



# DÍOSPÓIREACHTAÍ PARLAIMINTE PARLIAMENTARY DEBATES

# SEANAD ÉIREANN

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

*Wednesday, 28 January 2009.*

# SEANAD ÉIREANN

---

*Dé Céadaoin, 28 Eanáir 2009.  
Wednesday, 28 January 2009.*

---

Chuaigh an Cathaoirleach i gceannas ar 10.30 a.m.

---

*Paidir.  
Prayer.*

---

## **Business of Seanad.**

**An Cathaoirleach:** I have notice from Senator Brian Ó Domhnaill 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 make a special dispensation for small farmers in respect of the non-domestic water service charge.

I have also received notice from Senator John Paul Phelan of the following matter:

The need for the Minister for Health and Children to address the issue of the announced closure of Bethany House welfare house in Carlow.

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

The need for the Minister for Transport to outline the way he intends to address the urgent need for an improved bus service in fast growing areas of west Dublin such as Lucan, especially in light of the proposed cutbacks in bus services.

I regard the matters raised by Senators Ó Domhnaill and Phelan as suitable for discussion on the Adjournment and they will be taken at the conclusion of business. I regret that I have had to rule out of order the matter raised by Senator Fitzgerald as the Minister has no official responsibility in the matter.

## **Order of Business.**

**Senator Donie Cassidy:** The Order of Business is No. 1, an allocation of time motion, to be taken without debate, which sets out the arrangements for the debate on No. 2, which are that on Second Stage, spokespersons will have five minutes and all other Senators four, that Senators may share time, that Second Stage will conclude at 12.45 p.m. with the Minister to be called upon to reply no later than 12.40 p.m., and that Committee and Remaining Stages will be brought to a conclusion at 1.30 p.m., if not previously concluded; No. 2, Residential Tenancies (Amendment) Bill 2009 — all Stages; No. 3, an earlier signature motion on the Residential Tenancies (Amendment) Bill 2009, to be taken without debate; No. 4, Harbours (Amendment) Bill 2008 — Committee Stage (resumed), to be taken at the conclusion of No. 3 and to adjourn not later than 4 p.m., if not previously concluded; No. 5 the Industrial Development Bill 2008 — Order for Second Stage and Second Stage, to commence at the conclusion of No. 4 and to resume at the conclusion of No. 28, motion 31, if not previously concluded, with spokespersons

[Senator Donie Cassidy.]

having ten minutes, all other Senators seven, and on which Senators may share time; and No. 28, motion 31, to be taken at 5 p.m. and to conclude not later than 7 p.m. The business of the House is to be interrupted for ten minutes at the conclusion of No. 3.

**Senator Frances Fitzgerald:** In the Dáil yesterday the Taoiseach said he would come back to the Lower House when he had a policy and agreements with the social partners. That approach is reflected in the Seanad, but it is a reversal of what any good business would do. Before deciding on how to manage a business in a difficult economic environment, involving cutbacks, managers would discuss the matter with their team, including staff and trade unions. They would have a plan in place, having discussed it beforehand. I was amazed to hear the Taoiseach say he would not put policies or proposals before the Dáil or Seanad. It is in sharp contrast to what we see in the British and French parliaments or the American Congress. It is not surprising that new research has shown that confidence in Irish businesses is dropping more rapidly than in other countries and the reason is that the business sector has not seen the Government's plan. Business leaders do not see the Taoiseach coming forward with detailed ideas, direction and decisions for discussion here. The Taoiseach is bypassing public representatives in his approach to the current economic environment, which is completely unacceptable, as Deputies and Senators are elected and in touch with public concerns. They know the issues of concern that are affecting people in their daily lives. They include a woman I met in Clondalkin the other day who had spent four and a half days on a trolley in Tallaght Hospital awaiting a bed. Others are concerned about whether they can pay their bills and keep their jobs. It is extraordinary that we are not having detailed discussions in the House but are having a debate on the economy in such a vacuum. Will the Leader bring forward the framework document to ensure a detailed discussion in the House as well as with the social partners? We want social solidarity at this difficult time but why are the Houses being bypassed in such an arrogant manner, given the role democracy is meant to play in this country? The Taoiseach's statement yesterday was extraordinary. I have never witnessed such a bypassing of the Dáil and the Seanad. That is having a negative impact because the decisions should be made and shared in these Houses.

