coming in, they are not being reflected quickly enough in more flexible pension arrangements.

If I had total control over this matter, as well as introducing flexibility at the retirement end, I would also introduce a mandatory position at the early end. As the Minister will be aware, only 52% of people in the workforce have a pension. I have a simple theory, which I have argued with those in the private and public sectors and my colleagues in the trade union movement. For every year worked, an employee should have a year's pension contributions somewhere. I would have no difficulty supporting legislation requiring anybody working in employment for longer than six months to pay into a pension fund. We should

[Mr. O'Toole.]

not charge the employer with this task; dealing with the employer is another issue. I know how my colleagues in the trade union movement feel about this matter as I have had the argument with them. Not having this requirement is not doing anybody a favour.

Mr. Ryan: Hear, hear.

Ms Terry: Who is looking after that pension contribution?

Mr. O'Toole: I will come to that matter. It is wrong for people such as those mentioned by Senator Cox to have spent a career working with no pension entitlement. We would be irresponsible to allow that to happen. It is as important as wearing bloody safety-belts.

In my first two years here I made representations on behalf of Members of the Houses to, I believe, the Gleeson committee — the one prior to the Buckley committee. I proposed that Members should not be allowed to cash in their pensions. If this went on outside these Houses we would regard it as irresponsible. Some Members, who lost elections, found themselves with no money and cashed in their pensions. Someone asking the Department of Finance to cash in his or her pension will receive a cheque in the morning. It is the quickest cheque one can get money from the Department of Finance because it knows it is great to give it back.

We stopped that for anybody who is in these Houses for a period of longer than a year or so — it does not apply to those appointed by the Taoiseach for a week so that they can get into the Members' bar and find out what is going on. I ask the Minister to consider this matter and I support that view. We need to get away from the strait-laced thinking of full-time work and full-time pensions. We need to create that grey area. I can give examples from Canada, Australia, Holland and the US, and a huge amount can be done.

I compliment the Government — I believe I am the only one from this side of the House—

Ms Cox: The Senator never does.

Mr. O'Toole: —who has completely supported the national pensions reserve fund. I called for it, supported it and negotiated for it; it is a great idea. It is the most farsighted move I have ever seen any Government take. There are no votes in it and indeed there is opposition to it. Every time there is tightness of money, some party leader will call for us to put our finger in the till and take some money out. We made a great decision on that fund.

However, we should recognise that we took that decision when times were different. The idea germinated and developed when we had just come out of a period of net emigration and before we started experiencing net immigration.

It is now considerably less important because thankfully if we allow all those immigrants to do the work they want to do, they will pay our pensions for us in the future.

Some 48% of workers have no pension contributions. Ten years ago those with private pension arrangements in pension funds, etc., only had one option, namely, to buy annuities. While many rip-offs exist in the financial sector, that was probably the greatest one. At its peak, it was possible to buy annuities of approximately 9%. Somebody who had, for example, saved £200,000 into a pension fund over a working career was guaranteed £18,000 per year. In present day terms that would look very good. In reality the £200,000 did not form part of a person's estate.

As people got wiser and as they began to cope with figures of more than a few thousand, they began to ask what would happen when they died and the money was gone. While a reduced annuity might be paid to a spouse, the money was lost. People rightly stopped paying into pension funds because they were being ripped off by financial institutions that paid money for a few years without any ownership of the money in an estate afterwards. People decided to do something else and many bought property.

Many of those without pension funds will point to having bought a house outright. Fair play to them if they have done so and if it looks after them. However, this does not carry the same level of security. The property market is cyclical and whereas everybody sees it one way at the moment, it is a bit like unemployment — people forget it when it no longer exists. While houses might be worth considerable amounts, their liquidity is not always very attractive. Those who invested in shoddily built apartments 15 years ago will have great difficulty selling them on the market because of the availability of higher specification modern apartments.

Whereas this may not be in his brief, the Minister should consider bringing greater flexibility to the retirement age. However, as we are discussing pensions he should bring these issues to Government or to the attention of the Department of Finance. We need a greater debate on the issue of defined benefits as opposed to defined contribution if only to give people an understanding. While it might not sit easily with the Minister's thinking, as Members, we are all in the luxurious position of having a defined benefit. Those with such a pension arrangement do not appreciate it. I spent 20 years trying to convince teachers that it was the most important element of their employment conditions. People may not be aware that I actually offered to pay more for it, rather than let anybody start messing around with it.

