

SEANAD ÉIREANN

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Déardaoin, 15 Samhain 2007.
Thursday, 15 November 2007.
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Chuaigh an Cathaoirleach i gceannas ar 10.30 a.m.

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Paidir.
Prayer.
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Business of Seanad.

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

The need for the Minister for the Environment, Heritage and Local Government to allow local authorities the option to levy an annual charge on holiday homes, thereby providing a contribution towards the public services the council provides, and allowing the council to provide additional and enhanced services in the area.

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

The need for the Minister for Transport to establish a rapid response unit to react immediately to tragedies at sea.

I have also received notice from Senator Brian Ó Domhnaill of the following matter:

The need for the Minister for Transport to clarify whether the fuel rebate scheme provided for the private and public bus and coach industry is to be continued or alternatively that a bus service operators' grant be introduced.

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

The need for the Minister for Agriculture, Fisheries and Food to seek at the forthcoming European fisheries meetings a solution to the unacceptable situation whereby dead fish that exceed the quota for the species are dumped at sea.

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

The need for the Minister for Transport to make a statement on when construction work on the Dublin interconnector will start and the target completion date.

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

The need for the Minister for the Environment, Heritage and Local Government to provide a progress report on the implementation of the requirement for a building energy rating certificate for new buildings for sale and public buildings.

I regard the matters raised by the Senators as suitable for discussion on the Adjournment. I have selected the matters raised by Senators Pearse Doherty, Lisa McDonald and Brian Ó Domhnaill and they will be taken at the conclusion of business. Senators Cecilia Keaveney, Paschal Donohoe and Maria Corrigan may give notice on another day of the matters they wish to raise.

Order of Business.

Senator Donie Cassidy: The Order of Business is No. 1, Voluntary Health Insurance (Amendment) Bill 2007 — Committee and Remaining Stages, to be taken on the conclusion of the Order of Business; and No. 2 the Local Government (Roads Functions) Bill 2007 — Order for Second Stage and Second Stage, to be taken on the conclusion of No. 1, with the contributions of spokespersons not to exceed 12 minutes, those of all other Senators not to exceed eight minutes, and on which Senators may share time. The business of the House will be interrupted for 15 minutes on the conclusion of No. 1.

Senator Frances Fitzgerald: This morning the chaos for 60,000 bus commuters in Dublin continues. I ask the Leader to bring the concern of the House on the matter to the Minister for Transport. The Government indecision on transport issues in Dublin has a very corrosive effect on the workers. I refer to the indecision regarding the regulation of the market, combining public and private transport, and the indecision that has led to bus lanes in certain areas without buses for months on end because of a disagreement between the Progressive Democrats and Fianna Fáil in the run-up to the general election. I am sure everybody shares my concern about so many commuters being left on the streets without buses for yet another day. The interests of the commuters are certainly not to the fore. I note that the SIPTU vote on the matter was decided by a majority of 51% to 49%. One must question what is happening within the trade unions in Dublin Bus. Many hard-working employees of Dublin Bus want to give a service to the public. Government policy indecision has a corrosive effect. I ask the Leader to invite the Minister for Transport to address the House on yet another transport issue causing major difficulties for the consumer.

Many Members across the House attended the launch of the carers' pre-budget submission yes-

[Senator Frances Fitzgerald.]

terday. We were given the disturbing statistic that 5,400 young people aged between 15 and 19 provide unpaid care in the home. In other countries with such young unpaid carers looking after family members new support systems have evolved. While these young people participate in such a loving way, it is a major burden for them. It reflects on the lack of support systems. It is yet another failure of public policy and highlights the lack of emphasis on public services in the past ten years. We need public services to support these families. Some 1,000 of these young people give more than 15 hours per week to caring. The Minister for Social and Family Affairs has not debated the issue of carers in the House. We would like to discuss the matter and seek improvements in the area.

Senator Joe O'Toole: Luaigh mé inné na deacrachtaí atá ag tarlú sa Daingean mar gheall ar ainm na háite sin, Dingle-Daingean Uí Chúis. Tar éis éisteacht leis an mhéid a bhí le rá ag daoine eile agus é á phlé acu, ba mhaith liom an méid seo a rá i mBéarla. Many people believe that people living in the Gaeltacht who speak Irish are a kind of zealot. They are people who love and live their language. They are not bandits or fascists about their language even though some people outside the Gaeltacht may be like that.

This is a classic example of the reason I am always at odds with eagrais sa tír anois is arís mar gheall ar rudaí such as the type of nonsense that required for some time every single national body to produce glossy annual reports as Gaeilge even though nobody read them. At least they can now be published on the web, with which I have no problem. While I believe they should be available as Gaeilge for people who need it, we should be reasonable about it.

A classic example is the lack of understanding about Dingle-Daingean Uí Chúis. Níor chuir sé isteach ar mhuintir an Daingin gurb é ainm Béarla nó Gaeilge é Dingle nó Daingean Uí Chúis. It was nothing to do with that. It was about changing the name of where they lived. If it had been changed to another Irish or English word they would have felt the same. As somebody from the Gaeltacht I ask Senators to understand that point regardless of whether they agree or disagree.

There is an example this morning of the kind of thing that drives people mad and which I support strongly. Muintir na Gaeltachta Connemara are faced with a bypass of Galway city which will directly cross the Gaeltacht area. It was set out in the environmental impact survey but was not available to them as Gaeilge until two weeks before the hearing, whereas it was available to everybody else for six weeks. Gaeltacht people are let down when they cannot do their normal business as Gaeilge. Sin an sort tacaíochta gur chóir go mbeadh ann doíbh. It is not about forcing people to do things against their will; it is

chun tacaíocht a thabhairt doíbh siúd atá sé ar intinn acu agus atá ag iarraidh maireachtaíl trí Ghaeilge. I ask the Minister for Community, Rural and Gaeltacht Affairs to return to this House, not that he will give us any great sense in what he has to say, but ba mhaith liom an rud a phlé leis.

Next Tuesday, we will have a full-day debate on health, which I welcome. However, I appeal to Senators not to allow it to descend into party political rows or arguments between various parts of the country. I ask that some sort of structure be provided for the debate because I am not interested in seeing the Minister for Health and Children act as a target for a four or five-hour debate. I want to hear what Members have to say about the lunacy of demanding the sacking of a Minister because people cannot keep their hospitals clean or regarding consultants' contracts and the people who earn €500,000 and more per year despite failing to recognise they use our equipment in our hospitals paid for by our taxes. I want to learn about the benchmarks but I also want a reasonable debate and would appreciate it if a question and answer session could be arranged. I am aware the Minister would also welcome the opportunity to address reasonable questions at some stage during the debate. We have had such an arrangement before and it made for an effective and efficient debate.

Further issues arise, such as the administrative staff referred to by my colleague, Senator Norris, although I disagree fundamentally with him. I would be the first to complain if I saw consultants signing documents or filling in diaries which should have been completed by administrators. I want these issues to be addressed. The Senator may have made a valid point about numbers and I also want to hear a response from the Minister.

Senator David Norris: I also got the benefit of your Pol Pot remark.

Senator Dominic Hannigan: I welcome the launch today of the website for the regulatory authority for auctioneers and estate agents and the opening of its Navan offices. The authority has been established to provide improved protection for those who buy or sell property. Bearing in mind the recent revelations regarding conveyancing solicitors, it is good that the property sector is working to improve its reputation among consumers. Even though legislation has not yet been introduced to put the body on a statutory basis, 2,800 auctioneers have already signed up to the code of practice. That is great news for the sector and I wish the authority the best in its endeavours.

Like Senator Fitzgerald, I noted this morning that up to 5,000 of the nation's children, some as young as seven years of age, care for relatives in their homes. Studies indicate that although the children achieve tremendous results within the home, their educational achievements are 25%

lower than their peers at school, yet no support networks have been put in place by the Government to help them. Glasgow, which has a population of just 600,000, has 22 young carer co-ordinators but there are none in Ireland at present, so I would like the Government to provide at least some such co-ordinators in this country. Will the Leader impress upon the Minister the need to provide assistance for young carers so that the marvellous contributions they make today do not mean they will suffer under-achievement in later life?

Senator Cecilia Keaveney: I previously raised the issue of the North-South Ministerial Council meetings in the context of a different Department. One such meeting took place recently on education. Does a facility exist whereby we can make a contribution before the meetings are held or at least hear from the relevant Minister directly afterwards? After the most recent meeting, officials were asked to bring forward literacy and numeracy initiatives, a subject on which many Senators, as former teachers, may have an opinion.

Much work has been done on cross-Border youth and teacher exchanges, yet a fundamental problem has arisen along the Border of people moving to the Republic but keeping their children in Northern schools. This so-called granny-ing issue is important enough for the Minister for Education and Science to raise at North-South Ministerial Council meetings. How can we anticipate the number of schools and places needed if people who move to the Republic continue to use the services in the Six Counties? On the other hand, strict implementation of the rules could result in a massive influx and a situation similar to that in Dublin 15 and elsewhere.

I ask for the opportunity to raise these and other issues, such as child protection and teacher qualification recognition. Many schools in County Donegal are unable to recruit French teachers because candidates cannot receive recognition on a North-South basis.

Issues also arise in respect of special education. The autism facility is being moved from Armagh but questions remain about access to music therapy, which is simple in the North.

An Cathaoirleach: The Senator is seeking a debate on education.

Senator Cecilia Keaveney: I am speaking about education and the relevance of the North-South Ministerial Council to this House. A meeting was held last week to deal with agriculture and different areas will be addressed in the future. We should be allowed an input into the issues that are of interest to us, preferably before meetings but at least afterwards. The next meeting on education will not be until spring, so there is plenty of time to establish a mechanism.

Senator Paschal Donohoe: As a regular bus user, I travelled to the Seanad this morning by bus. Unfortunately, an ordinary experience for me is unavailable to 60,000 commuters in our city for the fourth day in a row. When I raised this matter last Tuesday, I made a suggestion in regard to opening bus lanes. I understand my suggestion was acted upon and a number of lanes were opened.

Senator Jerry Buttimer: Well done.

Senator Cecilia Keaveney: The Senator opened them personally.

Senator Paschal Donohoe: I thank the Leader for passing my suggestion to the Minister. If my comments are going to be taken as seriously in the future, I will be much more careful in what I say.

Senator Jerry Buttimer: Minister for Dublin.

Senator Paschal Donohoe: I ask the workers of Dublin Bus to be aware of the consequences of their actions. A small number of people are taking actions which have a disastrous impact on their customers. It is their responsibility to come to their senses. However, a similar responsibility rests with the Government. Just as some workers in Dublin Bus lack a sense of responsibility for the impact their actions are having on commuters, the vision is missing on how we can deliver integrated public transport in the city. We have Luas lines that do not link up, ticketing which is not integrated and a bus service that depends on one provider. Nothing illustrates more clearly the need for a proper debate on how public transport can be developed in the country and, in particular, the city of Dublin.

Senator Phil Prendergast: I concur with Senator Fitzgerald and Senator Hannigan on the pre-budget carer submission, the launch of which I attended. The fact that 3.5 million hours are contributed each week by carers in their own homes should also be taken into account in any debate on the matter.

Senator Fidelma Healy Eames: In light of the forthcoming budget, I ask the Tánaiste and Minister for Finance to find ways of supporting hard-pressed families with massive lifetime mortgages. A number of families have brought this to my attention. In recent years they have created huge revenues for this Government and built our economy. For example, they have bought new homes and 42% of the cost of a new home comprises various taxes which go to the Government's coffers. The Government now has a responsibility to these families who are coming under increasing pressure to meet their commitments with announcements of job losses, food and cost of living increases, including the cost of petrol, diesel and heating oil, and four interest rate hikes in a

[Senator Fidelma Healy Eames.]

year. There are threatened cuts in child care support.

The Government is back-peddalling on tax reductions made in election promises. The Government should not be allowed to renege on such major promises around which families have made plans. Can a family renege on a 35-year mortgage and hold on to their home like this Government can renege on an election promise?

An Cathaoirleach: The Senator can raise that in the debate if the Tánaiste and Minister for Finance comes to the House. She has made the point in regard to the problems.

Senator Fidelma Healy Eames: These are hard-pressed families with large mortgages on which they cannot renege. I ask the Government not to renege on its promises to them. A Minister's €25,000 per year salary increase alone equates to the average middle income families' home repayment for one year. In the forthcoming budget, homeowners need to hear real and creative ways for families to benefit. I ask the Leader to convey this message to the Tánaiste and Minister for Finance to come up with some real and creative ways for families to benefit, which I look forward to hearing.

Senator John Hanafin: I join in the calls for integrated ticketing on our transport system. It is possible to travel on different services provided by different train providers in the UK. If one arrives in London by train, one can go on the underground system all on the one ticket. As it stands, we have Dublin Bus, suburban rail, DART and Luas and we will shortly have the metro. Integrated ticketing is possible and we should plan in advance. Will the Leader contact the Minister for Transport to express the concerns about the need for integrated ticketing to facilitate customers? It is possible and is not beyond the capability of what is available. It is available in a limited sense but we need to extend it to ensure it is available across the board.

Senator Nicky McFadden: And across the country.

Senator John Hanafin: Will the Leader write to the Health Service Executive about the proposals for the centres of excellence? Over many years we have directed the public towards their own regions, whether in terms of health, education or economic development. People have become used to that. A glaring example is Sligo which should be one of the centres of excellence. The people of that region deserve it. Since we have directed people towards their regions for so many years, it is logical for us to write to the HSE to ask it to consider Sligo as a centre of excellence.

Senator David Norris: I agree with my colleagues, including Senator Hanafin, that we should have a discussion with the Minister for Transport. I am very concerned about the situation in Aer Lingus. The management there is obviously under pressure from Ryanair and one can understand its difficulties but it is trying to extract a written undertaking from workers that they will not strike. Is this September 1913 or November 2007? There is a clear echo of William Martin Murphy about this and it is completely wrong.

We should have integrated ticketing. It is not a terribly complicated exercise. Senator Hanafin's party in Government promised it seven years ago, so I do not know what the problem is. Perhaps the problem is the Railway Procurement Agency. I was in Belfast the other day and travelled on the Enterprise. I asked if it was one of the Spanish trains and was told it was. They are the trains on which we spent €85 million but we got the calibre of the bogies wrong. They do not fit so if the train travels over 25 mph, one's coffee lands on one's lap and yet we went ahead and bought them. This is the kind of problem with which we are dealing.

Competition does not always work in the interests of the consumer. It is about time we realised that and became a bit more sophisticated and looked at what competition in certain circumstances does, especially in the area of supermarkets, etc.

Will the Leader give me the information he promised me on whether we are going to act sensibly, to use his words, and introduce Second Stage of the Defamation Bill so that Members can have the opportunity to speak on it? This is very important because a series of newspapers are behaving in exactly the same way they did before the Defamation Bill was dropped. They are obviously fairly cocky about the situation. Will the Leader confirm that the Privacy Bill has been effectively dropped and that the Government is not going ahead with it?

I agree with Senator Donohoe that one needs to be careful about what one says because irony is occasionally lost. Yesterday I referred to the explosion of managerial staff in hospitals and I do not retract a single word. I threw in a reference to Chairman Mao and my esteemed and valued colleague, Senator O'Toole, made an ironic aside about Pol Pot. Today I discovered that I am calling for Pol Pot's policies to be implemented in Ireland. Not really — that was irony, darlings.

Senator Jerry Buttimer: So much for cognitive development.

An Cathaoirleach: This is the Order of Business. We will leave Pol Pot out of it.

Senator Eugene Regan: I raise an issue in regard to the Tribunals of Inquiry Bill 2005, which I understand is being restored to the Order

Paper. Section 10 of the Bill provides that the Government can close down a tribunal of inquiry when it deems it fit. I question the timing of the restoration of this Bill to the Order Paper. It seems rather strange, if not sinister, given that the Taoiseach has already appeared at the Mahon tribunal twice and is due to appear again.

Senator Cecilia Keaveney: That is boring. Is it not?

Senator Jerry Buttimer: Not a bit.

Senator Eugene Regan: By all accounts, his evidence at the tribunal has not been found credible.

Senator Terry Leyden: What about John Bruton's evidence?

Senator Jerry Buttimer: He is a decent and honourable man.

Senator Eugene Regan: According to recent opinion polls, a majority of people do not believe his evidence at the tribunal. Indeed, the remarks of the judges at the tribunal, where they speak about polar opposites in evidence and contradictory evidence——

Senator Terry Leyden: What about John Burton's evidence?

Senator Jerry Buttimer: Senator Leyden should not take the name of a good man in vain. John Bruton is a good man. He was the best Taoiseach we ever had.

Senator Terry Leyden: He has a great memory.

An Cathaoirleach: Senator Regan without interruption.

Senator Eugene Regan: The Taoiseach is in the middle of giving evidence to this tribunal. There are serious questions about moneys received and lodged in bank accounts between 1994 and 1995 which the Taoiseach has yet to answer convincingly and comprehensively. A Bill is being reintroduced on which the Oireachtas will have to decide and which allows the Government to close tribunals. The Mahon tribunal has not been ruled out. There is a Government briefing paper on the restoration of the Bill. It states that an issue which may require consideration——

An Cathaoirleach: It is not on the Order of Paper.

Senator Eugene Regan: I appreciate that.

An Cathaoirleach: This is premature. We can discuss this later.

Senator Eugene Regan: I have a question for the Leader. An issue is raised about the publication of confidential material in the possession of the tribunal, whether it is required to be circulated to interested parties and the legal obligations in regard to disclosure of information. What is the basis of this statement? Is it an attempt to target *The Irish Times* or is it some form of retaliation against that newspaper? I address my question to the Leader and the Deputy Leader because in the other House, the Deputy Leader indicated that there would be a radical review of this Bill before it was reintroduced. However, the briefing paper merely refers to some minor technical adjustments. Our leader and I have tabled a motion which has not yet been taken.

The motion reads:

That Seanad Éireann expresses its full confidence in the integrity of the Mahon Tribunal (Tribunal of Inquiry Into Certain Planning Matters and Payments); and rejects all attempts to undermine the work of the Tribunal.

Senator David Norris: Hear, hear.

Senator Peter Callanan: Does Senator Regan want a debate on the motion?

Senator Eugene Regan: I would like the Leader and the Deputy Leader to assure the House that the restoration to the Order Paper of the Bill I have mentioned does not represent an attempt to undermine the tribunal and that the Bill, if adopted, will not be used to close the tribunal before it completes its work of inquiring into the Taoiseach's finances.

Senator Frances Fitzgerald: Hear, hear.

Senator Eoghan Harris: Although I left Marxism behind in 1989, I continue to believe strongly that there is a great deal of class discrimination in Ireland. Trade union leaders need to examine carefully the question of class. I strongly condemn the conduct of the current Dublin Bus dispute. The manner in which it is targeting working people is contrary to the best traditions of Irish trade unionism. The leader of the dispute is coming across on radio and television like a caricature of the union leaders we had in the bad old days. I refer to people like Tom Darby of the National Busmen's Union. I thought we had left those days behind. The current dispute is being conducted against working people. The dispute is a matter of total indifference to Dublin 4. When James Connolly said that unions should never bring workers out in the winter — they should be brought out in the summer — he meant that the effects of industrial disputes should be felt by the rich, wealthy and affluent. He was referring to the Ross O'Carroll-Kellys rather than the working class of Dublin, in this case the hard-working people of west Dublin.