I return to a topic I raised yesterday regarding Pamela Izembekhai. An all-party motion should be moved in the House in the near future. Perhaps the Leader will indicate whether the Government will support such a motion.

**Senator Joe O'Toole:** I would appreciate the views of the Members on the issue of the discussions on the economy. The trade union movement, including public sector unions, have offered a €2 billion recovery bond to the Government, which they are prepared to champion, support and sell. There has not been an adequate response to that proposal. This money is on the table for the Government to use. Two actions are required. An adequate response should be provided because it will give focus and direction and bring people together. Second, the private sector should be prepared to consider a similar bond. The two ways to raise money are taxation and cutbacks and many approaches could be taken. However, this bond is novel. Michael Collins did something similar in 1922, about which we heard last week in the Mansion House. This should be examined and a response provided.

I refer to the involvement of the Taoiseach with the social partners. The view has always been that the four pillars involved — the trade union movement, employers and business, government and community and voluntary groups — should go to their bases and elect the people who enter the room for negotiations. Trade unions elect their leaders, as do business groups and employers and the Dáil. That is the basis on which representatives meet. The difference between the social partners and the Houses of the Oireachtas is when the social partners sign off on agreements, they sign in blood. They are stuck with the decision they make,

like it or lump it. I agree with Senator Fitzgerald that it is wrong and unhelpful of the Taoiseach not to share the issues with the Dáil and Seanad. I said this when the economic recovery programme was launched in Dublin Castle. The programme should also have been launched in the House because political input is crucial, particularly that of the Opposition and Independents. However, that is a different process and both processes are hugely important. As I stated last night, the current process would be strengthened massively by the involvement of individuals such as Deputies Bruton and Burton and other commentators.

Senator Fitzgerald and myself do not agree on the Taoiseach's passion yesterday but it was good to see a little passion on the issue. There is no doubt the trade union movement will do a deal but there is doubt about whether the private sector will come up to the mark or whether groups such as IBEC, which is supported by the six large banks, will continue to evade the fact that its members created this mess and they are riding on the backs of the people in their sector who are losing jobs without any reference to those who are earning high incomes in the sector. A balance needs to be struck and once that is achieved, we will get an agreement. It is not that difficult.

**Senator Alex White:** I reiterate my call yesterday for the framework document to be tabled before both Houses. It is not sustainable for the Government to say these matters will come to the Houses next week because, as Senator O'Toole suggested, we will have then essentially a *fait accompli*. We will not have serious input into an agreement, which, as the Senator rightly said, which is the subject of agreement by the social partners. There is no question of this Government, given the way it treats the Houses, being prepared to countenance the unpicking of an agreement it reaches this week with the social partners. I agree the question of negotiating through the social partners is vital but there is no reason that should exclude a political input along the lines suggested. Will the Leader address this issue because he did not do so yesterday? He addressed many issues relating to the economy but he did not address the issue of what should be the proper role of these Houses in this crisis, nor did he address the issue I raised, which was supported by others, that whatever proposals are around should be shared with Members of the Oireachtas.

Will the Leader arrange for the Tánaiste and Minister for Enterprise, Trade and Employment to attend the House to address once and for all the extraordinary scenario regarding consumer prices? We heard reports again this morning that shoppers in the Republic of Ireland pay 51% more for non-grocery goods than their counterparts in the North. This extraordinary disparity has never been fully explained. A Forfás report published during the Christmas recess demonstrated that a cost differential must be borne by retailers. However, the additional cost amounts to between 5% and 6% of the price. The Director of Consumer Affairs said that even if that is increased to 10%, that still leaves an unexplained 40% differential in prices between Ireland and its nearest competitors.

This requires to be explained and I call on the Leader to ask the Minister for Enterprise, Trade and Employment to attend the House for a debate not only to cast the issue around in general but to explain why she is apparently doing no more than calling on retailers to do something about this. This debate has been alive for seven or eight months. The Minister says she would like to proceed by consensus but that has not worked on this issue. Politely requesting people to bring prices down will not achieve anything. Legislation along the lines the Minister apparently suggested might be necessary clearly is necessary. Will the Leader address the issue of the price differential in consumer goods? It is a huge issue for people because if they are being asked to forgo pay increases, price is a crucial factor in their consideration of what is proposed.