I do not know how many years it is since we introduced a European directive on portability of pensions but it is not working. Trying to transfer pensions from one place to another is a pain. People often say they will leave it where it is to

preserve benefits down the line and set up a new system elsewhere so when they reach retirement age they must deal with three or four different sources of income. It is not that bad if they have it but there should be a neater way to approach it and legislation should facilitate that approach.

To get back to a year's pension entitlement for every year worked, we must be stricter on pension arrangements for establishment periods. People should also be able to move and make payments and there should be the same flexibility for defined benefits as there is for people who have made their own pension arrangements that they can carry with them.

It is now mandatory for employers to explain pension arrangements to new employees. I suggested to the Minister for Finance that this is a great idea but it makes no sense for an employer to explain pension provisions to an 18 year old part-time worker. Before 26 years of age, young people should have the opportunity to make the same savings as for pensions, with the same tax encouragement, except they would be placed in a specially designed deposit fund in a building society to be used for the deposit on a house. This would also give young people the savings habit. I have discussed this with the Revenue Commissioners and while there are certain problems they are not insurmountable. It would be a progressive and creative way to deal with this issue.

Mr. Morrissey: I welcome the Minister to the House and congratulate him on his appointment to this new portfolio. I also thank Senators, particularly Senator Terry, who made the case for this debate.

I agree with Senator O'Toole. People have stopped putting money into pensions and have put that money into housing because of the difference in returns in the past 15 years. That is why the housing boom has had a perverse effect on new entrants to the market. As Senator O'Toole said, it is fine to hope that a house is a wise investment but it is not liquid if money is needed in a hurry. If we continue to build such large numbers of houses, there will be an over-supply when people wish to cash in on their property.

The Minister pointed out that dependency ratios have fallen from five to two in a generation. The onus lies with the employer to explain pensions to people who have come to the State to seek work but it does not register with them. Why would it? Those people, however, will stay in this State. Over 100,000 people have work permits and we need them because we will be dependent on them in years to come. There is an onus not just on employers but on the Government to explain this situation to them, it cannot be left to the Pensions Board. Employers can say they have fulfilled their obligations under the law and it is entirely up to the employee to take up the plan.

The retirement pension is payable to people aged 65 and over. At age 66, a person can transfer

to an old age pension but on taking a retirement pension, a person who wishes to stay in business or at work can only earn €37 per week gross otherwise he or she will lose the retirement pension. A person who is 66, however, can change to the old age pension and earn unlimited amounts from external sources. In that year, people will lose their business contacts. The economy needs people to remain employed and our life expectancy has increased by six years since we joined the EU so we must look at the retirement age. The age was increased for new entrants into the public service in last year's budget but this anomaly between retirement and old age pensions remains and it should be examined.

People have claimed to be socialists——

Mr. Ryan: Senator Morrissey does not need to worry that he will be accused of being a socialist.

Mr. Morrissey: ——but the former Minister for Finance, Mr. McCreevy, proved he was the real socialist by establishing the national pensions reserve fund and putting this money away. At the last election the Opposition said it would raid this fund and reduce the amount being paid in.

Ms Terry: Is the Senator saying he did the right thing?

Mr. Morrissey: When one reads the Minister's speech, its importance for the future is clear. The former Minister did this State some service.

Ms Terry: What about the people of today? He did not look after them. We do not know what the future holds.

Mr. Morrissey: Pensions are about the future.

Ms Terry: There are pensioners today as well.

Mr. Morrissey: In the national pensions reserve fund, the Minister established a body that should not be altered by future Governments, it should be supplemented.

Ms Terry: The PDs do not care about the present population.

Mr. Morrissey: A national campaign to address the dependency ratio is necessary. The years to 2056, over which a reduction will take place in the ratio of working people for every one retired, from 5:1 to 2:1, is the equivalent of only one generation. That spells disaster.

Some people will be very well looked after with defined benefits, which I wish I had. Senator O'Toole spoke about the different kinds of Senator, defined benefits and when one could draw one's pension. As I still consider myself young, I do not think about drawing a pension. I would like to know how defined benefits were costed in the recent benchmarking exercise. One

[Mr. Morrissey.]

cannot put a price on the value of a defined benefit on one's salary in the years to come. We must consider those who are not so fortunate. That may mean taking a firmer approach to ensure that any deduction from an employee's salary is automatically placed in a fund by an employer as is the case with health levies. As this is a road we will have to travel in future, we should give the matter serious consideration.

This has been a timely debate and I do not doubt that we will return to it. I beseech the Minister to consider the difference between the retirement pension and the old-age pension and ask why there is such an anomaly between them. If the issue was addressed in the forthcoming budget, it would bring joy to a great many people.