11 o'clock

Senator Frances Fitzgerald: Hear, hear.

Senator Eoghan Harris: It is a badly conducted dispute from a trade union point of view.

Senator Regan is trying to run the general election again every day when he sneaks in a reference to the Mahon tribunal. The public's feelings about the Taoiseach were made clear at the general election.

Senator Jerry Buttimer: No.

Senator Eoghan Harris: Even if that were not the case, it is a joke to ask the House to have confidence in all aspects of the Mahon tribunal. That Vincent Browne, who has been the scourge of the Taoiseach in recent times, does not have confidence in the Mahon tribunal is clear from his website and his articles. It is ridiculous to ask us to give blanket confidence to a tribunal that has leaked like a sieve.

Senator Jerry Buttimer: I wonder who was responsible for the leaks.

Senator David Norris: A sieve.

Senator Shane Ross: I want to respond to something Senator Regan said yesterday. He raised a serious issue in the context of remarks about the Taoiseach which were not relevant. Perhaps it would be appropriate for the House could discuss the new EU treaty at an early stage. It has nothing to do with the Taoiseach's suitability. Senator Regan's comments yesterday were based on the assumption that all parties in the House are in favour of passing the treaty, which may or may not be true. The EU is not treating Ireland very well at present. Some member states are continually trying to undermine the basis of Ireland's economic success — our corporation tax rate of 12.5%.

As Ireland is the only nation that will have a referendum on the treaty, we will have a hold over the EU during the referendum campaign. We are in a pivotal position in the European context because we are holding a referendum. Everybody in this House knows that the economic success of this country is being threatened by EU leaders, including the leaders of some of the big nations of Europe, who would like to remove the 12.5% rate. It is not satisfactory to say simply that the veto will do the trick, because they will go ahead without us. When the Taoiseach comes to the House, perhaps we can ask him to send an early warning to the EU not to take Ireland for granted, as Senator Regan said. I ask the Leader to respond to that proposal when he is summing up. If the EU wants to play hardball or dirty tricks with us, we can make it clear that we are prepared to defeat the treaty.

Senator Jerry Buttimer: Hear, hear.

Senator Jim Walsh: I support the call made by Senators Donohue and Hanafin for a debate on the transport situation and the need for a more integrated system in particular. The argument in favour of such a debate has been well presented. We could talk about restrictive practices, for example, or the anti-competitive policies which prevent private operators from providing transport services.

As other Senators have said, it is getting a bit tiresome to hear Senator Regan and his colleague in the Lower House, Deputy Madkar—

Senator Jerry Buttimer: Who?

Senator Frances Fitzgerald: Deputy Varadkar.

Senator Jim Walsh: —making comments about the Taoiseach. Certain people in Fine Gael seem to be suffering from self-induced amnesia.

Senator Jerry Buttimer: Not at all.

Senator Jim Walsh: In the past, some people from that party presented themselves to this country as potential taoisigh even though their mismanagement of the economy had left a generation of Irish people with no option other than to go abroad.

Senator Jerry Buttimer: That is a terrible comment.

An Cathaoirleach: Senator Walsh's remarks are not relevant to the Order of Business.

Senator Jerry Buttimer: That comment should be withdrawn. It is totally untrue and unfair.

An Cathaoirleach: It is a political charge.

Senator Jerry Buttimer: It is not correct.

Senator Jim Walsh: Can I also remind—

Senator Jerry Buttimer: Withdraw the remark, Senator Walsh.

Senator Jim Walsh: —Fine Gael Senators that one of their former leaders—

Senator Jerry Buttimer: Senator Walsh knows well that Fine Gael adopted the Tallaght strategy.

Senator Jim Walsh: —recently said—

An Cathaoirleach: We are on the Order of Business.

Senator Jim Walsh: Yes, that is correct.

Senator Jerry Buttimer: Senator Walsh should withdraw the remark, a Chathaoirligh. His party played politics for long enough in this country.

Senator Jim Walsh: Can I look for a debate on the seriousness of the dereliction of duty of a number of previous taoisigh who did not deal with obvious misappropriations within their own parties, or did not manage the economy properly?

An Cathaoirleach: That is not relevant on the Order of Business.

Senator Jerry Buttimer: I am prepared to have a real debate with Senator Walsh.

Senator Jim Walsh: Can I also refer to the——

Senator Jerry Buttimer: We will deal with it very quickly. We will have a real debate on it.

Senator Jim Walsh: ——matter raised with regard to the tribunals of inquiry?

An Cathaoirleach: That is not in order. You have made your point, Senator.

Senator Jim Walsh: I have been making the point for many years that we should bring the various tribunals to a close. The former Minister for Justice, Equality and Law Reform, Michael McDowell, introduced legislation to enable these matters to be examined by commissions of investigation in a much more cost-effective and efficient manner. I can understand why people who are involved in the legal trade want the gravy train to continue,

Senators: Hear, hear.

Senator Jerry Buttimer: That is a terrible comment.

An Cathaoirleach: Senator Walsh has made his point.

Senator Jim Walsh: I support the call for a debate on this issue.

I would also like to ask the Leader to consider having a debate in this House about a local government matter that is mentioned in the programme for Government. I refer to the need to limit the expenditure of candidates in local elections. Some people working in non-productive sectors of the economy, such as barristers, are able to use their exploitative incomes to win seats on local authorities. I would like Senator Regan, who spent over €50,000 on getting himself elected——

An Cathaoirleach: The point has been made.

Senator Jim Walsh: ——to Dún Laoghaire-Rathdown County Council, to lead such a debate.

An Cathaoirleach: It is not appropriate to make personal contacts across the floor.

Senator Alan Kelly: I would like the Minister for Enterprise, Trade and Employment to come to the House to update Senators on the roll-out of telecommunications services. The outgoing chief executive of Shannon Development, Mr. Kevin Thompson, recently said that if we do not improve our performance in this area, the infrastructural problems associated with the Red Cow area of Dublin will be mirrored in the telecommunications sector. I am concerned that basic broadband services have not yet been rolled out to between 15% and 20% of the country. The broadband roll-out programme is behind schedule and may not be completed for another year and a half.

Successive Governments have invested €2.5 million in the education system to train graduates to work in high-tech sectors of the economy. We are aware of the recent slowdown in the housing market and the reduction in manufacturing output. It is clear from the comments of people on all sides of this argument that the future involves developing jobs in areas like telecommunications and information technology. I speak with some knowledge in this regard because I worked as an e-business manager before I was elected to this House. Over a number of years, we have invested in educating people so they can work in communications, etc.

An Cathaoirleach: The Senator has made his point. Is he seeking a debate?

Senator Alan Kelly: Yes.

An Cathaoirleach: I would appreciate it if Senators could be brief.

Senator Alan Kelly: We have lined people up from an education point of view, but it appears we will not have the required telecommunications infrastructure or the investment that is needed to help start-up companies. I am glad that Enterprise Ireland and InterTrade Ireland, along with a number of start-up e-business and software development companies, are going to Silicon Valley this week or next to search for investment opportunities. I hope the Government and its agencies will help these companies to find investment opportunities at home otherwise many potential jobs will go outside Ireland.

Senator Brian Ó Domhnaill: I wish to raise the issue of the undocumented Irish in the United States and to ask the Leader when the Minister for Foreign Affairs will attend the House to have a wide-ranging discussion on this subject. This House should adopt a cross-party approach to champion their cause.

I do not agree with the statements made by Kevin Myers on “Questions and Answers” when he referred to the undocumented Irish as being illegal. I am sure all Members of the House agree that we have an obligation to defend and rep-

[Senator Brian Ó Domhnaill.]

resent those people who left these shores in difficult times because there was no employment available to them.

An Cathaoirleach: This issue can be raised during a debate, if the Leader agrees.

Senator Brian Ó Domhnaill: I ask for an update on when the debate will take place.

Senator David Norris: Kevin Myers has been right about something.

Senator Brian Ó Domhnaill: He was not right on that issue.

Senator David Norris: He was right because they are illegal immigrants.

Senator Brian Ó Domhnaill: They left because of circumstances outside their control. They left these shores because——

Senator David Norris: That does not mean they were legal immigrants.

Senator Brian Ó Domhnaill: ——successive Governments were unable to provide them with opportunities that should have been available to them here on these shores. During the bad old days of the 1980s, thousands of people left these shores every week to avail of employment opportunities which could not be provided by Governments which were not under the leadership of Bertie Ahern and Fianna Fáil.

Senator Jerry Buttimer: There was consensus on the issue.

Senator Brian Ó Domhnaill: I wish to raise the issue of teams participating in the 2012 Olympic Games in London coming to Ireland to train. I ask when the Minister for Arts, Sport and Tourism will come to the House for a wide-ranging discussion on that matter. I also ask for the Minister to address the House on the national swimming pool programme which is due to begin in the next few months. I would like the programme to begin as soon as possible in order to allow local authorities make applications for swimming pools in rural areas. The Dolmen centre in Portnoo in my own constituency, in conjunction with Donegal County Council, is anxiously awaiting that programme.

Senator Pearse Doherty: I concur with Senator Ó Domhnaill. Last week I asked that the House approve an all-party motion on the undocumented Irish, as happened in the Dáil. I do not wish to apportion blame for the 40,000 Irish who had to go to America. Such a motion would send a signal to the US Government that we are fully united on this issue. I ask that such a motion be facilitated as soon as possible and even as a

motion without debate. We are all singing from the same hymn sheet. I do not wish to speak on this issue because all we need to do is send a signal to both the undocumented immigrants and their families at home and more important, to the American Government.

When the House discussed the road safety issue yesterday I spoke about dangerous roads. Shortly after the conclusion of the debate, I am sorry to say another life was lost on the roads of County Donegal, outside the village of Manorcunningham. A set of unique circumstances resulted in the loss of a life. The local politicians including my Sinn Féin colleagues, have been lobbying both the Government and the county council to put road safety measures in place on that stretch of road.

The local Lough Swilly bus operates from Letterkenny to Derry. It used to travel through the village of Manorcunningham. However, because its subvention was withdrawn by the Government, it was forced to take a direct route on the N13 which is a very busy stretch of road. The person died while attempting to cross that road from the village of Manorcunningham.

I applaud the work of the Road Safety Authority in its efforts to reduce the number of road deaths. Local communities and politicians and local authority officials in Donegal County Council know of the danger to life on the roads but no action was taken and Mr. O'Gorman lost his life.

An Cathaoirleach: Is the Senator seeking a debate on road safety?

Senator Pearse Doherty: I wish to extend my sympathy to the family of Mr. O'Gorman. I ask that the Minister for Transport come to the House to discuss the issue of public transport in rural areas rather than the issue of road safety as the subject is of importance to Malin and west Donegal and many other areas.

Senator Denis O'Donovan: The Mahon tribunal is an ongoing inquiry and it is *sub judice*, as it is a quasi-judicial inquiry. I question whether it is appropriate for a debate in either House.

People have very short memories. I stated in 1991 on Pat Kenny's show that two events in my lifetime deserved a tribunal of inquiry, the Whiddy Island disaster where 50 lives were lost and the Stardust disaster. I said at the time that a better way must be found because inquiries such as the Mahon tribunal have become soap opera. In 2005 one senior counsel earned more money than all the Members of this House would earn in two years. This inquiry is a gravy train for lawyers. Another mechanism must be found for such matters because this is a joke and there is significant public apathy. One cannot equate the Mahon tribunal with disasters such as the Stardust or Whiddy Island. The tribunals which investigated those disasters were merited. I also said

on the Pat Kenny programme that the beef tribunal inquiry would cost the taxpayer and the economy much more than it would ever achieve and I was proven right.

Last week I called for a debate on the fishing industry. I ask for a debate prior to Christmas, if possible, on the status of Irish agriculture. I ask that the Minister for Agriculture, Fisheries and Food come to the House either before Christmas or else early in the new year, to discuss the state of Irish agriculture. It is an important industry which is rarely discussed in this House.

Senator Jerry Buttimer: I wish to raise two issues but in light of the comments made by Senators Walsh and Harris—

Senator Jim Walsh: For which I will not apologise.

Senator Jerry Buttimer: —I will join with my colleagues in asking for a debate on transport. Given the comments made in the House this morning I wonder what the late and great James Connolly would think of Senator Harris defending the Government both here and in other fora.

An Cathaoirleach: Any Member is entitled to make a point in this House and if I regard it as out of order I will say so.

Senator Jerry Buttimer: I understand. However, given the lack of a Government defence of public services, such a debate would be very timely.

I also ask for a debate on the impending crisis of a proposed strike by the GPA. This is an important issue.

Senator David Norris: Not that again.

Senator Jerry Buttimer: It is an important issue which affects the lives of every community in this country. I join with Senators Ó Domhnaill and Doherty in welcoming a resolution on the undocumented Irish in the US and there is broad consensus on the matter on this side of the House. I appeal to the Leader to ask the Minister to come to the House as this is a very serious issue. The House will be aware that the GPA ballot was carried last weekend.

Senator Donie Cassidy: Senators Fitzgerald, Donohoe, Hanafin, Norris, Harris, Walsh, Doherty and many others called for a debate on transport. Senator Hanafin called for a debate on integrated ticketing, in particular, which should have been introduced long ago. I have no difficulty in having a debate with the Minister for Transport on this serious matter. I hope, like all Senators, the bus strike will end as soon as possible, particularly given that the 60,000 people are inconvenienced by it. The mechanisms are in

place for that to happen and everybody would like the dispute resolved.

The Carers Association launched its pre-budget campaign yesterday. On the first or second day of the session, I stated carers should be one of our priorities. They are the unsung heroes of our society and they make an immeasurable contribution 24 hours a day seven days a week. We should be wholeheartedly behind everything they do. As Senator Fitzgerald and others said, 5,400 young people provide care, which will stand them in good stead in the long term. During my lifetime, anyone who has looked after senior citizens has never gone too far wrong. They appreciate the value of what they are doing and they could not be doing something better. However, I hope these young people are not providing care at the expense of their education. One could not put one's spare time to better use than by looking after the older generation in our society.

Senator O'Toole sought a debate on the Irish language and he raised a number of issues. I made a commitment in this regard on the Order of Business yesterday. I could not agree more with him that when planning applications for infrastructure in Gaeltacht areas are made, they should be published in both languages at the same time on the same day. It is an insult to the people and to us in the Oireachtas that this does not happen. I will pass the Senator's views on to the relevant Minister immediately after the Order of Business and I will reply to him at the earliest opportunity.

Many Senators called on the Minister for Health and Children to come to the House for a debate on health issues. I have no difficulty with this and I will announce the business for the coming week at the conclusion of the Order of Business.

Senator Hannigan raised the launch of a new website for a regulatory authority for auctioneers and the opening of its new offices in Navan today. That is more good news for our constituency and I am pleased to be associated with it. I am heartened to hear the good news from the capital town in our constituency.

Senator Keaveney called for an input by Senators into North-South Ministerial Council meetings. I will contact the Minister for Foreign Affairs about this and I will come back to her on it.

As Senator Healy Eames will be aware, budgets are confidential. The Minister for Finance attended the House, as did his Minister of State, and Senators had an opportunity to make pre-budget proposals and submissions, which were very much appreciated, considering the time restraints on the Minister currently. I will pass on the Senator's views to him.

Senator Hanafin proposed that Sligo should be added to the list of centres of excellence and called on the HSE to give this consideration. He can make this proposal next Tuesday when the

[Senator Donie Cassidy.]

Minister for Health and Children attends the House.

With regard to Senator Norris's request yesterday for an update on the status of the Defamation Bill 2006, I contacted the Minister for Justice, Equality and Law Reform who stated he is completing his consultations with the various interested bodies and intends to deal with the Bill in the near future.

Senator David Norris: Will the Bill be introduced on Committee Stage?

Senator Donie Cassidy: That is the up-to-date position and if there is anything I can do to assist the Senator, he knows my door is open.

Senator David Norris: The Leader could assist me very much by answering the question. Will it be introduced on Committee or Second Stage? That was not the question he answered.

An Cathaoirleach: The Leader, without interruption, please.

Senator Donie Cassidy: Senators Harris, Walsh and O'Donovan expressed serious concerns about the tribunals of inquiry. Many eminent Senators involved in the legal profession made their views known. I will ask the Minister for the Environment, Heritage and Local Government to come to the House because if only wealthy people can be elected to councils on the basis of the enormous amounts they are prepared to spend, that might be unhealthy. We do not want that to happen. That issue must be taken up as a matter of urgency and I will endeavour to invite the Minister to the House. All sections of our community and all strands of our society should have an opportunity to be elected. We must not go down the road of another nation where one cannot become a member of a local council unless one has deep pockets. Our forefathers never intended that to happen here when they drafted the legislation more than 100 years ago.

Senator Ross called for a debate on the European treaty and he raised an important issue. The 12.5% corporation tax rate is of the utmost importance to the future of our economy and it is the main attraction for multinationals that have made Ireland the headquarters of their European operations. I will have the Minister in the House as soon as possible to debate this.

Senator Kelly sought an update on telecommunications services, e-business and Enterprise Ireland. I compliment Enterprise Ireland and Frank Ryan, its chief executive, for all they have done on job creation, with 60,000 new jobs being added annually in recent years. A total of 600,000 jobs have been created over the past ten years, which is an incredible achievement, and I have no difficulty asking the Minister for Enterprise, Trade and Employment to come to the House to

update Senators on where Ireland Plc is headed over the next ten years and to hear the views of Senators.

Senators O'Domhnaill and Doherty called on the Minister for Foreign Affairs to come to the House for a debate on the undocumented Irish and I have no problem arranging this. Senator Doherty made an excellent proposal regarding the teams competing in the Olympic Games in London in 2012 whereby Ireland could be used as a training base for many of our friendly nations. As Ireland is a friendly nation, this would be an ideal opportunity for this to happen. I have no difficulty scheduling a debate on that.

I thank and congratulate the many Senators who participated in the road safety debate yesterday, which had to be extended. Like us all, the Minister of State at the Department of Transport, Deputy Pat The Cope Gallagher, will be shocked by the latest road fatality in Donegal. I am sure he will help Senator Doherty regarding the difficulty faced by Donegal County Council with roads.

Senator O'Donovan called for debates on the fishing and agriculture industries, to which I will refer shortly. Senator Buttimer referred to the GPA-GAA dispute again. We have expressed our views on this throughout the week. Common sense must prevail but the Gaelic Athletic Association's contribution to Ireland has been immense. I am heavily involved in hurling in Castlepollard, north Westmeath, and the GAA is the only club that cared about young boys and girls through the generations. It is nice to see the students of Castlepollard Community College in the Visitors' Gallery. Their arrival during the Order of Business was very timely.

Senator Jerry Buttimer: They have a great ambassador in the Leader.

Senator Donie Cassidy: I am pleased to inform the House that the proposed business for next week will be as follows: the Local Government (Roads Functions) Bill 2007 — Committee and Remaining Stages; statements on cancer services, statements on the challenges and opportunities for the Irish labour market in a global economy; statements on the Cawley report on agriculture and fisheries; and statements on education, as requested by the party leaders and various senators in recent weeks.