**Senator Mary M. White:** Yesterday, following the motion regarding the Commission to Inquire into Child Abuse, I spoke to the Minister of State, Deputy Haughey, and we both agreed it would be important to have a debate in the House on the sexual abuse of children. The councillors of Galway and Roscommon who attended yesterday's meeting of the Health Service Executive regional forum expressed serious concern about the make up of the investigation team and asked why the HSE should be involved in an investigation of itself. Councillor Tony Ward asked how many more cases there are that we do not know about because the system is not working and mandatory reporting is not in place. Both sides of the House will agree a full discussion is needed. Senator Healy Eames also referred to this issue yesterday during the debate on the motion. We could come to a positive conclusion on this. How can we make the people in our system report suspicions about child sexual abuse? Unless children who are sexually abused receive first class counselling and treatment, they can suffer from post traumatic stress for the rest of their lives. They can become alcoholics, promiscuous or seriously depressed while never reaching their full potential because they were abused by monsters who are paedophiles.

Children are abused mainly by family members and people looking after them. However, I would like to put on the record the heroic efforts of Father Michael Mernagh who, aged 71, walked 300 km from Cobh Cathedral in County Cork to the Pro-Cathedral in Dublin in atonement for the sexual abuse perpetrated by members of the Catholic Church. To me, Fr. Mernagh is a hero. I ask the Leader to invite the Minister of State with responsibility for children and youth affairs, Deputy Barry Andrews, to the House to speak about the issue of child abuse, as he did yesterday in the Dáil.

**Senator Paul Coghlan:** I wish to pick up on the remarks of Senators Fitzgerald, O'Toole and Alex White. There is no doubt that the country is looking for leadership, which naturally must come from the Taoiseach and the Government. We are all stakeholders in this matter. As I said yesterday, we are all playing for the one team and wearing the jersey for Ireland. Senator O'Toole reminded us of the trade union movement's wonderful idea in being prepared to organise a recovery bond of €2 billion. I have no doubt the private sector would do likewise and we would all encourage it to do so. That is something very practical and wonderful to which people would love to subscribe in the national effort in which we are all engaged.

The serious point for us as Members of this House is that an options document exists. It is wholly wrong that it is not available to us. Yesterday evening we had a debate on the economy in the absence of that document, which was very stupid and a little crazy. I presume the Dáil will go on to do the same today. We all welcome the engagement involving the social partners. No one is knocking that. In fact we are all positively in favour of it. There must be a variation of that document that could be made available to Parliament, because we are equally stakeholders with the entire community in what we need to work through to save our country. A Chathaoirligh——

**An Cathaoirleach:** Does the Senator have a question for the Leader?

**Senator Paul Coghlan:** I want to hear the Leader speak on that because I believe he agrees with me privately. I am not so sure if he will go so far as to put it on the record. I believe he shares my view on this matter because we have spoken about it outside the House.

**An Cathaoirleach:** The Leader will be replying to the Senator's request later.

**Senator Paul Coghlan:** In these difficult times it is great to see a good news story. I am delighted to learn this morning that two of the Kingdom's finest have won world awards. I refer, of course, to Loch Lein Country House and the Killeen House Hotel. In these difficult

times when some hotels are closing, these two absolute gems, if I may say so, are winning awards.

**Senator Fidelma Healy Eames:** Up Kerry.

**Senator Paul Coghlan:** That is irrelevant. We are playing for Ireland and trying to do our best.

**Senator Jerry Buttiner:** We are trying to tackle the Government.

**Senator Paul Coghlan:** I salute them and congratulate them on what they have done and what they have achieved for tourism.

**An Cathaoirleach:** We are not doing a promotional tour of Kerry.

**Senator Paul Coghlan:** I was not on a tour of Kerry. I am talking about Irish tourism on which I am spokesman.

**Senator Larry Butler:** I concur with Senator Coghlan. We are playing for the same team and we want to ensure we work our way out of the very tough situation in which we find ourselves. Many people here would not realise that back in the 1970s we had no partnership and had strikes daily. We had strikes in the docks and could not get anything in or out. We had bank strikes. I needed to go to people like Senator Quinn to get my cheque cashed and get my groceries from the very good man in Blackrock who kept us going as a family at that time. We have forgotten about those dark days which were much darker than they are now.

It is important not to rush what we are doing. We need to deal with this thing in a cautious, careful and measured way. We should work with the social partners to explain the difficulty in which we find ourselves. We cannot do this without involving the team, including every one of us in this House. The Taoiseach is correct. He has a measured approach to dealing with the issue. He has put a framework document together.