Mr. Ryan: Cuirim fáilte roimh an Aire, duine i measc na hAíre Stáit atá tar éis a rá le gairid go bhfuil sé ar an eite clé, mar aon leis an Taoiseach. Cosúil leis an Teachta Joe Higgins, tá mé ag braith go bhfuil an spás in a bhfuilim beagáinín plódaithe le daoine atá ag iarraidh—

Mr. Brennan: Níl mé cinnte.

Mr. Ryan: One of the remarkable developments in civilised western societies has been the extraordinary consensus that one cannot leave people who move beyond working age to fend for themselves according to some law of the jungle. According to my often faulty memory, it has been 150 years since Bismarck introduced the idea of an old-age pension and 100 years since it was first conceived of here. Notwithstanding Senator Morrissey's comments, there is greater political consensus than conflict about what approach to take to this matter. We want to ensure that a population, which is ageing but not old in the sense of being inactive can enjoy extra years of reasonable health in reasonable comfort.

There is no single solution. People on my side of the traditional political divide used to be of the opinion that pension provision should be income-related, inflation-proofed and paid for from general taxation. That was simply a way of transferring the burden from one generation to the next. It was to say we would allow the next generation to worry about us when we became old. It is not that I have anything against the next generation, but I am not madly keen to leave my security entirely to it. On the other side of the political divide there was a view that people should be left entirely to fund their old age themselves. In the more extreme version of this perspective, one would not even be given tax incentives to make pension provisions as the level of personal taxation would be so low.

While I can say plenty about my political opponents as Members will know, we do not differ significantly on this matter. However, when my party suggested there were better uses to which the national pensions reserve fund could

be put, it was making a perfectly valid point. For the Labour Party to question why the money was being used to fund infrastructure developments in Japan while this country was suffering a major infrastructure deficit was to make a balanced and reasonable contribution to the debate on how to use the reserve fund. While I understand the need to diversify risk and all the other arguments, it does not make sense to suggest that it is always better to invest a fund of this type abroad.

To make a political point, it is a bit rich to make political remarks on comments on the national pensions reserve fund within two years of a raid by the previous Minister for Finance on the social insurance fund to cover a hole in his budget figures. The social insurance fund is another form of pensions reserve fund. It is paid for by the social insurance contributions of working people to fund social insurance payments. At a time of enormous surplus in the fund, the Minister for Finance raided it and made no attempt to hide the fact.

We must inculcate a culture which has always existed in the public sector. In my other public service career, I have been paying 6.5% of my income in pension contributions since I started work after leaving college at approximately age 25. It is not a funded pension but, by the standards of the abolition of divine benefits, probably quite generous. It would be interesting to discover what level of contribution would have been needed, if tax allowable in its entirety, to fund an equivalent pension for public servants like me. I agree with Senator Morrissey that there will always be a degree of uncertainty. While there is no easy answer, my approach would be to integrate all of these things. The role of the State should be to encourage, fund and facilitate the maximum possible contribution from the private sector in the management and organisation of pension funds. Having observed the frightening variations of the marketplace over the last decade, I consider a fundamental role of the State should be to act as a guarantor of a certain level of pension for everybody. It would be required to do so to a greater extent in hard times and to a lesser extent otherwise.

A number of questions must be addressed. While I have no problem with contributions and share fully Senator O'Toole's views, there is significant reluctance in this area. Some weeks ago, the issue of compulsory pension-fund deductions was raised in Britain to great resistance by financial services interests and others. I have asked people about it, but still have no idea why. Across the political divide we must accept that if the Government was to decide that from 2005 everybody would be required to pay up to 8% of gross income, tax allowable in its entirety, to fund their pensions, many would be led by the O'Reilly newspapers to scream about a 10% tax increase. If we must deal with that level of hysterical nonsense, we will never provide for pensions. The

great attraction of the national pensions reserve fund is that it is not imposed on individuals, but is simply a sum.

Matter raised under Standing Order 30.

Acting Chairman (Mr. Ó Murchú): In accordance with Standing Order 30, as it is 12:50 p.m. I call Senator Brian Hayes on a matter of concern.

Mr. B. Hayes: I thank the Acting Leader for coming into the House to hear the point I wish to raise. Last Monday, on "Questions and Answers", John Kelleher who is the Irish film censor made a point which he made in last year's annual report to the Government that I wish to amplify.