An Cathaoirleach: Is the Order of Business agreed?

Senator Eugene Regan: On a point of order, will the Leader give an assurance that the Tribunals of Inquiry Bill, when restored to the Order Paper, will not be used to undermine and close the Mahon tribunal—

Senator Jim Walsh: That is not a point of order.

Senator Eugene Regan: —before it completes its inquiries into the Taoiseach's finances?

An Cathaoirleach: That would be restored in the Dáil; it is a matter for the Dáil to restore it first.

Senator Jim Walsh: This is not a point of order.

Senator Eugene Regan: I appreciate that the Leader might not be in a position to give that assurance today, but I ask that he return to that issue and respond to my question.

Order of Business agreed to.

Voluntary Health Insurance (Amendment) Bill 2007: Committee and Remaining Stages.

SECTION 1.

Acting Chairman (Senator Cecilia Keaveney): Amendments Nos. 1 to 3, inclusive, are related and they will be discussed together by agreement.

Government amendment No. 1:

In page 3, between lines 25 and 26, to insert the following:

“authorisation date” means the date on which the authorisation (within the meaning of the Regulations of 1994) granted to the relevant subsidiary to carry on the business of non-life insurance comes into operation;”.

Minister for Health and Children (Deputy Mary Harney): These amendments simply insert additional definitions in the original section 1, consequent on the more significant amendments which I will ask the House to approve today.

Amendment agreed to.

Government amendment No. 2:

In page 3, between lines 28 and 29, to insert the following:

“Regulations of 1994” means the European Communities (Non-Life Insurance) Framework Regulations 1994 (S.I. No. 359 of 1994);

“relevant subsidiary” means the subsidiary formed and established or acquired by the Board for the purposes referred to in *section 6(1)*;

“services subsidiary” means the subsidiary formed and established or acquired by the Board in accordance with *section 4* for the purposes of providing services to the Board and any of the subsidiaries of the Board;

“staff transfer day” means the day appointed under *section 11* to be the staff transfer day for the purposes of this Act;”.

Amendment agreed to.

Government amendment No. 3:

In page 3, between lines 30 and 31, to insert the following:

““transferred business” means the business referred to in *section 6(1)*;

“transfer day” means the day appointed under *section 5* to be the transfer day for the purposes of this Act.”.

Amendment agreed to.

Section 1, as amended, agreed to.

NEW SECTIONS.

Government amendment No. 4:

In page 3, before section 2, to insert the following new section:

“2.—(1) Section 13 of the Assurance Companies Act 1909 does not apply to any amalgamation or transfer referred to in that section which is, or is to be, effected under this Act.

(2) Section 36 of the Insurance Act 1989 does not apply to any amalgamation or transfer referred to in that section which is, or is to be, effected under this Act.”.

Deputy Mary Harney: This amendment is associated with the proposal in the new section 7, which I will introduce later, to allow the board of the VHI to establish a subsidiary company for the specific purpose of carrying on its health insurance and health related insurance schemes. The intention is that the board will, on the appointed day, transfer all of its health insurance business to the new subsidiary. This transfer will take place within the VHI group of companies. The transfer will not affect any of the rights or entitlements of existing VHI health insurance policyholders on the transfer day.

Section 13 of the Assurance Companies Act 1909 and section 36 of the Insurance Act 1989 are intended to protect the interest of policyholders in circumstances here where one insurance company is taken over by another or where one insurance company merges with another. As the transfer proposed in this Bill does not involve any external company, these provisions should not apply. The Bill, when enacted, will provide the statutory basis for the transfer of the health insurance business from the VHI board to the new subsidiary established for that purpose.

Senator Frances Fitzgerald: When the Minister introduced the Bill in the House she spoke about a number of amendments she would bring forward to deal with concerns people expressed about the proposed change to the structure. She

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might comment on that when addressing this section.

A number of competitors in this field made the point that, at its most basic, the Bill appeared to give the VHI further commercial freedoms and a huge change in its capacity without requiring it to become subject to regulation. The issue of dominance was raised by many people. The Minister said that she would deal with that issue in her amendments. The VHI will remain exempt from company law requirements, for example, meaning that legally it could not be put into insolvent liquidation like any other company and that it would retain its unlimited state guarantee. The Minister said she would deal with that issue.

A number of other points were raised about inserting dates for solvency, etc. The Minister might broadly address under this section some of the changes she said she would introduce in regard to the concerns expressed about the dominance position of the company, the solvency date and the structures.

Deputy Mary Harney: I am happy to do that. I indicated when we discussed the Bill on Second Stage that I intended to introduce a date by which the VHI had to become authorised and that date is dealt with in a further amendment, with which we will deal later. Senator Fitzgerald has an amendment tabled to this section which provides that the VHI shall not engage in any further new business before it becomes solvent. We provide in our amendments that the VHI cannot engage in new activities until it becomes authorised, which has the same effect. That is desirable and it has to establish separate companies for that purpose.

Senator Fitzgerald has an amendment tabled to a later section relating to the Competition Authority, which I will be happy to accept. However, in regard to overall market share, the VHI holds approximately 75%, Quinn Healthcare approximately 20% and Vivas Health approximately 5%. With the benefit of hindsight, one could say that when we opened up the market in the mid 1990s perhaps we should have examined the possibility of breaking up the VHI. That would not have been easy to do. The then Government would have been reluctant to do so because it is difficult to understand how one would have made it happen in reality without people moving to and fro.

Short of customers leaving the company, the VHI has the challenge of trying to remain in business — it will be authorised after the end of next year — and deal with its elderly group of members. Risk equalisation provides for inter-generational support whereby companies with a younger age profile will pay money over by way of risk equalisation to those companies which have older members but that is all subject to litigation. I do not know when the reality of that will happen, even though companies have to provide

for it in their accounts and they have to accrue for it.

Short of taking a chunk of its members away from the VHI, I am not sure how in the short term we can effect a change quickly in the size of the company. I would like to do that and I have had discussions about instructing the board to reduce the size of the company. All of these matters will be considered in the context of a report due shortly, commissioned by my Department and the Department of Finance, from outside experts on the best way to help the VHI to become authorised, and whether it needs an injection of capital from private sources or Government in terms of whatever model is required to give it the capital to facilitate it being authorised. I understand that will be a matter for another debate.

I am anxious to ensure we have a competitive health insurance market in Ireland. We are introducing this legislation to establish the VHI on a commercial basis and the reason we are setting a date by which it must be authorised is to facilitate that because there has been a challenge at EU level, there have been complaints to the EU and significant complaints from other players in the market. There even have been complaints from those who have not entered the market because the VHI has a favoured position in not having to put aside 40% of its premium income to meet the authorisation requirements. This Bill addresses many of those deficiencies. It does not address the scale of the VHI in the current market and it is not easy to see how that can happen quickly.

Amendment agreed to.

Senator Frances Fitzgerald: I move amendment No. 5:

In page 3, before section 2, to insert the following new section:

“2—The Board should be solvent and prove itself to be so before any additional powers are vested on it so to ensure fair competition within the market.”.

This relates to the solvency issue which the Minister has addressed to some degree. The point we make is that while there is a requirement on the VHI to consider reaching normal solvency levels by considering its pricing, no date has been set for this to be achieved. This is crucial as the primary obligation within the Act is diluted if no date is provided. For example, it is very different to have to price to be solvent by 2008 rather than by 2012. Again, the date needs to be inserted.

There is provision, obviously, for the Minister to issue a date setting out the date to attain solvency and we believe this is important. The new Bill allows the VHI to have subsidiaries, as the Minister has said, but it is not clear how these will interact with the parent company and, in particular, how they will be capitalised and what should occur if they face financial difficulties, for

example. Allowing the VHI to have subsidiaries in itself poses a number of regulatory and competition difficulties as again it creates a different regime for the company from that implied to normal insurers. I would be interested to hear the Minister's response.

Deputy Mary Harney: As I indicated in my comments, the purpose of Senator Fitzgerald's amendment has been encompassed in the amendment I have tabled. Amendment No. 9 deals with the date issue, which is to be by the end of 2008, quite an onerous date in many respects. The intention originally was by 2012, so we have effectively brought it back by three full years, and I believe that will be onerous on VHI. In all the circumstances, particularly as regards fair competition in this market, other major benefits of the VHI are being authorised, as far as consumers are concerned, under the supervision of the Financial Regulator, which I may deal with later, and so on.

Amendment, by leave, withdrawn.

SECTION 2.

Acting Chairman: Amendments Nos. 6, 7 and 11 are related and may be discussed together, by agreement. Is that agreed? Agreed.

Government amendment No. 6:

In page 4, paragraph (b), line 2, to delete "and".

Deputy Mary Harney: Amendment No. 6 is a technical drafting amendment to open the section further to enable the inclusion of paragraph (d). Amendment No. 7 provides for subsection 5 being subject to subsection (5A) which follows as amendment No. 11. Amendment No. 11 sets out in greater detail than contained in the present section 2 the means by which the board may accumulate the reserve required to secure authorisation from the Financial Regulator. It is appropriate that the VHI should have the maximum flexibility as to how it achieves the level of solvency required to satisfy the Financial Regulator.

As regards paragraph (e), the provision of any capital by the State, either by way of a loan or in return for shares, would only take place on an arms length commercial basis. The Government and the European Commission would have to be satisfied in advance that any such investment by the State did not constitute state aid.

Senator Liam Twomey: Is that to do with the reserve?

Deputy Mary Harney: Yes, it is.

Senator Liam Twomey: Is the reserve being changed?

Deputy Mary Harney: Obviously the VHI has to build up its reserves. To be authorised it will have to meet the 40% requirement its competitors have to meet. The Financial Regulator will not authorise the VHI unless it puts aside approximately 40% of its premium income by way of a reserve fund. At the moment it has——

Senator Liam Twomey: It is 28% or something like that.

Deputy Mary Harney: That is correct — 28%. This amendment says, in effect, that there are a number of different ways by which there could be an injection of outside capital, for example. It could do it by reinsurance — offloading a certain number of policy holders and having them reinsured. There are various mechanisms the VHI can use and this gives it maximum flexibility so that it can meet the end of 2008 deadline.

Senator Liam Twomey: On the Second Stage debate it became clear that if the VHI has to increase its reserves to 40% it will need to get €140 million before the end of next year. While the Minister says it has the option to use reinsurance, such mechanisms incur costs which will eventually be passed on to the consumer. There is no need for a health insurance company to have reserves equivalent to 40% of its premiums. Health insurance is not like waiting for hurricanes or storms to occur. It is pretty much a standard operation and does not change dramatically year on year. If one compares the VHI's historical performance with that of life assurance or accident insurance companies, one sees nothing has changed dramatically in this regard over the past decade. The €300 million VHI has at the moment is more than adequate to cover it.

From the viewpoint of the consumer, and I am sure the EU would have no objection, the Minister should lower the reserve limit to 30%. At least that way customers will not find themselves making up the shortfall on behalf of VHI for no apparent reason. There really is no need. It is like banks or any other financial service one could talk about. Health insurance does not require such an enormous reserve.

I raised that specifically on Second Stage and I was hoping it would be dealt with. We must look at this from the customers' viewpoint. I raised another issue, too, on Second Stage. As with the Dáil, if the Seanad is to have these debates on Second Stage that specifically deal with customers, they should warrant attention. The VHI, to all intents and purposes, holds a monopoly position. The strength of that monopoly is evident in the way Quinn Healthcare has responded to the hospital consultants. On coming into the market it was going to be much more aggressive to change things. However, the consultants told Quinn Healthcare, in effect, that they would not see its patients unless they paid the same rate as the VHI. That is what a vested

[Senator Liam Twomey.]

interest did within the health service, demonstrating the power the consultants have. The Minister can understand this because she is well informed on contract negotiations with the consultants. Effectively, the customer has no say. Once the VHI and the consultants decided what would happen, it did, and Quinn Healthcare had to toe the line.

One of the points I raised on Second Stage bore out this scenario and perhaps the Minister might insert this in the legislation before she loses complete control of the VHI. This legislation is about the Minister losing control of the private health insurance market as well. Before she does that, she should provide in the legislation for some type of nod in the direction of the customers. One of the things I asked for was detailed itemised bills, as with any other private health insurance company on the European market. That should be included in the legislation. If we take the trouble to make Second Stage contributions in the Seanad that might help the legislation, I would appreciate it if the Minister would say whether what is being suggested is completely wrong.

My three points are that there is no need for a large reserve, the VHI is a monopoly that does not protect its customers and the Minister should push for itemised bills so that customers know what they are paying for.

Deputy Mary Harney: I agree with Senator Twomey about the scale of the reserve required. However, it is not a matter for me as this is the requirement of the Financial Regulator, which is independent. The regulator in Ireland takes a much more conservative view compared with other countries. In Britain I believe it is of the order of 25%. In fact when VIVAS Health was incorporated in Northern Ireland and Britain, as with BUPA, that was the type of scale it had to meet, namely, a reserve of around 25%. However we do not have political control and it is appropriate that these matters should be dealt with by an independent regulatory authority.

In carrying out its duties in this regard, the Financial Services Regulatory Authority is independent of ministerial direction. It broadly comes under the auspices of the Minister for Finance and his Department. When it comes to its operational issues, it is independent in how it carries out its functions. Its establishment has led to greater protection and control for consumers generally.

The issue of a European-wide level of reserve will be the subject of an upcoming directive but this will not come into effect for a considerable period of time. In the meantime, we must meet the requirements of the Regulator. Although the Central Bank comes under the ambit of the European Central Bank as far as prudential matters are concerned, the Financial Regulator is free to set the reserve requirement it feels is necessary

to regulate companies in an Irish market context. The Barrington group made recommendations on this, on which I have previously commented but ultimately, it is up to the regulator to make a determination on these issues.

It is a fact that the price setting is carried between the VHI and hospitals. The sheer size of the VHI and the clout it has by virtue of its size and scale are factors. I met a consultant recently who told me that he had recently begun to deal for the first time with claims from other insurers. Until recently, he had only dealt with one insurer, which demonstrates the scale and size of the VHI and the fact that perhaps the younger members of other companies are not yet interfacing at hospital level.

On the other hand, the sheer size of the VHI has been advantageous in dealing with consultants and hospitals. Basically, the VHI carries out what are broadly called deals, as all insurance companies do. If somebody in a hospital does a deal for a particular procedure and pays for four days in hospital, the hospital will gain if it can get him or her out in two days and lose if it keeps him or her in for eight days. There are swings and roundabouts in all of this.

In the context of talking with the HIA around consumer-related issues, I am a fan of informing patients. Many insurers will now telephone patients as a matter of routine. I understand that BUPA on average used to contact about 10% of patients about matters like their experiences, the procedures they had and the length of time they spent in hospital. Companies do this all the time in order to verify the claims that have been made. A higher number of patients will probably be contacted in the future.

The Barrington group made recommendations about informing patients and having clear notices at the bottom of renewal notices. I will require all insurers to tell people that there will be no penalty if they switch. Last weekend, I met a fairly well-informed person who did not know that if they switched from the VHI to another company they would not have to spend six months without cover. I frequently meet people who do not know this. We must give subscribers much more information in an understandable form. In fairness, the HIA has advertised this widely but we need something akin to what happened in respect of motor insurance renewals. When people suddenly receive information and renewal notices, it is very powerful in effecting change.

We have been having discussions with some insurers because we want insurers to insure health as opposed to sickness. To be fair to VIVAS, it is introducing a considerable amount of what I would call wider cover in its policies to encourage people to engage in preventative measures around their health and to take more responsibility for it. I would like to see health insurance here going in that direction because it is important from a number of perspectives, including that of chronic illness. Financial incen-

tives by way of insurance premiums can be enormously powerful in affecting behaviour.

Acting Chairman: I remind Members that we are on Committee Stage and should keep to the amendments before us because Second Stage gave us the opportunity to raise all these issues. I do not wish to stifle comment but there is a procedure to be followed.

Senator Liam Twomey: In respect of that issue, I was never given any answer on Second Stage, Report Stage or Committee Stage.

Acting Chairman: The Senator has the right to move amendments.

Senator Liam Twomey: At the same time, we should expect a reply at some stage in the legislation. I cannot move an amendment looking for itemised bills from the VHI but it is still very relevant to the legislation about which we are discussing. There is no opportunity have the legislation provide that an itemised bill should be issued to every customer. At the same time as I raised this issue——

Acting Chairman: ——It has not stopped other people from moving those types of amendments before.

Deputy Mary Harney: I intend to have discussions shortly with the HIA in respect of consumer protection issues, including itemised bills. It is not a matter for legislation but Senator Twomey made a valid point about consumers and informing and involving people. I will address that issue.

Senator Liam Twomey: Another consumer protection issue should also be covered if the Minister is discussing matters with the HIA. I will not raise it here but will possibly raise it with the Minister outside.

Amendment agreed to.

Government amendment No. 7:

In page 4, line 5, to delete “The” and substitute “Subject to subsection (5A), the”.

Amendment agreed to.

Senator Frances Fitzgerald: I move amendment No. 8:

In page 4, line 5, after “shall” to insert the following:

“foster competition within the health insurance market and refrain from engaging in any actions which may hinder the operation of competition within the market. It shall also”.

The Minister has spoken about the competition issues that arise in the health insurance market.

In respect of the previous discussion, I very much support what she said about mechanisms or actions which we can make to support the taking of health promotion measures by individuals and to encourage health insurance companies to support such measures. Does the Minister believe the Bill in its current form addresses competition issues in this area?

The Bill does not specify whether the subsidiary companies will be permitted to cross-sell and tie products to the health insurance products and, hence, further lock in the VHI customer base. The VHI has leveraged a 35% market share of the travel insurance market. The Competition Authority, the HIA and the Barrington report all recommended that the VHI should immediately cease its policy of cancelling members’ travel insurance policies should they chose to switch health insurers. However, the VHI has refused to implement this change, further perpetuating the inertia within the market. If there is no positive obligation within the Bill to prohibit the VHI from tying the rest of its new products, it will effectively lock in its 1.6 million members through cross-selling. Does this concern the Minister or does she think this issue needs to be addressed?

The VHI has in excess of 75% of the health insurance market and 35% of the travel insurance market. Does the Minister believe that allowing the VHI to expand its commercial business lines to further tie its customers will increase its massively dominant position and continue to distort competition? If the VHI is to be allowed to engage in further commercial activity, should there not also be an obligation to engage in a market share reduction policy in health insurance?

The risk equalisation scheme will mean a convergence of prices between all competitors in the market and, in some instances, will force competitors of the VHI, who must maintain solvency reserves and pay huge risk equalisation payments, to price their products above the VHI. As the Minister is aware, all consumer research to date indicates that the primary factor leading to the customer switching within the market is price differential. Once this price differential is eliminated and the VHI can cross-sell and tie its ancillary business lines, is there not a danger that the VHI will not only maintain its massive market share but will also increase it through the vertical integration and tie-ins in respect of this?