**Senator Fidelma Healy Eames:** He is not in touch, though.

**Senator Larry Butler:** He has dealt with the banking situation very efficiently. No banks have gone to the wall. We ensured Anglo Irish Bank, which was one of our major six banks, survived. No one has thought of the consequences of allowing that bank to go to the wall. It would have been worse than Dell or anything we have seen before. We have dealt efficiently with the pork contamination problem we had and we are now seen as a country that will not allow anything but the best for sale on our shelves. It is very important to bear that in mind.

Our economy will pull out of this situation because we will work together and will find ways of doing things. Before Christmas we launched Building Ireland's Smart Economy: A Framework for Sustainable Economic Renewal. I do not believe people took enough time to read that document which contains many new ideas for job creation. That is the sort of approach needed, especially from this House. We are the House that can give leadership and it is important we give it. The Taoiseach is giving it to us now.

**Senator Fidelma Healy Eames:** This is a speech.

**Senator Larry Butler:** Some people are looking for quick-fix solutions. They will not happen. It will take a year or two to work our way out of this situation.

**Senator Maurice Cummins:** Or to get a decision out of the Taoiseach.

**Senator Larry Butler:** Perhaps there could be better communication.

**An Cathaoirleach:** The Senator's point is made.

**Senator Larry Butler:** The Taoiseach should be given time to deal with the social partners and get the framework package together. We can then have a full discussion on how we can work ourselves out of this situation.

**Senator Feargal Quinn:** I express my appreciation to Senator Butler for his words of thanks for cashing his cheque back in the 1970s. I worried about it at the time, but——

**Senator David Norris:** Has it gone through yet?

**Senator Larry Butler:** I hope it did not bounce.

**Senator Paul Coghlan:** Thank you very much, Mr. Eastwood.

**An Cathaoirleach:** Senator Quinn, without interruption.

**Senator Feargal Quinn:** I am not quite so sure I support his belief that we should take our time in regard to the economy. I know we are not going back to talk about the economy now.

**Senator Larry Butler:** I used the word "cautious".

**Senator Feargal Quinn:** I am sure we should be cautious. However, there is a danger that we could, first, believe that it is not a big problem and, second, talk ourselves into a depression. There are success stories even in bad times just as there are failures during good times. Let us be sure we take this step cautiously — I like the word "cautiously" and ensure we concentrate on something Senator Alex White mentioned, namely, the danger of us becoming uncompetitive. We need to watch our costs and identify things we believed were good to do but are probably not as necessary in these times.

Let me outline one instance. I am an enthusiast for the Irish language — I would love to be better at it than I am. I was jolted to read in the newspaper that 52 new jobs have been created for Mr. Orban, who is Commissioner for Multilingualism in Brussels. What a smashing title. I did not know we had such a man. Some 52 jobs have been created to translate items in the European Parliament into Irish. Last year I spoke to someone in Malta who told me that country can no longer find any Maltese teachers because they have all gone to Brussels to translate everything into Maltese and there are very few Maltese speakers who do not speak English.

This week I spoke to the chairman of a semi-State company, who said he needs to get his annual report translated into Irish. He reckons that no more than 50 people read it in English, apart altogether from Irish. Some years ago we introduced the legislation to ensure we translated everything into Irish to enable those who could only speak Irish to read such annual reports and other State documents. Perhaps this is something we should question. Is it wise? Can we afford to spend that amount of time, attention and money with the delays that take place in translating every document into Irish? I question it.

**Senator Paschal Donohoe:** I support Senator Fitzgerald in her call for a debate on the discussions that are taking place with the social partners at the moment. I have three particular questions for the Leader. Why is the discussion looking for an agreement that will last for only year? We will ask everyone working in the economy to find €2 billion of tax increases or spending cuts. The figure for next year will be €4 billion, the figure after that is another €4 billion. One of the social partnership arrangements that was crucial to putting our country through — the Programme for National Recovery of 1987 — had a two-year tenure. Why are

we looking for a one-year plan? One does not turn a business around in one year, nor a sporting club. Why do we think we will be able to turn our country around in fewer than 12 months? Why can we not be given the confidence of a multi-year plan?

Why are the banks not more prominently involved in these discussions? It is likely that we will pump billions of euro into the banks. As part of the discussion that is taking place, why are the banks not giving a deal to people who cannot pay their mortgages or are concerned about losing their homes? That is a vital element in a social solidarity pact that I hear discussed. That does not feature at all in the discussions taking place.