As the Acting Leader is aware, the Censorship Act dates back to 1923 and the law in regard to video release, the Video Recordings Act, dates back to 1989, section 3(2) of which I ask the Acting Leader to bring to the attention of the Government. Section 3(2) gives explicit power to the censor to ensure he or she cannot refuse to give a different age classification to a video film as against a film, which is on general release.

An issue has arisen in recent weeks concerning the correctness of whether we should change the law to allow the censor to be given greater discretion to ensure he or she can make that decision concerning a video release. I ask the Government to look at this amendment to the law. It is important that we put in place protection for young people. I am not a great believer in censorship, notwithstanding my views on censorship regarding political paramilitary parties. However, it is important to give power to the censor in order that he or she has the discretion to make a distinction between the age classification on films on general release as against the age classification for video because they are two different issues. One can be sure the 12 year old going to the cinema with a parent will be going to the appropriate movie. That is not the case with videos. As a result of the proliferation of video stores, peers can go in and buy a video. We have got to be vigilant in this area and I ask the Government to look at this particular lacuna in the law.

Pension Provisions: Statements (Resumed).

Mr. Ryan: I am severely tempted to comment on what Senator Brian Hayes has said but if I did the Chair would remind me to speak on the topic under discussion.

Like any lay person I do not possess the analytical or the actuarial skills to look 40 years into the future. We have to do our best to forecast what will happen. I read an article in the *Irish Banking Review* a few years ago about the pensions timebomb which was based on a number of assumptions, namely, that the population would decline and that economic growth would be approximately 2% in perpetuity during that

period. The problem with all of this as any Minister for Social and Family Affairs, or any Minister who is as economically literate as the present Minister, will be aware is that if there are two trends which are only marginally diverging now they will be very far apart in 50 years. If the population shows any tendency to increase and if economic growth shows any tendency to increase at a greater rate than used to be presumed to be our natural level of growth, the crisis may not be as real as we imagine. That is not an argument for not making an intelligent assessment of how the markets operate efficient provision for pensions. I wish to tell the Minister an anecdote.

A young woman in her mid-20s not on a huge income decided, because she had heard so much, she should speak to a bank about a pension. The first thing the financial adviser from one of our major banks said to her was that she was too young to be worrying about a pension, that instead she should take out a long-term savings scheme. It is time we created a fairly unbreachable consensus that when one starts work it is time to start thinking about a pension. However well-intentioned the individual was, there should not even be a hint that it was a somewhat less than sensible thing to do. It is the first thing one should do and Senator O'Toole has referred to it.

Every year people work they contribute to a pension fund which is their's for life and which is integrated in a way where they are guaranteed 34% of the average industrial wage. I consider that 34% is too low, 50% would be a much better objective and it would give people a decent income in order to have a decent life. We do not want people in their old age simply guaranteed they will not die of hunger, cold or lack of any of the basic necessities of life. We want people who are able to enjoy whatever good health they have when they retire. What is the argument against compulsion? Is it simply the political argument that it would be described as a tax, as many do, including those in the trade union movement who should know better and who describe social insurance as a tax? It is not a tax, it is an insurance contribution for which people in many areas of life are well rewarded.

Another issue is that of pensions in terms of benefit-in-kind as well as in cash. I watched my mother enjoy free travel for the best part of 25 years. Whatever the travails of the individual who introduced it, free travel was one of the most remarkable contributions to the quality of life of older people. The sheer pleasure of the mobility it gave people, particularly parents who were separated from their children, was enormous. It is anomalous that while most of the population retire at 65, they have to wait until they are 66 years of age to qualify for free travel. I suspect it would not break the Government to adjust the year of entitlement to the year at which people legally retire, which is 65. These little issues which

[Mr. Ryan.]

do not cost an enormous amount of money are enormously important to older people who have the capacity to get around.

In regard to the myopia that gripped many in the 1990s when the view of the stock market boom was that it was different this time and would last forever, many tried to argue that meant we did not need a State sub-structure to protect pensions and that the markets would look after us. We now know that would not have happened. What is needed is a skilful integration of what the markets, the State, individuals and employers can do through their contributions. Members are always talking about employers and being employers. As it happens I am the director of a company, the Simon Community, which has at least 20 employees. The company has had to worry about their pension provision. Most voluntary organisations are substantial employers of people who must have pensions like everyone else so that the same issues arise. I do not believe an employer can simply walk away and say the pension fund is not his or her problem. It is an individual responsibility but an employer has some responsibility also. I do not have a problem with employers' social insurance and I have no problem with employers making a contribution towards people's pension funds as well, but it should be possible to integrate the three.