The Bill does not indicate whether the subsidiary companies will be for-profit companies or whether they will simply be required to break even. Furthermore, there is no provision in respect of whether subsidiary companies must make a return to Government on any profits they make. Will the profits be used to subsidise health insurance business and maintain premiums below cost, albeit that the VHI will potentially also receive huge risk equalisation payments from its competitors to bolster its profit margins?

[Senator Frances Fitzgerald.]

There is also no indication within the Bill about how the money will flow between the products sold by these companies to the VHI, for example, if they were unprofitable or during their start-up phase, and whether funding will be provided directly from the VHI out of the health insurance business. Does the Minister agree that the VHI and subsidiary companies should be required to make some form of return to Government so as not to distort competition within the financial services market? Will she comment on this aspect?

The Bill is broadly drafted in respect of the differing commercial activities in which VHI will be permitted to engage. The previous limited restriction, that the activities be related to health, has been lifted. Permitting the VHI to engage in any activity effectively allows the State to participate in normal markets where previously it had no presence. In addition to the history of State protection of the VHI a differing regime is still being implemented for VHI in a number of markets. Under the terms of the Bill, the VHI will continue to report to the Minister for Health and Children to some extent. The current position of conflict with the Minister is not resolved. The Minister acts as regulator of health insurance through the Health Insurance Authority, owner of the largest health insurer in the country and supplier of the largest part of health insurance product in public hospital services. There is an obvious conflict of interest. The amendment is an attempt to reflect this concern and to deal with the contradictions to which the dominant position of the VHI may lead. Will the Minister support this amendment in order to address these issues?

Deputy Mary Harney: I do not disagree with the need for competition in everything we are trying to do. We seek to foster competition from an imperfect position. This legislation will make the VHI subject to the Financial Regulator and authorised on the same basis of its competitors. Competition is at the heart of that.

Senator Fitzgerald referred to the Minister as the regulator of health insurance but the Minister will no longer be the regulator after this Bill is enacted. The VHI will be regulated by the Financial Regulator on the same basis as every other financial services company, which is desirable.

Many of the consumer issues to which the Senator referred must be appropriately addressed. It is the remit of the Competition Authority to foster competition in the market and the Financial Regulator in respect of some consumer issues mentioned.

Regarding tying health insurance and travel insurance, a new competitor in the market is offering three types of insurance — car, house and health — for the price of one. Senators may have heard the advertisements on the radio. Vivas also offers travel products. VHI's competi-

tors have complained to the Financial Regulator regarding the link between the two types of insurance. The complaints have not been upheld. There is much merit in what the Senator suggests. Will we tie people to one product by virtue of another product? This must be addressed with consumer related measures, whether by the Financial Regulator, the HIA or a combination of both.

The purpose of giving VHI greater freedom is to allow it to operate like its competitors. Most of the issues raised by Senators Twomey and Fitzgerald relate to the size of the VHI. Its competitors have more than 600,000 customers between them, approximately 465,000 with QUINN-healthcare and 150,000 with Vivas and both are growing rapidly in respect of new entrants. I have been a member of the VHI since I entered this House 30 years ago and I never left it. Perhaps many of us are complacent but I have received a good service in so far as I have used it. Many people are like me, loyal to those who provide a good service. The only way to affect the size of VHI in the short term is for the Government to take a section of customers and hand them over to the competitors. This would engender major problems even if we felt it was desirable from the point of view of competition. We would have no way of keeping the customers with the competitor the next year. We must use all the tools at our disposal, short of the break-up of the company. It would take years to effect the break-up of the company if we decided on it and it would be chaotic. I appeared in this House during the previous Seanad at a time when risk equalisation was not paid and I heard a different story. People said I was not protecting the VHI then and in debating this legislation it is suggested I am doing too much for the VHI.

I am the first to suggest we are operating from an imperfect position. The incumbent in the market has been there for 50 years and has built credibility among customers. It will take quite some time to find a better balance. I am examining whether we can mandate the board to reduce the size of the company in the market over a number of years. That has been suggested to me by the competitors and it would be desirable that we could effect this but I do not know if it is possible in the short term. I will consider advice from advisers regarding how capital could be accumulated to provide for authorisation, in the context of regulation by the Financial Regulator. Most of the complaints made by competitors related to the derogation that VHI did not have to meet the same solvency requirements as its competitors. They felt that 2012 was too late for this to end and it will now end by the end of 2008. This will not solve all the problems and we must examine consumer protection issues in conjunction with the HIA. The Financial Regulator has built considerable consumer confidence since it was established four years ago and it will do much in this area as well.

Senator Frances Fitzgerald: I appreciate that we are not operating from a greenfield site and the difficulties regarding the dominance of VHI. If this legislation allows subsidiaries to develop and the VHI to enter these markets, does it make the dominant position of VHI more of a problem? I raised questions about subsidiaries and whether there will be cross-subsidies that may exacerbate some of the difficulties outlined. Will profits be used to subsidise the health insurance business and maintain premiums below cost? These matters could add to the problem of dominance rather than deal with it. The amendment is an attempt to address this.

Are there some consumer issues that will arise but which will be dealt with by legislation related to the Financial Regulator?

Senator Geraldine Feeney: We cannot start breaking up VHI. I appreciate that we are not operating from a greenfield site but that is a good thing. Every Member who contributed on Second Stage was proud of the VHI and felt a sense of ownership. Some of us have been members of VHI since we were born.

I was trying to book a winter holiday and VHI travel insurance is the best value in the market. Not even a credit card company will provide cheaper travel insurance than €49. I would hate to see that removed and I hope the Financial Regulator will not do so. Nothing bars the competitors from introducing something similar.

Deputy Mary Harney: Senator Fitzgerald asked about subsidiary companies, which must clearly be subject to the Financial Regulator as well.

When one is faced with a group of companies and when one of the competitors is itself a group, it is difficult to identify from where the money comes. It will be a matter for the Financial Regulator to regulate the position in that regard. At present, the VHI cannot become involved in anything other than health-related and other specific business. It launched its SwiftCare clinics on a joint venture basis and these are providing a good service and alleviating pressure on some of the accident and emergency departments in Dublin. I am aware that the VHI plans to expand its activities in this regard to Waterford, Limerick and other places.

It is not a bad thing for any company to have commercial freedom, provided it does not abuse its position. The purpose of the Bill is to facilitate the authorisation of the VHI at the earliest possible date. In my opinion, this will take place just over 12 months from now at the end of next year. That is an ambitious target. Following authorisation, the company will have the same freedom — because it will be subject to regulation in the same way — as its competitors to engage in appropriate activities, whatever those might be. I am not underestimating the fact that the sheer size of the company is an issue in terms of the

clout it can bring to bear, particularly in so far as it deals with hospitals and doctors. However, many would say that its competitors have benefited from the VHI being able, by virtue of its size, to do deals with hospitals and consultants.

What most people desire is that the VHI should be subject to regulation and fair play. Of course its competitors and I would like to see its share of the health insurance market substantially reduced. The market would be healthier and there would be increased innovation, competition and better value for money for consumers if there were more players involved. The view of most of the experts is that we probably need five players in the market in order to have healthy competition. To date, the figure effectively stands at three. I hope some of the changes we are making will encourage new players to enter the market.

In the mid-1990s, when 38% of people had health insurance, there were many who felt the market was saturated and could not grow any more. Effectively, the new companies have grown their business by growing the market, which now comprises 52% to 53% of the population. As we become wealthier, as increasing numbers of people enter employment — 20% of people's health insurance is paid for by their employers — and as we change the nature of employment and the way in which people are remunerated, we can grow the market further. There will be opportunities, when the legislation is enacted and when the VHI is authorised on the same basis as its competitors, for new entrants to the market.

The necessity to inform consumers that they will not be penalised if they switch insurers could have a powerful impact on some because people like to support innovation. One of the VHI's competitors covers laser treatment, in which increasing numbers of people seem to be interested. In addition, the VHI itself has a dental care scheme. There are many more new services and products coming into the market and what we are doing will, I hope, give people the opportunity to consider switching once they are provided with the appropriate information.

Amendment, by leave, withdrawn.

Acting Chairman: Amendment No. 10 is an alternative to amendment No. 9 and the two may be discussed together by agreement. Is that agreed? Agreed.

Government amendment No. 9:

In page 4, to delete lines 16 to 24 and substitute the following:

“(b) acquire—

(i) subject to subparagraph (ii), before 31 December 2008,

(ii) before such later date as the Minister may by order appoint if, and only if,

he or she is satisfied that there is good and sufficient reason for so doing,

a fund greater than the minimum guarantee fund that it would be required to possess pursuant to Regulation 13(1)(b) of the European Communities (Non-Life Insurance) Framework Regulations 1994 (S.I. No. 359 of 1994) to enable it to make an application for the grant to the relevant subsidiary (within the meaning of *section 1* of the *Act of 2007*) of an authorisation (within the meaning of those Regulations) to carry on the business of non-life insurance, and”.

Deputy Mary Harney: Amendments Nos. 9 and 10 attempt to achieve something similar. Amendment No. 9 is the first significant amendment to the Bill, as drafted. As indicated on Second Stage, the Government decided in April that the VHI should become an insurer authorised by the Financial Regulator by the end of 2008. As stated at that time, the Government does not believe it is in the interests of either the VHI or the health insurance market that its anomalous status as an unauthorised entity should continue for any longer than necessary.

In April the Government agreed that the Departments of Finance and Health and Children should seek specialist advice on how the VHI could be authorised by the end of 2008. The consultants are due to produce a report for the two Departments by the end of this month. Following receipt and consideration of the report, we will, in turn, provide a report to Government before the end of December. The Government is determined that the VHI should be authorised by the end of 2008 and the provision provides accordingly. It seems prudent to allow, in what will be the new section 2(5)(b)(ii), limited latitude to provide for situations where it is not possible to achieve this objective by the specified date, but only where there are good and sufficient reasons.

Senator Phil Prendergast: Under the Bill, as drafted, responsibility for deciding the date for the VHI to have full capital reserves rests with the Minister. The Minister could impose a date for implementation of the requirement which could cause problems for the VHI. Our amendment would ensure that the date chosen would have to be approved by both Houses prior to its coming into effect. Perhaps the Minister might outline the timetable she envisages for the implementation of the Bill.

Senator Liam Twomey: What difficulties does the Minister envisage regarding the authorisation of the VHI? It appears that matters should be straightforward when the reserve issue is resolved. The VHI would then be in a position to act according to whatever the market dictates once it complies with the Financial Regulator under existing legislation. It does not appear, therefore, that any major problems will arise.

Does the Minister envisage that difficulties might delay the VHI being authorised under the Financial Regulator.

Deputy Mary Harney: I do not envisage any difficulties and I will be quite insistent in that regard. The Office of the Attorney General advised that, for legal reasons, this proviso should be put in place. However, I do not envisage any circumstances arising in which it might be used. It is being included purely on the basis of legal advice.

Amendment agreed to.

Amendment No. 10 not moved.

Government amendment No. 11:

In page 4, line 29, to delete “money.” and substitute the following:

“money.”,

(d) by the insertion of the following subsection after subsection (5):

“(5A) For the purposes of acquiring the fund referred to in subsection (5)(b), the Board may do one or more of the following:

(a) accrue a capital reserve;

(b) secure subordinated loans;

(c) re-insure part of its health insurance business;

(d) raise or borrow money in accordance with *section 7* of the *Act of 2007*;

(e) seek the provision of capital to it by the State in return for shares in a subsidiary formed and established or acquired pursuant to the *Act of 2007*;

(f) seek the provision of capital by such other means as may be approved by the Minister with the consent of the Minister for Finance.”,

and

(e) in subsection (7), by the insertion of the following definition:

“ “*Act of 2007*” means the *Voluntary Health Insurance (Amendment) Act 2007*.”.

Amendment agreed to.

Section 2, as amended, agreed to.

SECTION 3.

Acting Chairman: Amendment No. 13 is an alternative to amendment No. 12 and amendment No. 16, to which amendment No. 17 is an alternative, is related. We will, therefore, discuss amend-

ments Nos. 12, 13, 16 and 17 together by agreement. Is that agreed? Agreed.

Government amendment No. 12:

In page 4, to delete lines 32 to 39 and substitute the following:

“(a) carry out schemes for the provision of, or otherwise provide (whether as principal or as agent for another person) services in respect of, health care, health insurance, illness related insurance, personal care or related activities, including---

(i) the provision of services to the Board and any subsidiaries of the Board,

(ii) activities of an advisory or consultative nature, and

(iii) activities involving the exploitation of information technology or the provision of advice with respect to such exploitation, and”.

Deputy Mary Harney: The principal purpose of amendment No. 12 is to clarify certain functions of the VHI board by setting them out more explicitly than is currently the case in the existing section 3(a). In addition, it provides for the board to establish a service company to provide services to the board itself or to other subsidiaries within the group. It is common practice within the insurance for a company which adopts a parent company structure to establish a services company, which typically employs all the staff in the group. This service company then supplies staff to other companies in the group. Amendment No. 16 mirrors what is provided in amendment No. 12 in respect of new activities.

Senator Frances Fitzgerald: We have discussed this matter to some degree. Amendment No. 17 was tabled because I wanted to ensure that customers subscribing to subsidiary policies would not be penalised if they chose to change health insurer. The Minister stated that this matter would be better dealt with by the Consumer Protection Agency than it would under the provisions of the Bill.

Amendment agreed to.

Amendment No. 13 not moved.

Government amendment No. 14:

In page 4, to delete lines 40 to 42 and substitute the following:

“(b) on or after the authorisation date—”.

Deputy Mary Harney: The purpose of this amendment is to ensure that the VHI does not extend the scope of its functions beyond those in which it already engages until after authorisation

is secured. I referred earlier to the peculiar position which the board currently occupies as an unauthorised entity with a derogation from prudential regulation. It is the view of the Government that the VHI should not extend the scope of its activities any further until after authorisation. Senator Fitzgerald has tabled a number of amendments along the same lines as that under discussion.

Amendment agreed to.

Senator Phil Prendergast: I move amendment No. 15:

In page 4, paragraph (b)(i), line 44, after “facilities” to insert the following:

“(not including facilities which are co-located on the premises of public hospitals)”.

We are opposed to the Government’s policy of co-location and the purpose of this amendment is to ensure the VHI does not become involved in running private health care facilities on the premises of public hospitals. The Minister is aware of our position and the amendment is designed to put down a marker to state we oppose this policy.

Deputy Mary Harney: I will not have a major philosophical debate. The purpose of co-location is to decant private activity from a public hospital into a privately funded facility. Taking Tallaght Hospital in my constituency as an example, 46% of the elective work carried out in 2005 was for private patients. The hospital has a large hive of private activity. The Government is stating simply that it wants those beds to be used for public patients. We have the ironic situation whereby public patients go to the Blackrock Clinic, the Beacon Clinic and the Mater Private Hospital under the National Treatment Purchase Fund while private patients go to public hospitals.

It would be good for Ireland if health insurers got involved in operational issues such as hospitals. I do not believe any of them have plans to do so. It may be the case in the future. Unfortunately, I am not in a position to accept Senator Prendergast’s amendment. I reminded my officials that Senator Prendergast is female because they referred to “his amendment”. I do not think they will be in any doubt in the future who Senator Prendergast is because she makes a lot of noise on health issues.

Senator Phil Prendergast: I will agree to differ with the Minister.

Amendment, by leave, withdrawn.

Government amendment No. 16:

In page 4, paragraph (b)(ii), to delete lines 47 to 50 and substitute the following:

“, including—

(I) activities of an advisory or consultative nature, and

(II) activities involving the exploitation of information technology or the provision of advice with respect to such exploitation, and

(iii) engage in such other activities as are connected with the functions of the Board.”.

Amendment agreed to.

Amendment No. 17 not moved.

Question proposed: “That section 3, as amended, stand part of the Bill.”

Senator Liam Twomey: What status does the Minister expect the VHI will have after this legislation is passed? Will it be more like a semi-State body or will this Bill will make the VHI corporate and therefore easier to privatise?

Deputy Mary Harney: I have an open mind on this. My main interest is that it operates fairly and provides fair competition and certainly that its competitors have fair competition. The consultancy employed by the two Departments will recommend to the Government how it can accumulate the capital to facilitate authorisation. Whether this comes from private sources or elsewhere has yet to be determined. My overall philosophy is that if the State does not need to be involved, it should not be. If we can use money realised from disposing of State companies to invest in health, education or justice we should.

Whether the VHI is fully or partly owned by the State or others is not of major interest to me. No plans exist to privatise it. Such a decision has not been made and it must be decided in December or January. Does Senator Twomey have any views on this?

Senator Liam Twomey: I am curious about how this Bill will progress matters. It seems to set it up so that if the Government wants to dispose of the VHI and privatise it fully, it can be done. This raises two concerns.

Deputy Mary Harney: Disposing of it would require separate legislation.

Senator Liam Twomey: It would be relatively straightforward to do so once this Bill is passed as it will almost have semi-State status. The Government is divesting itself of responsibility for the VHI. Much of the regulation of the organisation will fall into the remit of the Financial Regulator and this will make it easier to privatise it.

Half of the population relies on private health insurance and the VHI provides 75% of this. From the point of view of the customer, concerns

are raised about whether it is privatised or remains in public ownership.

Deputy Mary Harney: I agree with Senator Twomey. One issue raised is that of mutualisation which, I understand, finds favour with many people in the VHI. This effectively means the members would own it. This would lock in everybody. A number of suggestions have been made but no decision has been made. My guess is that it is unlikely to be privatised.

Senator Frances Fitzgerald: A large number of people have benefitted from the VHI and we owe it a debt of gratitude for the work done over many years. It has served the Irish consumer well and changes to its status would require very careful discussion. However, this does not take away from the fact it raises competition issues which we are discussing. Some of these must be dealt with to open up the market and ensure the consumer can obtain a better deal.

Under normal insurance regulation in Ireland, insurance undertakings are not permitted to have subsidiary companies as they may have a financial impact on the parent company. A group structure of companies is generally formed whereby a parent holding company has a number of subsidiaries, one of which is the insurance undertaking. This parent holding company must be approved by the Financial Regulator as does each new subsidiary company formed. This does not appear to be the case for the VHI which will be permitted to have direct subsidiaries although it will become an insurance undertaking. The VHI will not be regulated as the parent company of these subsidiaries and the creation of these subsidiary companies will not be subject to the approval of the Financial Regulator as is required of a normal commercial insurance undertaking.

It seems different and preferential treatment is afforded to the VHI by the Government. The Minister discussed altering this structure. Will she comment on this because it initially appeared the structure would be different from what would be expected of other companies?

Deputy Mary Harney: This Bill establishes that separate sister companies must be established for other activities, all of which will be subject to the authorisation of the regulator. I do not believe anything different applies in this case.

Question put and declared carried.

SECTION 4.

Government amendment No. 18:

In page 5, subsection (3)(b), line 21, after “*Voluntary*” to insert “*Health*”.

Deputy Mary Harney: We inadvertently omitted the word “health” from the original draft.

Amendment agreed to.

Section 4, as amended, agreed to.

NEW SECTIONS.

Acting Chairman: Amendments Nos. 19 to 26, inclusive, and amendment No. 33 are related and may be discussed together. Is that agreed? Agreed.