I invite the Minister who has a major influence on the Government to think about this issue. The reason the US will not run into the same pension crisis that Europe may run into is that it has a very liberal immigration policy. An article in today's edition

of *The Independent* refers to the projected growth of the workforces in the US and the EU and indicates that the trends for both regions are going in different directions. It was interesting to watch the pre-election debates in the US in which both presidential candidates, Senator Kerry and President Bush, were asked what they would do about illegal immigrants. Their responses were so different from those one would hear anywhere in Europe. They referred to different ways of regularising the status of illegal immigrants because people in the US have come to recognise that immigration, far from being a burden, is the single most important phenomenon that has enabled the country's economy to be so dynamic, in terms of both individual output and hourly productivity. Hourly or worker productivity has increased so dramatically in the US because so many people are at work, partly because of the country's liberal immigration policy. It is time that we in Europe began to move away from our fortress Europe mentality and realised that to sustain our standard of living, we will not only have to tolerate immigration but also actively encourage it.

Mr. Leyden: I welcome the Minister for Social and Family Affairs, Deputy Brennan, and congratulate him on his appointment to this very

important portfolio. He has considerable experience in politics and in Government, which he can bring to it. It is one of the most important Ministries because it involves looking after those who need assistance and support.

That this Government is left of centre and has socialist leanings is demonstrated by the fact that it looks after the elderly, disabled, handicapped and widows so well. Compare the Government's approach to that of the Workers Party and Democratic Left when Proinsias De Rossa was Minister for Social Welfare and when there was a Labour Party Minister for Finance. They gave the lowest possible increase to pensioners, amounting to approximately 2%. We have increased pensions by 69% since 1997, and rightly so, and we looked after pensioners so well. What better judgment is there of a government?

Senator Ryan mentioned the great benefits introduced by a former Minister for Finance and former Taoiseach, Charles J. Haughey. He introduced the unique schemes providing free travel, free electricity and free telephone rental. He once told me that when he first conceived the idea, the Department of Finance made every effort to prevent him from announcing it, to the point of trying to convince him not to do so until he reached the very door of the Chamber of Dáil Éireann. He was convinced of the merits of the schemes.

He conceived the idea of free travel for pensioners at a train station through which he saw a very empty train passing. He asked why the train should not be filled with people and why pensioners should not be given a chance to travel on it. This should be placed on record because sometimes people are vilified and not recognised for the contributions they make to Irish life.

I welcome the commitment by the Government to increase the pension rate to €200 per week by 2007. This will be realised even before this date if the Minister has his way. I believe it is his ambition.

When one reaches retirement age at 65 or 66, one receives a contributory or non-contributory old age pension, possibly in addition to a pension from another source, be it from CIE, the ESB, a county council or a local authority. A constituent of mine expressed strongly to me the view that one's pension should be exempt from income tax. This is not the direct responsibility of the Minister but he should consider it nevertheless. If one considered the contribution to Irish life of pensioners and calculated their contributions to the pension fund during their working years, one would surely conclude that pensioners should be relieved from the responsibility of paying income tax on their pensions. While the costs of doing this would have to be calculated by the Minister and his officials, it is a very worthwhile proposal.

The constituent in question, a very active Fianna Fáil supporter, made the point that he had spoken to many retired people who felt it was

grossly unfair that, on reaching a point in their lives at which they should be free to enjoy their remaining years, the State would make them liable to income tax on their pensions. Will the Minister, given his influence in Government, consider taking old age pensioners out of the tax net, although they may not be paying a great amount of tax at present? The constituent stated that the extra funds that are now available present an opportunity to the State to allow pensioners to enjoy their social side of life more fully and perhaps pay for some home help.

I understand the period of operation of the national fuel scheme is between April and October and that claimants under the scheme are entitled to approximately €12.90 per week. To fill a 1,000 litre tank of kerosene or diesel costs approximately €500 to €530. The price of oil per barrel dropped last week but the effects of this will not be realised for some weeks at the petrol pump or in terms of delivery prices. The period of operation of the national fuel scheme should be extended to cover the full year because our climate is such that elderly people need heat all the year round. Most houses of retired people that I visit have solid fuel or other forms of heating. The Minister should consider this proposal.

It has also come to my attention that the difficulties associated with refuse collection impose a particular burden on elderly and retired people. Would it be possible to have a voucher scheme for pensioners to assist them in paying for refuse collection? There were exemptions for qualifying candidates when the councils were responsible for the collection of refuse, but these no longer apply.

On pensions generally, I welcome the fact that we have brought about the increases over the years. They are very worthwhile. The former Minister for Finance, Deputy McCreevy, established the national pensions reserve fund, which currently stands at €10 billion. It is a great achievement for the State to have this money invested for people in the future. The first action of the Opposition parties, had they got into power after the general election in 2002, would have been to raid this fund, and this is one reason they did not get into power. The people felt there would be no security in the future if there were a coalition comprising the Labour Party, Fine Gael and the Green Party. We decided not to raid it although it was not politically beneficial for us to do so. It shows great commitment and maturity on the part of the Government to retain it and refrain from drawing it down, even if only to spend on infrastructure programmes.

I note the Minister's approach to the special savings incentive account scheme. He has been forthright concerning exemptions in this regard. People have been putting money into special savings accounts and are looking forward to their being able to reap the benefits without affecting their pension rights.

Let us consider another issue that has come to my attention, and I am sure to the attention of the Minister given that he is a very active constituency worker. A widow of a county council worker in Roscommon told me that her husband informed her that she would be fine financially after his death, that he had signed up for the council pension. He was very happy to tell her this but unfortunately he never signed the dotted line pertaining to the widow's contribution. Local authorities gave an option to employees to make such a contribution. The issue does not concern the Minister's Department directly as it is the responsibility of the Minister for the Environment, Heritage and Local Government. One should not give anyone an option to deduct money to look after their widow in the future, but this is what happened. The widow was disappointed and also disappointed in her late husband, who did make a widow's contribution.

The Government, in its wisdom, should exempt widows such as this constituent, whose husband worked for approximately 40 years for the local authority. The number of people in her position is not great. The reasons widows' husbands may not have paid a widow's contribution are varied. Perhaps they just forgot about it. They should not have been given the option. A contribution should have been deducted from the fund to ensure the widow was looked after. I will raise the matter with the Minister for the Environment, Heritage and Local Government, Deputy Roche, who may be in a position to bring about a change in the system.

I thank the Leader for allowing the debate to take place. It is timely given that the Estimates are being published today. I am confident the Minister has received a healthy increase in his allocation for 2005. I know he will deal with the anomalies raised whereby a widow caring for a disabled person does not receive an increase because there is no carer's allowance for such a person. It would be worthwhile providing an increase for these people.

I wish the Minister, Deputy Brennan, every success in his new portfolio. I know he will endeavour to do an excellent job and will make a great contribution throughout the country. Given his experience as general secretary of the largest political party in Ireland, the Minister knows every town and village in the country. He knows the people for whom he is caring deserve the best and will ensure they receive it.

Mr. Browne: I welcome the Minister to the House. I would like to reassure Senator Leyden that the world will continue when Fine Gael gets back into power. Fine Gael has a unique role in Irish history, as witnessed in the recent documentary on Kevin O'Higgins, capturing a sad time in Irish politics. We should not forget that we are all in a privileged position today, thanks to people like Kevin O'Higgins and others on both sides of

[Mr. Browne.]

the political divide involved in the foundation of the State. Fine Gael has a proud record in looking after the marginalised in society and much work still needs to be done in that area.

It has been brought to my attention by health board officials in my region that many supplementary budgets have been under-spent, which is a reflection of the unrealistic limits set on them. I ask the Minister to examine this issue. It is worrying that supplementary budgets allocated specifically for people on the margins of society have been underspent. Following his appointment, the Minister acknowledged this aspect.

I wish the Minister well in his new appointment. I was not here on the week of the Cabinet reshuffle because I was in Carlow attending the National Ploughing Championships. I was dismayed when I heard Deputy Brennan had been moved from the Department of Transport. I was spokesman on transport and had a very good working relationship with him. I have been moved to health so I know what it feels like. Many of the decisions he made in respect of transport were correct, particularly regarding Aer Lingus. I made it clear in this House that Fine Gael was in favour of his plan to examine the option of privatisation, which will come back to haunt the Government. The recent resignations of the three executives of the company have thrown a spanner in the works. Perhaps it is a reflection of the Minister's absence because he appeared to be making decisions, unlike what is happening at present.

I wish to express gratitude to Senator Leyden for speaking here today. He lost his voice yesterday during the debate on the Hanly report. We were all waiting for him to make a contribution.

Ms Cox: We are debating pensions.

Mr. Browne: I am pleased the Senator is back in full flight. I do not know whether he was muzzled or sin binned.

Ms Cox: Let us concentrate on pensions.