Government amendment No. 19:

In page 5, before section 5, to insert the following new section:

“5.—The Minister may by order appoint a day to be the transfer day for the purposes of this Act.”.

Deputy Mary Harney: The object of these major amendments is to provide for the transfer of the health insurance activities of the present VHI board to a subsidiary company to be established for this purpose. The new section proposed in amendment No. 19 consists of a provision to enable the Minister to set a date for the transfer to take place. The new section proposed in amendment No. 20 provides for the transfer of the health insurance business and health related insurance schemes to the subsidiary to be established for that purpose.

This statutory provision is required for this transfer because the VHI board, as a State body rather than a conventional commercial insurance company, is not covered by the Insurance Acts which would otherwise apply. It is linked to the amendment to section 2 and the rights of members and staff are not affected in this instance. It has the added advantage of not requiring the approval of the High Court. The process of securing High Court approval for the transfer is long and complex. It is also not without some risk as it would allow parties which might claim to have an interest in the transfer to intervene. These could include disgruntled VHI policyholders or competitors. If this were to happen, it could seriously threaten the objective of having the VHI authorised by the end of next year.

The new sections 8, 9, 10 and 11 are standard provisions governing the process of transferring business. The new section 12 will allow the Minister to appoint a day on which staff will be transferred from the VHI board to the services company subsidiary to be established for the purpose of employing the staff of the group and its subsidiaries.

The new section 13 sets out the conditions under which the existing staff of the VHI board will be transferred to the new services subsidiary or any other subsidiary established by the board. Although the present intention is that all staff be transferred to the service's subsidiary, the section gives the board a degree of flexibility in having

the power to transfer staff to another subsidiary if it so decides. Section 13 also provides statutory protection for the terms and conditions of employment of existing VHI staff. While the board has indicated it has no plans to recruit new staff on less favourable terms than those already applying to existing staff members, these provisions would not prevent it from doing so. Amendment No. 33 is a consequential technical amendment.

Amendment agreed to.

Government amendment No. 20:

In page 5, before section 5, to insert the following new section:

“6.—(1) Without prejudice to the generality of *section 4*, the Board may form and establish or acquire a subsidiary for the purposes of transferring to the subsidiary on the transfer day the business of health insurance schemes and health-related insurance schemes carried out by the Board pursuant to section 2 of the Act of 1996.

(2) A transfer of the business referred to in *subsection (1)* effected under this Act shall be valid against policyholders, the insured persons and any other person having rights and obligations arising out of the policies assigned.”.

Amendment agreed to.

Government amendment No. 21:

In page 5, before section 5, to insert the following new section:

“7.—(1) On the transfer day, all land that immediately before that day was vested in the Board and all rights, powers and privileges relating to or connected with the land shall, without any conveyance or assignment, stand vested in the relevant subsidiary for all the estate or interest therein that immediately before the transfer day was vested in the Board, but subject to all trusts and equities affecting the land continuing to subsist and capable of being performed.

(2) On the transfer day all property, excluding land but including choses-in-action, that immediately before that day was vested in the Board shall stand vested in the relevant subsidiary without any assignment.

(3) Every chose-in-action vested in the relevant subsidiary by virtue of *subsection (2)* may, on and after the transfer day, be sued on, recovered or enforced by the relevant subsidiary in its own name, and it shall not be necessary for the relevant subsidiary, or the Board, to give notice to any person bound by the chose-in-action of the vesting effected by that subsection.”.

Amendment agreed to.

Government amendment No. 22:

In page 5, before section 5, to insert the following new section:

“8.—(1) Subject to *subsection (4)*, all rights and liabilities of the Board arising by virtue of any contract or commitment (expressed or implied) entered into by it before the transfer day shall on that day stand transferred to the relevant subsidiary.

(2) Every right and liability transferred by *subsection (1)* to the relevant subsidiary may, on and after the transfer day, be sued on, recovered or enforced by or against the relevant subsidiary in its own name, and it shall not be necessary for the relevant subsidiary, or the Board, to give notice to the person whose right or liability is so transferred by such transfer.

(3) Every lease, licence, wayleave or permission granted by the Board in relation to land or other property vested in the relevant subsidiary by or under this Act, and in force immediately before the transfer day, shall continue in force as if granted by the relevant subsidiary.

(4) *Subsection (1)* does not apply to the rights and liabilities of the Board arising by virtue of any contract or commitment referred to in that subsection where the contract or commitment, as the case may be, is between the Board and a member of the staff of the Board in the member’s capacity as such (and whether or not the member only acquired that capacity upon the entering into of the contract or commitment, as the case may be).”.

Amendment agreed to.

Government amendment No. 23:

In page 5, before section 5, to insert the following new section:

“9.—(1) A claim in respect of any loss or injury alleged to have been suffered by any person, arising out of the performance before the transfer day of the functions of the Board in so far as they relate to the transferred business, shall, on and after that day, lie against the relevant subsidiary and not against the Board.

(2) Any legal proceedings pending immediately before the transfer day to which the Board is a party, and that relate to the transferred business, shall be continued, with the substitution in the proceedings of the relevant subsidiary, in so far as the proceedings so relate, for the Board.

(3) Where, before the transfer day, agreement has been reached between the parties concerned in settlement of a claim to which *subsection (1)* relates, the terms of which have

not been implemented, or judgment in such a claim has been given in favour of a person but has not been enforced, the terms of the agreement or judgment, as the case may be, shall, in so far as they are enforceable against the Board, be enforceable against the relevant subsidiary and not the Board.

(4) Any claim made or proper to be made by the Board in respect of any loss or injury arising from the act or default of any person before the transfer day shall, where the claim relates to the transferred business, be regarded as made by or proper to be made by the relevant subsidiary and may be pursued and sued for by the relevant subsidiary as if the loss or injury, as the case may be, had been suffered by the relevant subsidiary.”.

Amendment agreed to.

Government amendment No. 24:

In page 5, before section 5, to insert the following new section:

“10.—(1) Anything commenced and not completed before the transfer day by or under the authority of the Board may, in so far as it relates to the transferred business, be carried on or completed on and after the transfer day by the relevant subsidiary.

(2) Every document (including any certificate) granted or made, and every register established, in the performance of a function of the Board in so far as it relates to the transferred business shall, if and in so far as it was operative immediately before the transfer day, have effect on and after that day as if it had been granted or made, or established, as the case may be, by the relevant subsidiary.

(3) References to the Board in the memorandum or articles of association of any company and relating to the transferred business shall, on and after the transfer day, be construed as including references to the relevant subsidiary.

(4) Any money, stocks, shares or securities transferred by this Act that immediately before the transfer day were standing in the name of the Board shall, on the request of the relevant subsidiary at any time on and after that day, be transferred into its name.”.

Amendment agreed to.

Government amendment No. 25:

In page 5, before section 5, to insert the following new section:

“11.—The Minister may by order appoint a day to be the staff transfer day for the purposes of this Act.”.

Amendment agreed to.

Government amendment No. 26:

In page 5, before section 5, to insert the following new section:

“12.—(1) Every person who immediately before the staff transfer day was a member of the staff of the Board shall, on the staff transfer day, stand transferred to—

(a) subject to paragraph (b), the staff of the services subsidiary,

(b) the staff of such other subsidiary (“other subsidiary”), if any, of the Board as the Board has specified in writing, for the purposes of that day, in respect of the member of staff concerned or class of members of staff concerned, as the case may be.

(2) Save in accordance with a collective agreement negotiated with any recognised trade union or staff association concerned, a person referred to in *subsection (1)* shall not, while in the service of the services subsidiary or other subsidiary, as the case may be, be subject to less beneficial conditions of service (including conditions in relation to tenure of office) or of remuneration than the conditions of service (including conditions in relation to tenure of office) or remuneration to which he or she was subject immediately before the staff transfer day.

(3) In relation to persons transferred to the services subsidiary or other subsidiary, as the case may be, previous service with the Board shall be reckonable for the purposes of, but subject to any exceptions or exclusions in, the Redundancy Payments Acts 1967 to 2003, the Protection of Employees (Part-Time Work) Act 2001, the Organisation of Working Time Act 1997, the Minimum Notice and Terms of Employment Acts 1973 to 2001 and the Unfair Dismissals Acts 1977 to 2001.”.

Senator Phil Prendergast: I move amendment No. 1 to amendment No. 26:

In subsection (3), to delete all words from and including “the” in the third line down to and including “2001.” in the sixth line and substitute the following:

“the Redundancy Payments Acts 1967 to 2007, the Protection of Employees (Part-Time Work) Act 2001, the Organisation of Working Time Act 1997, the Minimum Notice and Terms of Employment Acts 1973 to 2005 and the Unfair Dismissals Acts 1977 to 2007.”.

My amendment corrects an error in the citations, which were updated by Act No. 27 of 2007. The reference to “the Minimum Notice and Terms of Employment Acts 1973 to 2001” needs to be deleted. The citation was updated by Act No. 18 of 2005. The reference to “the Unfair Dismissals Acts 1977 to 2007” also needs to be amended. These citations were already updated, in particular by Act No. 27 of 2007.

Amendment to amendment agreed to.

Amendment No. 26, as amended, agreed to.

SECTION 5.

Acting Chairman: Amendments Nos. 27 and 28 are related and may be discussed together by agreement.

Government amendment No. 27:

In page 5, subsection (1), line 27, to delete “with the consent of the Minister.”.

Deputy Mary Harney: These amendments remove the need to seek the consent of the Minister. They are consistent with the desire to give the company commercial freedom, particularly given that the activities concerned will only arise following authorisation.

Senator Liam Twomey: What will be the status of VHI? Will it be a semi-State organisation?

Deputy Mary Harney: It is a commercial semi-State company.

Senator Liam Twomey: Does the Minister for Health and Children have no control over it apart from owning it?

Deputy Mary Harney: Yes. The control is as follows. If it wants to get involved in new activities, the Minister for Health and Children will give consent with the consent of the Minister for Finance. That will be done by the Financial Regulator after authorisation. Today the Minister can refuse to sanction increased prices for example. Those powers will go.

Senator Liam Twomey: The Minister will no longer have a veto over increasing premiums.

Deputy Mary Harney: Yes. However, that power was used very much as a political exercise at various vulnerable times.

Senator Liam Twomey: That is right.

Deputy Mary Harney: It is not desirable for a commercial company.

Senator Liam Twomey: Vulnerable times like in advance of a general election.

Deputy Mary Harney: Yes. I have not used it, but it has been used in the past.

Senator Frances Fitzgerald: Does this mean that all the powers that were previously vested in the Minister for Health and Children have gone? Is there no regulatory power over the VHI anymore?

Deputy Mary Harney: Obviously the regulator will be the Health Insurance Authority on health aspects, the Financial Regulator on prudential aspects and the Competition Authority on consumer issues. It will be subject to the same regulatory environment as Vivas and Quinn Health.

Senator Liam Twomey: I presume there will be an opportunity to finalise some issues regarding the HIA before we give away full responsibility for control.

Deputy Mary Harney: This will not take effect until next year.

Amendment agreed to.

Government amendment No. 28:

In page 5, subsection (3)(a), line 42, to delete “with the consent of the Minister”.

Amendment agreed to.

Acting Chairman: As amendment No. 30 is an alternative to amendment No. 29, both amendments may be discussed together by agreement.

Government amendment No. 29:

In page 6, lines 1 to 8, to delete subsections (4) and (5).

Deputy Mary Harney: This amendment removes the Minister for Health and Children and the Minister for Finance from their roles in regulating the activities of new subsidiaries, which will be the responsibility of the Financial Regulator after authorisation.

Senator Phil Prendergast: I will not move amendment No 30 on the basis that the Minister has addressed the issue in amendment No. 29.

Amendment agreed to.

Amendment No. 30 not moved.

Section 5, as amended, agreed to.

NEW SECTION.

Senator Frances Fitzgerald: I move amendment No. 31:

In page 6, before section 6, to insert the following new section:

“6.—The Board shall report on a six monthly basis to the Competition Authority on its market share in the health insurance market.”.

Given that the Minister will no longer have a role and that various competition issues arise with the development of these new subsidiaries given the dominance of VHI, I felt it would be appropriate for the board to report on a six-monthly basis to the Competition Authority on its market share in the health insurance market.

Deputy Mary Harney: I am happy to accept this amendment.

Amendment agreed to.

Section 6 agreed to.

SECTION 7.

Government amendment No. 32:

In page 6, lines 21 to 27, to delete subsection (3) and substitute the following:

“(3) The aggregate referred to in *subsection (2)* shall not include moneys raised or borrowed for the purposes of acquiring a fund greater than the minimum guarantee fund that the Board would be required to possess pursuant to Regulation 13(1)(b) of the Regulations of 1994 to enable it to make an application for the grant to the relevant subsidiary of an authorisation (within the meaning of those Regulations) to carry on the business of non-life insurance.”.

Deputy Mary Harney: This is a technical amendment to reflect the wording provided in amendment No. 9. The purpose of the section is to allow the board to access capital for the purpose of seeking authorisation without having any borrowing raised for that purpose included within the aggregate limit imposed on other borrowings.

Amendment agreed to.

Government amendment No. 33:

In page 6, subsection (5), to delete line 36 and substitute “*sections 4(1), 6 (1) or 5(1).*”.

Amendment agreed to.

Section 7, as amended, agreed to.

NEW SECTION.

Senator Phil Prendergast: I move amendment No. 34:

“34. In page 6, before section 8, to insert the following new section:

8.—Any order or regulation made pursuant to the Voluntary Health Insurance Acts 1957

to 2007 shall be laid before both Houses of the Oireachtas as soon as may be after it is made, and, if a resolution annulling the order or regulation is passed by either such House within the next twenty-one days on which that House has sat after the order or regulation is laid before it, the order or regulation shall be annulled accordingly, but without prejudice to the validity of anything previously done thereunder.”.

The purpose of this amendment is to ensure that any order or regulation made by the Minister is subjected to parliamentary scrutiny. Under the Bill as it stands there is no requirement to present such an order or regulation to the Oireachtas.

Deputy Mary Harney: When VHI obtains commercial freedom, as it will be authorised by the Financial Regulator, the making of orders will not arise. If amending legislation is required it would need to come to the House. However, there will be no orders as such.

Senator Phil Prendergast: I feel it will come back through one of the Houses. I am happy to agree to differ again.

Amendment, by leave, withdrawn.

Section 8 agreed to.

Section 9 agreed to.

Schedule agreed to.

TITLE.

Government amendment No. 35:

In page 3, to delete lines 13 to 21 and substitute the following:

“INSURANCE BOARD, TO EMPOWER THE BOARD TO FORM AND ESTABLISH OR ACQUIRE SUBSIDIARIES TO PERFORM CERTAIN FUNCTIONS OF THE BOARD, WITH A VIEW TO OBLIGING THE BOARD TO APPLY FOR A GRANT TO THE RELEVANT SUBSIDIARY OF AN AUTHORISATION TO CARRY ON THE BUSINESS OF NON-LIFE INSURANCE, TO SPECIFY THE BORROWING POWERS OF THE BOARD AND SUCH SUBSIDIARIES, AND TO PROVIDE FOR RELATED MATTERS.”

Deputy Mary Harney: This amendment to the Long Title is proposed to clarify that under the provisions of the Bill the board is to be obliged to apply for an authorisation, which is consistent with the amendments already agreed.

Senator Liam Twomey: The Minister has said she will return to certain issues when the Bill is taken in the Dáil. However, will the Bill allow the VHI, without any partners, to set up swift clinics

wherever it wishes? Could this lead to a range of swift clinics, which some people might regard as the corporatisation of general practice? Could that process accelerate with the benefit of this legislation?

Deputy Mary Harney: I believe the Senator is asking if it could be done without reference to general practitioners. The answer is that I believe it could. If they want to be commercially successful they will have to include general practice.

Senator Liam Twomey: They have not until this point.

Deputy Mary Harney: In fairness, they have buy-in from general practitioners. The answer to the Senator’s question is “Yes.”

Amendment agreed to.

Title agreed to.

Bill reported with amendments and received for final consideration.

Question proposed: “That the Bill do now pass.”

Acting Chairman: This is my first time to chair a session of the Seanad. It was my great honour to have been the first female Acting Chairman to stand over a vote in the Dáil during the passage of the Health Insurance (Amendment) Bill 2007. Coincidentally, my first occasion as Acting Chairman in the Seanad has been the debate on this Bill.

Senator Phil Prendergast: Women power.

Minister for Health and Children (Deputy Mary Harney): This has been an exclusively female debate, with the exception of Senator Twomey. I thank the Senator for providing a degree of gender balance.

Senator Liam Twomey: I should not have been here.

Deputy Mary Harney: The officials behind me are male, so there has been a male input.

Question put and agreed to.

Sitting suspended at 12.40 p.m. and resumed at 12.55 p.m.

Local Government (Roads Functions) Bill 2007: Second Stage.

Question proposed: “That the Bill be now read a Second Time.”

Minister for the Environment, Heritage and Local Government (Deputy John Gormley): I am pleased to have the opportunity to open the

[Deputy John Gormley.]

debate in this House on the Local Government (Roads Functions) Bill 2007 which passed all Stages in the Dáil yesterday. On the formation of the Government in June 2007, the Taoiseach announced that responsibility for non-national roads and the national vehicle driver file, commonly referred to as the NVDF, was to be transferred from the Department of the Environment, Heritage and Local Government to the Department of Transport. This Bill provides for minor legislative changes to facilitate the transfer of responsibility for these functions from my Department to the Department of Transport.

Following the Taoiseach's announcement, my Department engaged with the Department of Transport and the Office of the Attorney General to work out the legal and practical arrangements for the transfer. Normally, transfer of departmental functions can be proceeded with by way of the making of a transfer of functions order under the Ministers and Secretaries Act 1939. The advice received from the Office of the Attorney General was that the transfer of functions relating to non-national roads and the national vehicle driver file required the making of some minor amendments to the primary legislation and the enactment of a transfer of functions order. It is intended that the making of the order, the drafting of which is well advanced, will coincide with the commencement of the Bill.

The provisions of this legislation, which has been introduced to reorganise Government functions, are technical. The Bill provides for the amendment of the Local Government Act 1998 to allow payments from the local government fund to be made to the Minister for Transport in respect of non-national roads and the expenses associated with maintaining NVDF records, administering the motor vehicle tax system and issuing driver licences. Such expenses are being met from the local government fund at present. This legislation provides for the continuation of these arrangements following the transfer of functions. The Bill also provides a statutory basis on which the Minister for Transport can make regulations in respect of the NVDF functions that are being transferred to him. The legislation also provides that future ministerial consents in respect of railway orders are to be vested in the Minister for Transport as the responsible Minister where the works involved are likely to affect public roads.

I would like to explain the need for the Bill to be enacted within a short timescale. The Department of Finance has set out a deadline of mid to late November for the enactment of the Bill so it will have time to make the necessary adjustments to the 2007 and 2008 Votes of the Departments of the Environment, Heritage and Local Government and Transport prior to budget day. The enactment of this Bill and the making of the transfer of functions order will allow the spending provisions for non-national roads and the

national vehicle driver file to be definitively transferred to the Vote of the Department of Transport. Therefore, statutory responsibility for these expenditure provisions will transfer to that Department. I thank Senators for their co-operation in facilitating early consideration of the Bill.

The Government made a number of changes in the structures and functions of Departments after the 2002 general election. As part of that reorganisation, most of the departmental administration and ministerial functions relating to roads, road traffic and road safety were transferred from the then Department of the Environment and Local Government to the then Department of Public Enterprise, which is now the Department of Transport. At that time, it was decided that functions relating to regional and local roads would remain with the then Department of the Environment and Local Government. The primary reason those functions were not transferred at the time was that State grants for non-national roads were mainly financed from the local government fund, which is administered by my Department. The origins of Ireland's extensive road network are clearly linked to the low density and dispersed nature of its population. While we have experienced increased urbanisation and a move from agriculture in recent times, the network of non-national roads is still necessary to provide mobility within and between local economies and to provide links to the strategic national road network and the ports and airports which are our links with the wider European economy.

The impact of the non-national road network on regional development takes on added importance as we make progress with the implementation of the national spatial strategy. The 20-year strategy, which was published in 2002, is designed to promote more balanced regional development and allow all regions of the country to achieve their full economic and social potential. The strategy designates 18 cities and towns as gateways and hubs — regional centres of growth in which development will give a lift to their hinterlands and the regions as a whole. Investment in strategic non-national roads is critical if we are to develop our gateways, hubs and other growth centres. Investment within and between these centres and their hinterlands plays a key role in improving connectivity and circulation and facilitating the development of strategically placed landbanks.

The programme of developing and maintaining the network is not confined to urban centres. It is vital for rural communities that improvements in transport infrastructure continue to be implemented. Regional and local roads are very important in this regard. The overall aim is to make the regions more attractive places in which to live, work and spend time as a visitor. It is intended to raise their level of development, support their economies and contribute to balanced regional development.

Under the current arrangements, overall responsibility for the planning and supervision of works and the construction and maintenance of national roads is vested in the National Roads Authority, which operates under the aegis of the Department of Transport. Responsibility for the improvement and maintenance of regional and local roads is vested in individual local authorities, with State grants being provided through the Department of the Environment, Heritage and Local Government. The Government has decided that overall responsibility for the non-national road investment programme should be vested in the Minister for Transport, as the Department of Transport is responsible for road traffic, road safety and overall transport development and policy. There is no longer any rationale for giving two separate Ministers and Departments responsibility for different aspects of public road network policy.

One of the primary purposes of this Bill is to facilitate the transfer of the non-national roads function to the Minister for Transport. It will also facilitate the payment of associated State grants by that Minister. As a recognition of the importance of the non-national road network, the new national development plan provides that €4.3 billion will be invested by the local government fund and the Exchequer in the network over the period of the plan. The main emphasis of the investment programme will be on improving and maintaining the existing network and investing in strategic roads. While responsibility for non-national roads is transferring to the Department of Transport, the local government fund will continue to provide significant finance for such roads. A sum of €520 million is being provided from the local government fund this year. This will be the benchmark for future non-national road funding from the fund.

The national vehicle driver file, NVDF, is a database of national strategic importance which contains details of all 2.4 million registered vehicles and 2.5 million licensed drivers in the country. The NVDF is the product of a major computerisation project which was completed in the Department of the Environment, Heritage and Local Government in 2002. The system allows all vehicle and driving licence transaction processing to be done by motor tax authorities in real time. The NVDF is a critical part of the management of the national motor tax and driving licence services, including the optimisation of the services to the motoring public. NVDF data play a key role in vehicle and driver regulation. They support the critical road safety agenda. In that context, the Government deemed it appropriate that the system and its support staff should transfer from the Department of the Environment, Heritage and Local Government to the Department of Transport.

I would like to outline some aspects of the wider context in which the NVDF now operates. The Garda Síochána receives NVDF data to

assist it with road traffic and driver law enforcement as well as crime prevention and detection generally. There is interaction between the NVDF and the Office of the Revenue Commissioners which, in the context of its role as the national vehicle registration authority, provides details of recently registered new and imported used vehicles to the NVDF. Such details provide the basis for the core NVDF vehicle details. NVDF data are available to the Revenue Commissioners to assist them with their tax enforcement initiatives. NVDF data are also made available to national car test service providers to enable them to fulfil their vehicle testing obligations. Motor manufacturer and distributor companies receive NVDF data to help their vehicle recall initiatives if it is found that faults present potential danger to vehicle owners or road users in general. These are some examples of the manner in which vehicle data play a key role in regulatory enforcement and road safety implementation.

The NVDF also plays a critical role in the administration of penalty points. The driver records on the system are updated with penalty point data received from An Post, which act as an agent for the Garda Síochána, and the Courts Service when penalty points are applied upon conviction. Penalty point notices covering the allocation and withdrawal of penalty points, as well as disqualification notices issued when drivers reach the requisite number of points, are generated using the NVDF system. The NVDF also provides the basis for a number of customer-focused services. For example, a process of issuing reminders to drivers whose licences are about to expire has recently commenced as a pilot project and will become fully operational in early 2008.

The on-line motor tax service, which is one of the real success stories of e-Government, has captured the public imagination to the extent that it is now regarded as a flagship example of the provision of efficient and effective services to the public. The competent and efficient operation of the service was acknowledged when it won the "Government to Citizen" category at the 2004 Innovation Through Technology awards.

Regarding the specific provisions in the Bill, the primary purpose of section 1 is to amend the Local Government Act 1998 to allow for the payment of moneys from the local government fund to the Minister for Transport in respect of non-national roads and the Minister's expenses in maintaining NVDF records, administering motor vehicle tax and issuing driver licences. These expenses are being met from the fund and they will continue to be met from the fund following the transfer of functions. Section 1 also ensures moneys received by the Minister for the Environment, Heritage and Local Government and the Minister for Transport in the context of motor tax, driver licences and NVDF functions continue to be paid into the local government fund.

[Deputy John Gormley.]

Senators will be aware of the significant role which the local government fund has played in the financing of local government since it was established in 1999. The fund is financed from a combination of an Exchequer contribution and the full proceeds of motor taxation. Total funding for 2007 amounts to some €1.5 billion, which represents approximately 30% of local authority current funding. The fund comprises an Exchequer contribution of €537 million and the proceeds of motor tax, which is projected at €944 million for 2007.

The ability of local government to respond to the ever-increasing demands for improved services made on it in recent years demonstrates the success of the local government fund. These demands have arisen owing to an expanding population, unprecedented economic growth and higher customer expectations. Not only has the fund been successful in delivering resources locally, it has succeeded in limiting the direct financial contribution required of local communities and businesses through rates and charges.

Local authority current expenditure amounted to €1.8 billion in 1997. Ten years on, current expenditure by local government will amount to in excess of €4.7 billion. The general purpose grant allocation from the fund to local authorities for 2007 amounts to €948 million. This represents an increase of 8% over the record amount provided in 2006 and is an increase of 180% over the 1997 allocation.

It is very important for the improvements that have been brought about in the financing of local authorities, both current and capital, to be built upon. In this context it is important that the local government fund, which has been pivotal in this success, is not compromised by the transfer of functions. I assure the House that the integrity of the fund is not compromised in any way by the transfer of functions as motor tax and the Exchequer will continue to provide resources to the fund. In this way, the fund will continue to provide a robust, buoyant and dedicated source of funding to local authorities by way of general purpose grants and grants for non-national roads.

With respect to section 2, amendments are required to the Roads Act 1920 to facilitate the transfer of responsibility for the NVDF function to the Minister for Transport. Under current legislation, the power to make regulations for the control and regulation of the motor tax system, which includes change of vehicle ownership, is vested in the Minister for the Environment, Heritage and Local Government under the 1920 Act. Arising from the transfer of functions with respect to non-national roads, I will no longer have any function in respect of public roads.

Section 3 provides for a minor amendment to the Transport (Railway Infrastructure) Act 2001 to provide that ministerial consent to the granting of a railway order where the works in question would affect a non-national road is to be vested

in the Minister for Transport as the responsible Minister.

This Bill is a technical measure to amend the legislative framework to facilitate the transfer of the non-national roads and the NVDF functions to the Minister for Transport. The actual transfer of functions will be effected by a transfer order to be made by the Government to coincide with the commencement of the Bill. While the responsibility for non-national roads and the NVDF is transferring to the Department of Transport, I can assure the House that I will continue to be statutorily responsible for the management of the local government fund.

I thank Senators for their co-operation in facilitating early consideration of the Bill which I commend to the House.

Senator Paudie Coffey: I welcome the Minister to the House. This Bill was debated at length in the other House this week and Senators now have an opportunity to consider it.

The Minister was at one time a member of a local authority and he would have in-depth knowledge of local government, as is the case with many Members of this House. I question whether he has considered all the implications of this legislation. There is a long tradition going back more than 100 years of local authorities working with central government and many informal lines of communication have proved valuable in the interaction between the bodies, county managers and public representatives. The Department of Transport will now be the lead Department.

Fine Gael welcomes any efficiencies which may be introduced into public administration but we are concerned with the Minister for the Environment, Heritage and Local Government handing over what are considered significant funds to the order of €1.5 billion, to the Department of Transport. This comes at a time when the Minister for Transport has displayed incompetence in the management of his brief, and this is not a personal criticism of the Minister. Deputy Noel Dempsey was Minister for the Environment, Heritage and Local Government at the time of the electronic voting debacle and it is clear he was not on top of his brief when dealing with the Aer Lingus fiasco. I also refer to the recent U-turn on provisional driving licences.

Fine Gael is concerned as to how this fund will be administered by the Department of Transport. Public representatives from all parties will have similar concerns. The Department of Transport does not inspire confidence and the Minister may be making a mistake in handing over such autonomy to another Department.

I note the Exchequer grants for non-national roads have decreased by 39% this year. The amount invested last year was €87.5 million and it is proposed to invest only €54 million this year. This sends out the wrong signal to local authorities that central government is not willing to invest in non-national roads or to keep invest-

ment at a high level. Many of these roads are still of a poor standard of surface, alignments, junctions, signage and cat's eyes. Standards will suffer because of the decrease in funding. It would be important for the Department of the Environment, Heritage and Local Government to remain in charge of this funding because of the long-standing traditional links between local authorities and the Department.

It is important that public representatives have access to the Department of Transport. Public representatives of all parties find it difficult to deal with the National Roads Authority and to be given answers to their inquiries. It seems the authority does not take into account the views of public representatives and local authorities. It dictates the management of national roads in many cases. I would hate to see the day a similar system operated for non-national roads because localised management is important. The Minister has assured the House that will not be affected in any way and that the Bill is only a technicality. However, I hope localised management of our non-national roads will not be detrimentally affected by the legislation.

Public representatives will be concerned about the proposed changes because of their potential impact on access to the Department of the Environment, Heritage and Local Government and accountability. I hoped a system would be put in place by the Minister on the enactment of the legislation rather than handing over the disbursement of this significant sum to the Department of Transport.

I acknowledge the national vehicle driver file is a good mechanism, which must be welcomed, and I agree with the change in this regard, although a number of anomalies in the penalty points system have resulted. One in four of those who receive penalty points are immune because they hold out-of-state driving licences. A significant minority of drivers cannot be issued with penalty points because they do not have Irish driving licences. How will that fit in with the new system? The Automobile Association made a submission to the Department on the introduction of a parallel system of licensing whereby if penalty points are issued on an out-of-state licence, another licence in the name of the individual should run concurrently in this State, which would be charged with the relevant points. This issue needs to be addressed.

I refer to local government funding in general, an issue we will revisit, as it is on the agenda of every political party. Local authorities are given an unfunded mandate. They have a wide remit but they are not given the necessary resources to properly carry out their obligations and every councillor and city and county manager will attest to that. The issue of funding must be debated properly and a system must be devised under which local authorities are given autonomy to raise funds through their own measures or funds are provided by central government. While this is

a technical Bill, the Minister could have included serious proposals for the reformation of local government funding. It is a little premature to hand over a power the Department has managed well for many decades. Fine Gael has a difficulty with the legislation but we will not divide the House on it.

Senator Martin Brady: I welcome the Minister to the House and I am grateful for the opportunity to contribute to the debate. The main feature of the Bill is to provide for necessary legislative amendments of a technical nature to facilitate the transfer to the Minister for Transport of non-national roads and the national vehicle driver file, NVDF. As the Minister stated, the Bill is required to give effect to the Taoiseach's announcement on the formation of the Government in June 2007 that responsibility for non-national roads and the national vehicle driver file was to be transferred from the Department of the Environment, Heritage and Local Government to the Department of Transport.

The Bill provides for amendment of the Local Government Act 1998 to allow for payments from the local government fund to the Minister for Transport in respect of non-national roads and the Minister's expenses in maintaining NVDF records and in administering motor vehicle tax and issuing driver licences. These expenses are met from the fund and the legislation provides for their administration following the transfer of functions. The legislation also provides a statutory basis for the Minister for Transport to make regulations in respect of the NVDF functions being transferred to him. It also vests in the Minister for Transport all ministerial consent provisions in respect of railway orders where the works involved are likely to affect public roads.

With regard to non-national roads, following the general election in 2002, most of the departmental administration and ministerial functions relating to roads, road traffic and road safety were transferred from the then Department of the Environment and Local Government to the then Department of Public Enterprise. I agree there is no longer a rationale for having two Ministers and Departments dealing with aspects of the public road network. The Government decided that overall responsibility for the non-national road investment programme should be vested in the Minister for Transport and the Department, which currently has responsibility for overall transport development generally. The Government will continue to provide significant finance for non-national roads in addition to the massive investment being made in the development of our national road network. This year alone a record €600 million is provided for non-national roads. I am happy the Minister has assured the House that the funding for the non-national road investment programme will not be affected as a result of the new arrangements.

[Senator Martin Brady.]

As the Minister said, the NVDF is a database of national strategic importance, which contains details of all 2.4 million registered vehicles and 2.5 million licensed drivers in the country. The file is the product of a major computerisation project completed in the Department of the Environment, Heritage and Local Government in 2002. The system enables all vehicle and driving licence transaction processing to be updated in real time. As such, the NVDF is critical to the management of the national motor tax and driving licence services, including the optimisation of these services to the motoring public. NVDF data play a key role in vehicle and driver regulation and in supporting the critical road safety agenda. In this context, the Government deemed it appropriate that the system and its support staff should transfer from the Department of the Environment, Heritage and Local Government to the Department of Transport. The Bill is necessary to give effect to the transfer of functions relating to non-national roads and the NVDF to the Department of Transport. The Government will make a transfer order to coincide with enactment of this Bill. I support the Bill's passage through the Houses.

Senator Coffey referred to the issue of road signage, which is deplorable in some parts of the country. It is confusing and I do not know how tourists get around. When I canvassed during the Seanad elections, I encountered signage obscured by trees and so on. Approaching Galway city, drivers must negotiate 11 or 12 roundabouts. The signage for one roundabout, in particular, is displayed only a few yards from it and I was informed by a local garda that accidents occur on almost a daily basis because people are confused as they approach the roundabout.

Senator Paudie Coffey: The NRA is responsible for that.

Senator Martin Brady: I would like the Minister to note this. An inspection should be carried out to update the signage and to make it more comprehensible for drivers. Significant works are being carried out on the M50 currently and it is a nightmare for drivers who would need a navigator to negotiate it. The signage is confusing and it is displayed only at approaches to roundabouts. Signage is not displayed far enough in advance of the roundabout to warn drivers about the lanes in which they should be. I support the Bill's passage.

Senator Dominic Hannigan: Concern was voiced about the legislation in the Lower House yesterday by my party colleagues. Given the two options about who should manage these functions, I would prefer if the Minister for the Environment, Heritage and Local Government would do so. He has shown in his short time in Government that he is quite adept at managing issues, for instance, moving the proposed incinerator

from his backyard to County Meath and the Minister for Transport.

Deputy John Gormley: Has the Senator information we do not have?

Senator Dominic Hannigan: I cannot say the same about the Minister, Deputy Dempsey. During his tenure as Minister we have seen too many problems. As referred to earlier, we have seen the disaster of the privatisation of Aer Lingus and the impact that has had on the Shannon region. There was the debacle a few weeks ago of the change in licensing regulations affecting those on provisional licences. Now we hear there are doubts whether the projects under Transport 21 will see the light of day on their scheduled completion date. The Minister's reward for his mismanagement in these areas is that he is about to be given even more work, that of responsibility for overseeing our non-national roads and the national vehicle driver file.

Non-national roads carry the majority of traffic and hence the accident rate on those roads is higher than on motorways. The Minister, Deputy Dempsey, said in the Dáil that he would like to see a dramatic improvement in accident rates. The problem is that the proposed budget cuts for non-national roads means that for a start he will have to fight to improve road safety with a lower budget. Road surfacing is probably not an issue of concern for the Minister, Deputy Gormley. I am sure the road surfaces and the signage around Irishtown and Sandymount are fine, but if the Minister were to come to County Meath, he would note that the road surfaces around Mornington, with which he is familiar, and elsewhere throughout the county require additional funds to ensure they meet safety standards. However, the money to provide for such works is not available. County councils are not being allocated the necessary funds.

The lack of signage is also a problem at junctions. On approaching a junction a motorist does not know whether to turn left or right or continue straight to reach his or her destination, which in some ways is like how the current Minister responsible is acting. It will be problematic for the Minister, Deputy Dempsey, to have to deal with the non-national roads given the budget cut-backs and his aim to try to improve road safety.

I also want to deal with the national vehicle driver file and the points made by some people that currently it is not fit for its purpose. It remains hard to track penalty points. The lifespan of cars on our roads is also an issue. A survey conducted recently by an insurer showed that of the 5,000 cars it has recorded on its books as written off, 1,350 of them do not appear on the national vehicle driver file. These cars could still be on the road. I am concerned whether the Minister, Deputy Dempsey, will have the ability to tackle such issues. We have seen in the past that when it comes to reviewing the way projects

work, such as PPARS, his view of the €150 million wasted on that system was that it was just a drop in the ocean, a small amount of cash. I would be concerned about his ability to redesign the national vehicle driver file if that were required.

Switching responsibility for the reform and management of these areas to the Department of Transport may on the face of it be a technical issue designed to solve problems but I would be concerned that this would not be case. It is important that the management of these two vital areas remain under the remit of the Minister, Deputy Gormley, and his Department. I am concerned that the transfer of responsibility for them to Minister, Deputy Dempsey, and his Department will put more work on a Department and a Minister that are already stretched to the limit of their abilities.

Senator Dan Boyle: It is an essential principle of green politics that the Green Party should seek to be in Government in so far as possible to give power away. I am glad that the Minister, Deputy Gormley, has decided to live up to that principle. I did not expect him to do it so soon or to distribute the power in this precise way. The function of the Bill before us is to do precisely that.

There is no doubt the Department of the Environment, Heritage and Local Government has many functions that require specific attention. One of those functions until the passage of this Bill has been responsibility for non-national roads. There is a logic that the Department of Transport should be involved in all aspects of transport planning and responsibility for the transport infrastructure. On those grounds, this is a necessary Bill that is technical in nature.