Mr. Leyden: I wish to confirm that I was not muzzled in any way. I am still opposed to the Hanly report.

Acting Chairman: The Senator without interruption.

Mr. Browne: It is a pity he did not say that yesterday when the Minister for Health and Children was in the House.

I will not even try to compete with Senator Terry who made an excellent presentation. A pension issue which arises relates to people who have been working for years and who may marry either for the first or second time after they retire. I am aware of the case of a widow who, following

her husband's death, received a letter from the company for which he worked sympathising with her and explaining that she would receive the widow's pension. A few weeks later, she was informed that she would not receive the pension because she was not married to her husband while he worked for the firm; he married her after he retired. The case is currently with the pensions ombudsman and I am not sure what the outcome will be. This is something, which arises quite a lot. It is probably a reflection of the fact that people are living longer, going into second marriages or perhaps marrying late.

Senator Leyden correctly referred to free schemes. I recently spoke to a lady whose husband was much older than her. If her husband had lived past the age of 66, he would have been entitled to avail of all the free schemes but because he died before reaching the age of 66, she was not entitled to avail of the free schemes. This is an area which should be examined. This woman would have been entitled to avail of the free schemes in theory, but because her husband died a year before reaching the age of 66, the entitlement did not apply. Perhaps I am confusing the Minister. If a woman marries an older man, and he turns 66, she is automatically entitled to all the benefits of free travel, free electricity and so on. However, if a woman is 60 years of age and her husband dies at 65 and a half years, even though she would have been entitled to avail of the free schemes six months later had he lived, she loses her entitlement. This is a serious issue, particularly if one has friends who can avail of these free schemes.

I have a couple of queries regarding the backdating of social welfare benefits. I am aware of a person who was awarded family income supplement. He should have applied for it a year earlier, but he was not aware that he was entitled to it. The Department acknowledged that he was entitled to the benefit and he received it from a certain date. However, the Department would not backdate the payment. Obviously if the man had been aware that he was entitled to claim the benefit, he would have done so. It was a mistake on his part. I understand a rule applies not to backdate payments, except in the case of pensions. This aspect should be examined because, if people are entitled to benefit, they should receive it from the correct date, not from the date they make the claim. This is very unfair in the instance to which I am referring because the man is in severe financial difficulty.

I raised the issue of children's allowance with the previous Minister, Deputy Coughlan. I understand there are different rates for the first, second, third and fourth child.

Ms Cox: There are two separate rates, one for the first and second child and a second rate for the third and subsequent children.

Mr. Browne: I understand that when the first child reaches the age of 18, the rate changes. If someone with four children is receiving a certain rate for the first and second child, and a second rate for the third and fourth child, if the rate for the first and second child changes, the rate for the third and fourth child also changes, which means people lose money. Perhaps the Minister will examine the different rates under the children's allowance scheme. The point I am making is that the children continue to require financial support, even though their parents are no longer entitled to children's allowance for them.

Minister for Social and Family Affairs (Mr. Brennan): I thank Senators for a worthwhile and fascinating debate and for their candid contributions. I am pleased that Senators acknowledge the size of the challenges ahead. As I said at the beginning, 75% of workers do not have adequate pension provision, which cannot continue. I must bring forward whatever initiatives are possible as soon as possible.

I thank Senator Terry for her list of recommendations and her positive approach. I understood her to say that it is all very well paying billions of euro into pension funds, but how does one know they are safe? When we hand money over to pension fund managers and they invest it in the Stock Exchange, in property or in Government bonds, how do we know we will get it back? The Senator was particularly opposed to any element of compulsion regarding the provision of pensions, not for social reasons but because if people were compelled to make private provision there would be no guarantee, given the nature of the market and the domination of equities as part of the portfolios of pension funds, that they would get their money back, even as a pension. I understand her concerns.

The Pensions Board has a number of mechanisms in place and it is required to try to ensure the health of pension funds by what is called the funding standard. Such funds must operate in accordance with the prudent person principle. I acknowledge, however, that there seems to be an undue reliance on equities. I take on board the Senator's concerns regarding the safety of investments in the hands of pension managers. The Pensions Board has significant responsibilities in that area. Nevertheless, there seems to be a very strong reliance on equities in the portfolios of pension managers. They are, therefore, exposed to the marketplace. Senator Terry called for a guarantee from the State to back up those funds. That is a major question and one at which I would not snatch. However, I acknowledge the difficulty the Senator has pointed out and thank her for putting it forward.

I did not suggest, although Senators may have thought I was hinting at it, that I would move to provide for mandatory or compulsory pension provision. It is one thing to make it mandatory

for the State to provide a pension, it is another to make it mandatory that it be provided privately. It would be impossible to make it mandatory to have a private pension because that would require people to invest in funds, the security of which they were not happy about. However, we cannot allow the present situation continue indefinitely where people in their 20s taking up jobs make no pension provisions. I have children who are that age and I do not believe they have given any thought to the issue. Some Government will have to require, in some way, that they take account of their pension needs. That is as far as I will go on that at this point.

Senator Cox described very well the particular vulnerability of women in this area. I agree with her. Senator Leyden also gave an example. I am very conscious of that situation. Senator Cox also stressed the voluntary nature of pensions and the aspect of competitiveness regarding any move towards compulsion in that area. It should be remembered that the PRSI system is compulsory. People pay PRSI on their income and that entitles them to a basic State pension. The principle is not something about which we argue. We have already accepted it. All we are talking about now is the amount. It cannot be stated that it is a principle that one cannot be required to provide a State pension for people.

Ms Terry: As long as it is protected.

Mr. S. Brennan: The question revolves around what is done with it, how it is collected, how it is managed, who invests it, whether it goes into shares, property, bonds and so on. I appreciate that these are real issues. However, one cannot argue the principle because we have accepted it for many years and we apply it every day. We deduct PRSI from people's incomes and it goes into the social fund which is invested with the help of the NTMA. It shows a surplus in the social fund at the moment. The principle is well established. The issue for future generations, for future Governments, for this Government and for me is whether to expand that, whether to roll that out or to have a mixture. In that regard — Senator Ryan put it very well — there is no single solution. We have the social insurance fund, PRSAs the national pensions reserve fund and non-contributory pensions which come directly from the State. There are at least four mechanisms for providing pensions and what we need is a combination.

I acknowledge what Senators have said and confirm I am working on their suggestions. Senator Cox reminded me how vulnerable women are in the area of pensions. I propose to examine that issue. Senator O'Toole emphasised the importance of flexibility and part-time working. I will examine the system from that point of view. He makes the point that people work for 30 or 40 years until one Friday they go home and

[Mr. S. Brennan.]

the following Monday they have nothing to do but look at a blank wall. The Senator argued for more flexibility regarding part-time working and ensuring that it does not interfere with the person's pension if he or she goes back to work for the company he or she left. We are trying to introduce that kind of flexibility into the system. I will also examine the idea the Senator put forward regarding home savings.

Senator Morrissey elaborated on the awareness idea. He particularly asked me to examine the retirement pension anomaly that exists for people between the age of 65 and 66. On the surface it seems anomalous that at the age of 65 a person can get a pension but is not allowed to work but at the age of 66 he or she can be in receipt of a pension and be allowed to work. I will examine that in the context of the budget. I understand the cost involved is approximately €13 million and approximately 1,500 people are affected.

Senator Leyden referred to the fact that since 1977 there has been an increase of almost 70% in pensions. There is obviously much more to be done in this area. At the same time we must be conscious that the average spend on pensions by the 15 European Union governments is 12% of GDP. Here it is just under 5% of GDP. Our older population is a smaller proportion of the population as a whole at this point but, allowing for that, while we have made enormous strides in this area we still have many more strides to take. I reiterate that I am committed to providing at least €200 for old age contributory and non-con-

tributory pensions by the end of this Government's term of office.

I thank Senator Browne for his kind comments regarding my time in the Department of Transport. I genuinely hope to bring the same kind of determination to this Department. We deal on a weekly basis with hundreds of thousands of people. More than 1 million people receive some type of communication or benefit from the Department, which I have the honour to lead. I hope I can work to remove anomalies to bring about a fairer system and improve the lives of the hundreds of thousands of people who look to this Department for support every day. I look forward with some excitement to trying to make a difference.

I thank Senators for their contributions. This debate on pensions has been very timely. I wanted to hear what Senators had to say and have taken it on board. I am conscious, as Senator Ryan said, that we have come a long way in the area of pensions since the days of Bismarck. I am also conscious that too high a proportion of our workforce are making no provision for pensions. The State has a responsibility to encourage people to make provision. It also has a responsibility to step in and fill gaps where they exist. I thank the House for a very good debate.

Acting Chairman: When is it proposed to sit again?

Mr. Minihan: Next Wednesday, at 10.30 a.m.

The Seanad adjourned at 1.30 p.m. until 10.30 a.m. on Wednesday, 24 November 2004.