This debate allows us to ask questions about the nature of planning in general, the roles of the Department of the Environment, Heritage and Local Government and the Department of Transport. It is unfortunate that some Members have tried to personalise the nature of this Bill because it provides for the transfer of the functions to an office and a Department rather than an individual. This legislation will live beyond the lifespan of this Government and current holders of any offices of Government. On those grounds, Members should be more open to the detail of the Bill.

The technicalities involved are aptly described in first three sections. Despite the tenor of the previous contributions it seems clear that the House will not divide on the issues involved. Following the transfer of these functions, there is a need to seek the introduction of wider legislation on this area. I will explain some of those areas that could be dealt with under future legislation. In terms of implementing the national spatial strategy and having an integrated approach, we still have separate road, traffic and transport authorities. If we believe in integrated planning, we must ensure authorities are in place that will

allow that to happen in a more organised way. The roads authority is either a local council or the National Roads Authority, the traffic authority is the Garda Síochána and the transport authorities, in so far as they exist, are Bus Éireann and Iarnród Éireann.

The promised forthcoming legislation dealing with the Dublin Transportation Office might present an opportunity to put a new model in place. My party not only wants that legislation to come into being, we want such principles applied to transport planning and planning in general throughout the country. I hope the Minister will use his influence to help shape such promised legislation and to put it on the legislative programme.

Now that functions are being transferred to the Department of Transport under this Bill, another area that needs to be covered is that of local competence and decision-making on issues related to non-national roads. I am mindful of roads in built-up and urban areas. While there has been a diminution in recent years of the need for local authorities to transfer to the Department the decisions to be made, that practice still exists to too large an extent. A more comprehensive Bill would eradicate those anomalies and transfer the necessary powers, regardless of which is the overriding Department, to the local authorities and to the elected members of a local authority. As this is a technical Bill in nature and the changes provided in it must be made as soon as possible, it could not deal with what I propose. However, we need legislation of that type as soon as possible.

I wish to praise the success of the www.motortax.ie service and the take-up of it. I hope the transfer of functions and powers from one Department to the other under this legislation will happen as smoothly as possible and that no technical problems will result from it. It would be in order for the link to www.motortax.ie to remain on the website of the Department of the Environment, Heritage and Local Government as well as on the website of the Department of Transport to allow people, regardless of how they access the service if they do not do so directly, to have as many avenues open as possible to pay motor taxation on-line.

Regarding the payment of motor tax and the local government fund, it is especially welcome that the Bill does not transfer responsibility for the collection of motor tax receipts, the placing of those funds in the local government fund and their eventual distribution to local authorities from the Department of the Environment, Heritage and Local Government because this is an important function. The Department has shown itself to be very adept at this since 1999. If responsibility for it does not remain where it is, an avenue of funding for local authorities and the services provided by them would be disrupted as a result.

On those grounds, I am glad the House will not divide on this Bill. I welcome the transfer of

[Senator Dan Boyle.]

powers in so far as they go and I look forward to the introduction of legislation that will deal with more detailed areas that need to be examined in terms of the anomalies that still exist which prevent us from having a smooth, integrated and co-ordinated system of planning, including transport planning.

Senator David Norris: I shall not need the time allocated. While having lunch I noticed the Minister was here, realised I had glanced through the Bill and wanted to make just two or three points. The Minister is aware of some of them.

I welcome the Bill as tidying-up legislation. There seems to be a good deal of that at the moment, a certain amount of revenue gathering and sharing and divvying out, so to speak. A large part of this Bill is a divvying out exercise as well, or part of it. Senator Boyle referred to his anticipation of further legislation giving details in this area. I welcome the fact that overall responsibility for non-national roads is being transferred from one Department to another and tightened.

I understand, however, there is no provision in the Bill for the creation of overall national supervision in terms of factors, for example, such as speed limits. This urgently needs to be addressed. I say it again, knowing it will look somewhat odd on the record of the House, if anyone in future generations bothers to read them. I have said this on a number of occasions before but it is the first time I have had the opportunity to put it to the Minister and the particular group of distinguished civil servants accompanying him.

In terms of road safety, for example, we need to gain the respect of citizens. We will not do that by having a chaotic, unco-ordinated and irrational system. I shall give one example, as I did yesterday in the road safety debate. The road to Tallaght goes past the Square, a three-lane highway with a very fine surface and a 60 km/h speed limit. One moves from that to a winding country road where the limit immediately goes up to 100 km/h. How can we possibly expect the ordinary citizen to respect the road network when we have this type of lunacy? Every time I raise this I am told it is not a function of central authority but is under the control of a large number of different local authorities. This is wrong and that chaos can be addressed legislatively by bringing the whole matter of the setting of speed limits into the national arena. There should be national standards, as well, in terms of road surface treatment. The situation is serious and we have had two major fatal accidents because of inappropriate road surface treatment. In other words, while I approve of the general direction of the legislation, it is not going far enough because significant bits are left out.

Another hobby horse to which I wish to give a brief and life-enhancing gallop this afternoon is the question of motor vehicle taxation. I note that this again is being transferred from one section to

another, becoming centralised and all the rest. The Minister is on record in the media as advocating an increase in taxation for larger vehicles. I understand the rationale for that varies, the principal one being that it means more lolly for the Government to waste. I must put my cards on the table, however, and admit there is a personal element to my argument. I cannot afford to drive a Ford or a Volkswagen. I got my Jaguar for €4,000 or €5,000 because it was old and no longer a status symbol. I buy the cast-offs of the rich, as a great many people do, because they can afford big comfortable cars——

Senator Fiona O'Malley: The Senator could have got a Ford for €4,000.

Senator David Norris: Would I, honestly? My goodness, the things one learns in this House.

Senator Fiona O'Malley: He might not look quite so elegant, however.

Senator Jerry Buttimer: Senator O'Malley could be behind the wheel.

Senator David Norris: Many people buy old cars and then find the tax is very high. I pay about half what I paid for the car in tax and that is daft. To increase it further is not necessarily an environmentally friendly measure because, for example, I do not use the car all that much. I used to cycle to Leinster House until I was knocked off my bicycle in O'Connell Street, which is extremely dangerous, as we know. The improvements to the visual aspects of O'Connell Street have actually made it more dangerous, as witnessed by the bus crash the day before yesterday. Therefore I will not be cycling down O'Connell Street if I can possibly avoid it, especially because the compensation one gets for being knocked off is not all that great. The last time I got less than €1,000, and I am not risking my life for that.

A number of people have these large cars and not because they are antagonistic to green issues. In fact the green issues and the environment would be better served by putting a tax on petrol. The possession of a car of whatever size does not affect the environment. What does are the emissions. I am out of the country for four months of the year. For four months of the year that car is immobile and yet I pay this enormous amount of tax. I happen to love it and believe it will be a classic car if I can afford to keep it. We should look at the question of putting a tax on petrol rather than increasing motor tax on large cars because that is when the polluter pays. If one does a lazy accounting exercise and simply increases the tax on a car just because it is large, regardless of whether it is used, that is inefficient. If the tax is put on petrol every time a car is taken out of the garage, someone pays, but in proportion to the expulsion of fumes from the vehicle.

Senator Fiona O'Malley: I welcome the Minister to the House. I thought the Bill was going to be rather lengthy and was surprised that it is so modest.

Deputy John Gormley: I am not expensive.

Senator Fiona O'Malley: Indeed, the Minister is. I have learned something today. I thought we had recently introduced speed limits nationally. Part of the reason the madness which Senator Norris just spoke about exists is, I am surprised to learn, that speed limits are still at the discretion of the local authorities, depending on the type of road, be it national or whatever. The points made by Senator Norris were valid because we must have consistency if we are to expect people to comply with speed limits. I say this as someone who has a tendency to go somewhat fast. A particular bugbear I have is the road around Galway city, which is madness. It is a fine big road and one is required to stay at 60 km/h, which is unnecessary. However, those are the rules and that is what we should be doing.

I have little sympathy, however, for Senator Norris and his big Jaguar. It is his choice if he chooses to have an enormous car. One does not need to have a big car if one is buying one for a modest amount. I sympathise with him, however, regarding his proposal on the taxation of petrol. As the Minister is a clear advocate of the polluter pays principle, would he consider introducing taxation in line with fuel emissions? I believe it is something he may have advocated before.

I pay tribute to the Minister for the work he has done in his short term in office. As someone who has spent the past five years trying to get the building standards updated, I unreservedly pay tribute to him for having done that so quickly. This is a progressive gesture which concerns investment in the future. That is why I ask him to consider Senator Norris's proposal. Perhaps there is not enough time before this year's budget.

It would be a wonderful legacy for the Minister if we changed taxation as it relates to cars and emissions. The Minister knows how much transport adds to emissions in this country. It would make us all think. The Minister for Communications, Marine and Natural Resources attended a debate on climate change in this House last week and as he pointed out, were it not for the weak dollar, we would be looking at prices of between €1.60 to €1.80 per litre at the petrol station.

I am not a great driver of my own car as I use the DART or my bicycle to come in to the city. However, I found myself changing my practices and thinking that if prices were reaching €1.60 for a litre of petrol, I could see myself changing my ways. I wonder how many other people would start thinking about it. I am travelling to Limerick this evening and would rather load up the car than go on my own. One thinks about the journeys one takes as one goes. Putting taxes directly

on fuel so that the more one drives, the more one pays would be indicative of the Minister's approach to problem solving. It is also fair and in line with his political philosophy.

Having looked through the Bill, I wondered about the position regarding non-national roads. The Minister might not be that familiar with it because his constituency is in a city council area. Being a member of a county council, the reinstatement of footpaths was a topic that interested me. The reason I raise this issue is because of the removal of responsibility for non-national roads from the Minister's Department. We encountered many problems. Trucks would go up on pavements that were reinstated, which would then get destroyed, and people would trip over.

However, because we were a county council, we were not allowed into the city council's pool. I presume Cork, Limerick and Galway could avail of it. As a county council, we were up against the likes of Leitrim, although it is not a good example because it is a small county. We were up against bigger counties when we tried to get this money to reinstate the pavements. It was very unfair. The Dún Laoghaire-Rathdown County Council area has more in common with an urban area than County Monaghan. I would be grateful if the Minister should look at that and see how the outer municipal areas of the city — areas that are not city council areas — would be able to avail of this fund. We had serious trouble with our county manager about it.

In truth, the reinstatement of roads is possibly a local authority issue. On my way home in the evening, I often look at the Merrion Road in the Minister's constituency. This road was repaved recently, certainly within the past 18 months, but is being dug up again. The utilities that need to go in are allowed to do so. However, we accept an appalling standard in respect of the condition of roads they leave behind. More importantly, it is not to the credit of local authorities that they stand over such a standard. The way they are prepared to tar over some area when considerable expense has gone towards enhancing the environment is disgraceful. If one travels through cities in other countries, one sees a much higher standard. We must stop accepting very poor standards on reinstatements. I ask the Minister, in whatever meetings he has with county managers, to ensure this.

I pay tribute to the efficiency of the national vehicle and driver file, which I am sure is enormous. Public bodies are constantly criticised for their inefficiency so it is important to pay tribute to a database and computer-based system which works very efficiently. Now that responsibility is moving to the Department of Transport, it might be able to offer advice to its colleagues in the unit in the Department that is responsible for integrated ticketing. The money spent and the time wasted in this area is a farce when we have not gone any further in terms of integrated ticketing.

[Senator Fiona O'Malley.]

We will all start using public transport much more as it gets much better but we must make it easy for people to do so. One of the simplest and best ways of doing this is through integrated ticketing. I hope the officials with responsibility for this area who have devised and operated this database will pass on their expertise to those in the Department of Transport who are responsible for integrated ticketing. I thank the Minister and welcome him to the House.

Senator Paschal Donohoe: I wish to share my time with Senator Buttimer if that is agreeable to the House.

An Cathaoirleach: Is that agreed? Agreed. The Senators have four minutes each.

Senator Paschal Donohoe: I also thank the Minister for attending this debate and for having the courtesy to stay throughout it. It would be great if he could respond to some of the important points raised.

Before I comment on this legislation, I will return to comments made by other speakers about taxation options open to the Minister and Government in respect of how we change people's behaviour in respect of the car. I am about to make an obvious point but one which must be made in tandem with any discussion of taxation. We can only make structural changes in our tax system when we make structural changes in terms of the availability of public transport.

I will revisit a point made by Senator O'Malley when she said she had a choice between taking her car or the DART. We will only be fair to people using their cars if we make a large change in the tax system and improve the availability and quality of public transport. Unfortunately, I cannot think of a more inappropriate time to make this comment at a point when 60,000 people who might look to use a bus cannot make that switch due to the current strike.

Nothing could be more important in making that happen than ensuring that all the different projects under Transport 21 happen. Reference was made to handing over responsibility for some of these areas to bodies like the unit in the Department of Transport responsible for integrated ticketing. God help us if we are going to hand over projects currently sitting in the Minister's Department to a Department which has been responsible for introducing integrated ticketing since the early 1990s and which has been the subject of two reports by the Comptroller and Auditor General when we are still no further towards making this happen.

Probably the most pervasive feeling I have had in the six weeks I have been a Member of the Houses of the Oireachtas is a sense of the number of people with far more experience than me who have stood up and asked where all the power has gone. They say that they used to be able to take

about health but that it is now the responsibility of the HSE, that they used to be able to talk about roads but that they are now the responsibility of the NRA and that they used to be able to talk about many other policy areas that have now been handed over to a different Department or, more frequently, a statutory organisation with responsibility for the implementation of policy and that it becomes very difficult to get an answer from them on important matters. As we look at issues, and the Minister has spoken about how we engage voters, particularly in local government, it ill behoves us to hand over large swathes of policy or Government revenue without a very clear idea of how we are going to deepen for the voters and citizens the accountability of expenditure and the delivery of policy decisions. As a former member of a local authority I have direct experience of this, as does the Minister. When discussing policy with officials one has more hope of receiving an answer from them if the matter is in the bailiwick of the Department of the Environment, Heritage and Local Government than if it is in that of the Department of Transport. There is a direct accountability link, no matter how weak, between local representatives and the Department of the Environment, Heritage and Local Government and no link of the same strength exists between members of local government or Members of this House and the Department of Transport.

Why are we handing over €1.5 billion from the Department of the Environment, Heritage and Local Government to the Department of Transport when the Minister has stated he is committed to local government reform and deepening links between voters, communities and the Department? We know how these people care about the quality of non-national road infrastructure. Why is this happening now and why is there no serious local government reform to deepen links between the voter and the local road network?

Senator Jerry Buttimer: The Minister comes to his job as a person of high integrity and many who were not in the House before admired his conviction. I genuinely wonder if the Minister knows what he is doing. He is giving €1.5 billion, a slush fund to be used in advance of the local elections, to his former political opponents. If that is what the Minister wants to do, God help him. We are not just transferring money but also roads and infrastructure projects from the Department of the Environment, Heritage and Local Government. The last paragraph of the Minister's speech states that he will be "responsible for the management of the local government fund". With one stroke of a pen, he has handed the Minister for Transport, Deputy Dempsey, control of the building and maintenance of roads. The Minister knows this will not happen.

Senator Norris referred to revenue sharing and divvying out, so to speak. We must have accountability from the National Roads Authority

regarding the provision for non-national roads. Local councillors and local people, to whom Senator O'Malley referred, are deeply unhappy with the condition of and maintenance of non-national roads throughout the country at a time of major Exchequer expenditure. We are giving *carte blanche* to the NRA, which is unaccountable. This Bill presented an opportunity to reorganise Government functions and reform local government. I understand the bona fides of the Minister and do not blame him on one level because he is a nice guy. He is being caught. What will be the cost of the letterheads, forms, signs, staff training and information technology?

The Minister should not abdicate responsibility for the NRA. It has abdicated responsibility for providing the Sarsfield Road and Bishopstown roundabout flyover in Cork South-Central. There is no answer to it because the NRA says it is a matter for the Department of the Environment, Heritage and Local Government, which says it is a matter for the NRA. It is a complete flyover, no pun intended.

The delivery of infrastructure projects is best served by the Department of the Environment, Heritage and Local Government because the Minister is the political master of local government. I am disappointed the Bill is being debated and that the powers are being transferred to the Department of Transport.

Minister for the Environment, Heritage and Local Government (Deputy John Gormley): The debate was interesting. The quality of the debate in this House seems higher than that in the other House but I am sure Senators were already aware of that and do not need me to tell them.

Senator Paschal Donohoe: We must have made a mistake.

Deputy John Gormley: I thank Senators for their contributions. The Bill is technical in nature, providing the legislative framework to facilitate the transfer of non-national roads and national vehicle driver file functions from my Department to the Department of Transport. I understand Senator Buttimer must leave the Chamber but I will answer his points. The transfer of functions will be effected by a transfer order made by the Government. Drafting of the order is well advanced and it will be made to coincide with the commencement of the Bill.

I assure Deputies that management of the local government fund will be the responsibility of my Department. The full proceeds of motor tax and driver licence fees will continue to be paid into that fund.

Some of the points raised by Senators were not related to the Bill but were interesting points nonetheless. Some of the Senators who raised these points are not in the House but I will address the points. The method by which we raise money is one that I inherited. We raise money for

local government through motor taxation. Many reports have been produced on the funding of local government. Reform can only come about if local government financing is also addressed. I have set up a consultative committee that will report to my Department on the Green Paper, which will be published after Christmas.

The point was made that raising motor tax is not an environmental measure. It is a revenue raising issue in the first instance. We must reform vehicle registration tax and this must be based on emissions. I have not spoken publicly on this matter besides speaking to one journalist in Limerick but these matters are not new. The programme for Government states that vehicle registration tax will be aligned to emissions and we seek the same system for motor taxation. I realise it is a crude instrument. As ratings for cars are related to emissions we will have an emissions-based system. Most people realise that this is necessary, particularly when we speak about climate change and the need to reduce CO₂ emissions.

Senator Donohoe referred to incentivising different modes of transport. We can only do so when these modes are *in situ*. His point is valid and we must invest in public transport and better services. We have seen the major success of the DART and the Luas so we know people have an appetite for good quality public transport.

Senator Norris referred to the safety of cyclists. I am well aware of that issue because I cycle to work each morning. I know the dangers involved and I am aware we need a much better cycleway network if we are to encourage more people, especially children, to use their bicycles. Cycling is not attractive to many people, especially those who have not been on a bicycle for some time. People will not take up cycling if they believe it is dangerous. A cycleway network is essential. My aspiration is to put in place a network similar to that which exists in Copenhagen where 33% of people use bikes to travel to and from work. That is the sort of network that is required.

It seems inevitable that the price of petrol will rise. If we had in place the alternatives suggested by Senators then I believe more people would move away from using their cars.

Senator O'Malley referred to the reinstatement of road surfaces. Her point in that regard is valid. There is an absolute lack of co-ordination among utilities. My predecessor had on hand the road openings Bill, which disappeared from the list of promised legislation. I have been searching the files to see if I can discover it because it would make sense to encourage co-ordination among utilities. It certainly makes sense to have in place good quality road surfaces. The latter should be properly reinstated subsequent to any works being carried out.

Senator Buttimer stated what is envisaged in the Bill would act as some sort of slush fund for the Minister for Transport and his Department. Those are not the words I would use. However,

[Deputy John Gormley.]

it is important that we should have systems in place and that there should be a real delineation among Departments. It makes absolute sense to have transport functions under one Department. Under the Bill we are ensuring that one Minister will have responsibility.

The points made about the National Roads Authority and the number of agencies that are in place are interesting, especially in the context of accountability. We need greater accountability in the Houses. The overall position regarding the role of agencies appears to be undergoing a reassessment. An increasing number of Departments are becoming aware of the position in this regard and it will be interesting to see how matters evolve.

I sincerely thank Senators for their contributions and I again commend the Bill to the House.

Question put and agreed to.

Acting Chairman (Senator Bradford): When is it proposed to take Committee Stage?

Senator Martin Brady: Next Tuesday.

Committee Stage ordered for Tuesday, 20 November 2007.

Acting Chairman: When is it proposed to sit again?

Senator Martin Brady: On Tuesday next at 2.30 p.m.

Adjournment Matters.

Local Authority Charges.

Senator Pearse Doherty: Cuirim fáilte roimh an Aire Stáit go dtí an Teach fá choinne an cheist seo a phlé. Ba cheart dúinn cead a thabhairt do na comhairlí chontae ar fud na tíre airgead a bhailiú ó úinéirí tithe saoire ar fud an Stáit. Cuid-eodh sé sin leis na húdaráis áitiúla seirbhísí éagsúla — seirbhísí níos fearr agus seirbhísí úra — a chuir ar fáil sna áiteanna ina bhfuil na tithe saoire lonnaithe.

This matter revolves around the need for the Minister for the Environment, Heritage and Local Government to give local authorities the option of levying an annual charge on holiday homes and thereby providing them with a contribution towards the public services they provide. The imposition of such a charge would also allow councils to provide additional and enhanced services.

Everyone is aware that there is a huge gap in funding for local authorities. It is becoming more difficult for local authorities to meet the increasing demands relating to the provision of services

in their areas. There has been an increase in the level of own resources a local authority must raise to contribute simple matters such as roads. In the previous debate we discussed the issue of having adequate and safe roads. Local authorities are also responsible for providing sewerage schemes, housing and a wide range of other services.

One of the ways local authorities bridge the gap in funding to which I refer is by means of the development contribution scheme, which relates to the construction sector. This scheme is unfair to a certain degree because it places a major burden on young people who are starting out in life and trying to build their own homes and who are obliged to make large contributions, via a huge levy, to the services provided by councils.

Will the Minister of State consider giving local authorities the option to levy a charge in respect of holiday homes? As he is aware, the number of holiday homes in the State increased significantly in recent years. My home county, Donegal, has more holiday homes than any other. There is no doubt that holiday homes bring advantages to an area. They help secure jobs in the construction sector and they attract tourism. There is a need to levy a charge in respect of such homes because most of those who benefit from having second homes in Donegal and other counties do not pay through general taxation because they live outside the State, nor do they pay a contribution towards the services provided by local authorities.

According to the 2006 census, there are 8,275 holiday homes in County Donegal. Throughout the State, meanwhile, there are 49,789 holiday homes. I refer here to holiday homes as opposed to second houses of residence or vacant homes. There are, for example, far more vacant homes throughout the State.

There is a need for the Government to address the matter of holiday homes. This is not a new issue. In 2003, Donegal County Council, with cross-party support, made an application to the Government that a measure such as that which I am seeking should be put in place. The response then, and in every subsequent year, was that the Government was awaiting a review of local government financing to be carried out by Indecon.

A report on this matter was submitted to the Government by Indecon in October 2005 and published at the start of 2006. While I disagree with many of the findings in that report — the Government parties also disagree with them — it is interesting that recommendation No. 7 supports the idea of introducing mechanisms to secure contributions to local authorities' general funding requirements from the owners of non-principal private residences. The report states that contributions to local authority services, such as those relating to local roads, libraries, parks, etc., should be secured from the owners of investment properties and other residential properties that are not principal private residences. The report indicates that the imposition of a levy

would score very highly in terms of accountability, efficiency and equity. It states:

At present, owners of such properties currently benefit from services provided locally which are funded from general taxation. Ensuring that these property owners make a contribution to these services is accordingly an equitable measure.

There is no doubt that there is a need to give local authorities the option of imposing a charge and to allow them to decide what the level of that charge should be.

The Minister of State will, when replying, refer to the local government fund, the buoyancy in rates, etc. However, the stark reality is that local authorities are encountering serious difficulties in trying to provide services as a result of a lack of funding. In the past year which was accounted for, a total of €2 million was unrecoverable by Donegal County Council, not through a lack of efficiency but because of the economic circumstances which exist. Companies are going to the wall and it is difficult to apply rates. A €100 charge on holiday homes in Donegal could bring in enough money for the county council to introduce a rates freeze or to put the money into services. I look forward to the Minister of State's reply and I hope he takes it seriously, as I am sure he will.

Minister of State at the Department of the Environment, Heritage and Local Government (Deputy Tony Killeen): Gabhaim buíochas don Seanadóir Ó Dochartaigh as ucht an ábhar tábhachtach seo a ardú. First, I will outline the level of support the Government provides to local authorities. The introduction of the local government fund in 1999 has been successful to date. The fund is ring-fenced for local government purposes. In 2007, a total of approximately €948 million in general purpose grants was provided to local authorities from the local government fund.

General purpose grants are the contribution the Department makes to local authorities to meet the gap between the cost to them of providing an acceptable level of day-to-day services and the income they obtain from other sources. The amount provided this year represents an increase of 8% over the amount provided in 2006 and is 180% above the amount provided in 1997. In other words, these grants have almost trebled in this time and are five times greater than inflation in the period. They contribute approximately one-fifth of local authorities' current expenditure requirements in 2007.

This increase in general purpose funding is a clear signal of the Government's commitment to the local government sector and recognition of the importance it attaches to local democracy. The local government fund also provides significant funding to local authorities for the improvement and maintenance of non-national roads. In 2007, total grants of €607.5 million have been

allocated to local authorities for non-national roads. These grants have increased by almost 9% over the level provided in 2006 and by 180% on 1997 levels.

The increase in general purpose and non-national road grant allocations are well ahead of inflation and by any yardstick represent significant strides in placing local authority financing on a firm footing. The increases in support provided to local authorities from the fund in recent years have limited the direct financial contribution required from local sources from rates and charges.

In 1993, rates contributed approximately 17% of the total income of local authorities. Today, the figure is closer to 12.5%. When local authorities adopted their budgets for 2007 at the end of last year, my Department specifically requested that local authorities should exercise restraint in setting any increases in commercial rates and local charges for the year to support competitiveness in the economy and to protect the interests of communities.

The response to this request was positive and, to a large degree, local authorities exercised significant restraint with increases generally of a lower order than in previous years. Limerick City Council in its 2007 budget adopted a reduction of 1% in its annual rate on valuation. This was on top of the decrease of 0.5% in 2006. The annual rate on valuation for Dún Laoghaire-Rathdown County Council and Nenagh Town Council were not increased in 2007.

In addition to grants from the local government fund, the Exchequer provides significantly increased funding to local authorities towards infrastructure provision in areas such as roads, housing, water and waste water services. In the past decade, the substantial level of resources provided to local authorities through central funding and the fruits of economic success have resulted in a trebling in local authority expenditure. This has enabled local authorities to take a leading role in the development of economic and social life in this country. Equally, local authorities must ensure full value for money for the resources invested and seek the maximum efficiency across their operations. Much has been achieved in recent years on the efficiency and value for money agenda, including new financial management systems and annual service indicator reports.

However, we must look to the future and, to borrow a phrase, a lot has been done but there is more to do. The Government is fully committed to the pursuit of further efficiency in local government and we want to see full value for every buck spent. We work in partnership with local authorities to build on progress in this area and to develop the efficiency and value for money agenda further. In partnership with local authorities, we will implement a new costing system for the local government sector and strengthened audit committees will be established in city and

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county councils. These initiatives will provide local authorities with further tools in the drive for increased efficiency in their operations.

The funding available to local authorities from local sources increased rapidly in recent years as a result of the sensible economic policies pursued by the Government. Rates income from the greatly strengthened commercial base supported by the Government's successful economic policies continues to provide significant buoyancy in funding to local authorities. Local authorities need to have adequate funds at their disposal to provide their customers with quality services and to meet the demands for additional services which an increasing population and an expanding economy require.

I will seek to maximise the funding available to local authorities through the local government fund in 2008 and I am confident that this extra funding, together with the funding local authorities receive from existing local sources, will enable local government to continue to deliver an acceptable level of service to the households, communities and businesses they serve. In the circumstances, there are no plans to introduce a levy on holiday homes along the lines suggested by Senator Doherty.

Senator Pearse Doherty: I thank the Minister of State for his response. However, I am disappointed with it and the Minister of State addressed the issue of holiday homes only in the last line. Why will the Government not introduce a levy on holiday homes? Does the Minister of State concur with the sentiments of the Indecon report that it is fair and acceptable that those with holiday homes or second homes throughout the State should pay for the services provided by Donegal County Council and other local authorities? Doing so would widen the finance base for local authorities to provide not only acceptable levels of services but also quality levels of service.

Deputy Tony Killeen: There is a strong case in equity for pursuing the point made by Senator Doherty. However, any changes in the funding of local authorities ought not to be conducted on a piecemeal basis and ultimately will be conducted through an overall approach.

Marine Accidents.

Senator Lisa McDonald: I call on the Government to establish a rapid response unit to provide an immediate reaction to fishing trawlers and other seafaring craft which sink at sea. The purpose of this unit would be to attempt to establish cause and reduce the lengthy trauma on families in seafaring communities who are affected by these tragedies.

On 29 November 2005, when Pat Colfer, the captain of the *Rising Sun*, did not return home, the Kilmore Quay lifeboat was dispatched.

However, by the time it got there it was too late. Two men were found in the sea. One survived, one died later and another man, Pat Colfer, was never found.

We also had the highlighted incidents of the sinking of the *Maggie B* on 29 March 2006 when a crew of two was lost off Hook Head in violent seas and on 10 January 2007 when the *Père Charles* was lost off Hook Head. The area between Hook Head and Kilmore Quay is known as the graveyard of 1,000 ships. I have no doubt many more tragedies will occur. People who take to sea are at risk.

I want a co-ordinated response to tragedies such as these. Given the stricter regime imposed by European regulations, fishing families must take more risks when providing for their loved ones. Another publicised incident was when the great man, Billy O'Connor from New Ross, a member of the Hook sub-aqua club, at the request of the Colfer family risked his life in visiting the wreck to search for remains at the time of the *Rising Sun* tragedy. He also lost his life. In recent days, an incident occurred off the Wexford coast at Tusker Rock when another trawler sank. On this occasion, all hands were rescued.

We know incidents which are as bad or worse will occur. Agencies and volunteers congregate to help. Although volunteerism is to be commended, we should not have to rely fully on it in this day and age. On those occasions, I witnessed the arguments which took place between the agencies and volunteers. They were extremely upsetting to the families and the community at large. Local politicians and the Minister with responsibility for the marine had to get involved to try to resolve some of the difficulties which occurred at the time of these tragedies. One wonders if we had a co-ordinated and quick response more immediate action would have taken place.

I compliment the Naval Service, the gardaí who worked tirelessly and the RNLi, a voluntary body which no words can adequately thank for the numerous rescues in which it took part over the years. Volunteerism must also be mentioned, as must the Irish Coast Guard, the Commissioners of Irish Lights and the Department of Defence for its helicopter service. If these were under the stewardship of an independent person to ensure an immediate response, could such an immediate response help save lives?

The *Père Charles* and the *Maggie B* were lifted recently, almost one year after the *Père Charles* sank. They were always going to be lifted because of political pressure at the time of the general election. If they were lifted immediately would we have found evidence of how the tragedies occurred? There might have been a greater prospect of finding the bodies if the response had been immediate. We urgently need a policy for sea safety. While we have a road safety policy, people also die at sea. Although occasionally nature is the reason, it is not good enough to depend on the good heart of volunteerism. To date we

have not come up with an adequate policy. We need a co-ordinated response from a single body advising the various agencies and committees what will be done. That would allow a speedier and effective response. While we can get on with our lives, those families will always carry the load. It is up to us to ensure when future tragedies occur at sea we have a policy in place outlining what should be done.

As someone who lives close to Kilmore Quay and Carnsore Point, there are many other sea safety issues I would like to see addressed. Those are the communities wondering whether their loved ones will return each night. While I do not want to play on the heartstrings, this is a real issue. Those of us living close to coastal communities, including the Minister of State and Senator Ó Domhnaill realise the risks they take for us.

Deputy Tony Killeen: I thank the Senator for raising this important matter. I am giving this response on behalf of the Minister for Transport, Deputy Dempsey. The Irish Coast Guard of the Department of Transport has the responsibility for the provision of the air and sea search and rescue in Ireland's search and rescue region, and marine pollution and casualty response in Ireland's marine pollution responsibility zone.

Search and rescue services in Ireland are provided through a combination of Irish Coast Guard emergency services and services provided by a number of charitable and voluntary organisations dedicated to search and rescue which are declared SAR resources to the Irish Coast Guard. The principal air and sea rescue declared resources in Ireland are the Irish Coast Guard all-weather helicopters based at Dublin, Waterford, Shannon and Sligo airports, which include two back-up helicopters. These SAR helicopters are contracted to be airborne within 15 minutes between 7.30 a.m. and 9 p.m. and within 45 minutes between 9 p.m. and 7.30 a.m. There are 56 coastal and inland waterway coastguard units, which include 20 cliff rescue teams and 22 boat teams, 20 all-weather and 21 inshore RNLI lifeboats and nine boats of Community Rescue Boats Ireland. Coastguard units can assemble within ten minutes and RNLI lifeboats and community rescue boats launch within ten minutes.

Medico Cork, the marine pollution response team and the marine fire response team based at Dublin are other resources declared to the Irish Coast Guard. We also draw on resources from the Commissioners of Irish Lights and the Department of Defence and are in the process of agreeing formal service level agreements with these organisations. Discussions with the Health Service Executive are at an advanced stage for the provision of a paramedic rapid response unit for transport by the coastguard helicopters. The Department is reviewing the options to ensure emergency towing vessel capacity is available to

protect the coast from the consequences of major oil pollution or vessel stranding.

The Irish Coast Guard co-ordinates all maritime search and rescue operations, including those services provided by the previously mentioned charitable and voluntary bodies. It also ensures appropriate equipment, facilities, personnel and training are in place among its many declared resources. Coastguard rescue co-ordination centres and a nationwide communications network are manned and equipped to receive distress calls and co-ordinate the response to incidents on land, around the coastline, inland waters and sea areas within its areas of responsibility for search and rescue, and casualty and pollution response. The Irish Coast Guard constantly evaluates its resources and risks and actively responds to ensure the necessary level of service and response is available 24 hours a day, seven days a week, 52 weeks of the year.

The Minister recognises that the challenges facing the Irish Coast Guard continue to change. The Irish Coast Guard undertakes ongoing training and re-equipping. He is satisfied that the strength of the air-sea rescue services is appropriate and that the arrangements in place compare favourably with best international practice.

Senator Lisa McDonald: I am disappointed with the reply. I believe that we do not take sea safety sufficiently seriously. Let us just wait and see what happens in coming months. When tragedies befall communities, as has happened in my community, we need to ensure a co-ordinated response is available. I ask the Minister of State to ask the Minister for Transport to rethink this policy. Perhaps at a later stage I might table a motion calling for the establishment of a sea safety authority.

Deputy Tony Killeen: I will convey that to the Minister.

Public Transport.

Senator Brian Ó Domhnaill: The scale of the private bus and coach industry in Ireland is little understood largely because of the absence of official information on the sector. There are now some 2,200 private bus operators in Ireland with an aggregate bus vehicle fleet of more than 5,000. This represents almost double the number of vehicles operated by Dublin Bus and Bus Éireann combined. Between 1992 and 2003, the number of vehicles operated by the private bus and coach industry increased by 71%. The Coach Tourism and Transport Council of Ireland is the representative body for independent coach operators. I understand that 6,000 people are employed directly with 3,000 people employed indirectly by the private bus operators in Ireland.

I understand that the fuel rebate-derogation currently available to public and private bus operators is being phased out as a result of EU regu-

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lations as set out in the energy tax directive. The removal of the refund of excise duty on fuel used in passenger transport services will have devastating consequences for rural transport provision throughout the country. The rebate amounts to 34 cent per litre and the rebate is reflected in the fares that bus operators charge on public transport services, tour group rates and school transport contracts.

I ask the Minister of State to advise the exact details of proposals to phase out the fuel rebate scheme. Obviously if this derogation is removed, private transport providers will not be in a position to continue providing a service in rural areas. I come from a rural area in County Donegal where the private operators provide services to Dublin, Galway and the major towns and population centres in the county from the most rural areas in west Donegal. Therefore it is crucial that those operators be allowed to continue providing a rural transport service at an economically reduced rate as happens at present.

As the Government's Seanad spokesperson on school transport I am concerned that if this derogation is removed, many of the 2,300 private vehicles operating under the school transport scheme will suffer major economic losses as the tendered prices provided by operators were based on the fuel derogation being available. The school transport tendered prices cover the school year from September 2007 to June 2008.

I recommend that the Departments of Transport and Finance should immediately engage in discussions with the Coach Tourism and Transport Council of Ireland. If the fuel rebate must be abolished under the EU directive, the Government should adopt the policy adopted by its UK counterpart by making a bus service operator grant available to private bus operators.

Deputy Tony Killeen: Gabhaim buíochas leis an Seanadóir Ó Domhnaill as ucht an ábhar tábhachtach seo a phlé ós comhair an tSeanaid. Táim ag tabhairt an fhreagra seo thar ceann an Aire Iompair, an Teachta Ó Díomasaigh.

The current fuel duty rebate scheme for passenger bus transport services is a matter in the first instance for the Minister for Finance and the Revenue Commissioners. The 2003 EU energy tax directive incorporated special derogations which allowed specific excise duty reliefs to be applied in a number of member states. In the Irish context, these derogations allowed for reduced rates to apply to fuel used for scheduled public and private bus services and bus tour services.

When these derogations expired on 31 December 2006, Ireland and other member states sought retention of their derogations beyond that date. However the European Commission, which is the deciding authority, has refused all such requests. The Commission maintains that, in keeping with the EU energy tax directive, member states must apply at least the EU minimum rates of excise on fuels in such circumstances and that any further favourable excise treatment is not allowable. The Commission's decision was published on its website in March 2007.

Officials from the Department of Transport are currently engaging with officials from the Department of Finance to explore the possibility of replacing the scheme where appropriate by alternative non-tax financial support mechanisms to achieve the same policy objectives, subject to EU state aid requirements. I understand that in the interim the reduced rates applicable to fuel used for public transport services will be maintained.

Senator Brian Ó Domhnaill: I thank the Minister of State for his response on behalf of the Minister for Transport. I am confident that the issue is being reviewed and that the Department is aware of it. I ask that the Minister ensures coach operators remain informed and, should any negative implications ensue in terms of grant aid under EU guidelines, that he consults them prior to any decision being made.

The Seanad adjourned at 2.30 p.m. until 2.30 p.m. on Tuesday, 20 November 2007.