Why is the Taoiseach swanning off to the Davos forum in Switzerland later this week, at a time when the entire country is seeking leadership? It was the right thing for the Taoiseach to be in Japan a number of weeks ago. If this country is to recover, and it will, it will be done through exports. We must be competitive in Asia and we need to win there. Why does the Taoiseach need to swan off to a jamboree on the ski slopes of Switzerland, with luminaries such as Vladimir Putin and many of the banks responsible for the difficulties we are in as opposed to staying at home and providing the country with the leadership it requires?

**Senator Dominic Hannigan:** Picking up on Senator Donohoe's point, I do not have a problem with the Taoiseach going to a Swiss sanatorium for a weekend. If he did not, there would be serious questions asked by the international community about why he did not show up.

I refer to a request made by the youth movement to extend the right to vote to 16 year olds in the forthcoming local elections. Unlike Dáil elections, where a referendum would be needed to do this, 16 year olds could be given the right to vote by passing legislation in this House. In Austria, 16 year olds have the right to vote in local elections. In many *länder* in Germany and in a number of cantons in Switzerland they have the right to vote. The UK is examining this and the Minister for the Environment, Heritage and Local Government, Deputy Gormley, should examine this. If we are to do this, now is the time to introduce the legislation. We are not suffering from too much legislation in this House. I ask the Leader to ask the Minister to make a decision on the matter shortly.

**Senator John Hanafin:** I seek a debate on the green economy. We know the Americans have outlined this as an area for growth. Substantial funds will be dedicated to the green economy, in which case many new developments will take place in that area. This country is ideally placed as an island off the west coast of Europe with wonderful capacity for tidal or wind energy that we could transmit to the rest of Europe. Now is the time, when Europe is claiming competence in this area, to seek European Union funding on a major scale so that we can feed in as a back-up. How fortunate we would have been if we could have provided a back-up to the lack of gas supply to central and eastern Europe to supply heat to those homes in a perilous situation with temperatures of -20°C. This would be positive for Europe and the back-up is needed. There is a presentation on the green economy at 4 p.m. in audio-visual room. This would be well worth visiting.

**Senator Eugene Regan:** There has been much talk in this House and in the Lower House by the Minister for Finance and the Taoiseach about patriotism in respect of the economy, the bipartisan approach, the Tallaght strategy and reaching consensus. The outburst by the Taoiseach yesterday in the Lower House has put paid to that. It clearly demonstrates that he has his own view about how things should be done. He will do it his way and go it alone. I ask Senators on the other side to desist from silly talk of the Opposition doing the Government's work for it.

**Senator Jerry Buttmer:** Hear, hear.

**Senator Eugene Regan:** The Taoiseach has his own way of doing things, it appears. On 25 June, there was an editorial in *The Irish Times* entitled “Is Mr. Cowen up for it?”. It is still relevant in the light of what has happened on the first day of this Oireachtas session.

With the economy in recession and the Lisbon Treaty receiving intensive care, determined leadership is required to steady nerves and chart a way forward. Is Mr Cowen up for it?

This was written more than six months ago.

**Senator Donie Cassidy:** That shows how out of date it is.

**Senator Eugene Regan:** Reference was made to the forecast of the ESRI in its medium-term review, which stripped away the possibility of prevarication. Six months later, nothing has changed. Clearly the Taoiseach is not listening to people in these Houses, nor to *The Irish Times*.

**Senator Donie Cassidy:** Second Stage speech.

**An Cathaoirleach:** There should be a question to the Leader.

**Senator Eugene Regan:** Is the reason we have had no decision from the Taoiseach that he has become institutionalised, that he cannot think outside of the institutional box drawn up and that he cannot think for himself and take decisions? The problem now is that Deputy Brian Cowen is Taoiseach. That is the problem in the economy and in the international reputation of the country. That is the problem we have in getting out of the economic recession.

**Senator Ivor Callely:** I support the call for a debate on the framework document the social partners are working on and I have no doubt the Leader will agree to it. I look forward to participation in the debate over the next few days or weeks, whenever it can be fitted into our schedule.

I refer to a comment made by Senator Donohoe about the Taoiseach. He gave the impression that the Taoiseach would be on the ski slopes, having a nice weekend. It is a slightly unfair slant and, from the smirk on his face, he knows that.

**Senator Jerry Buttmer:** He said “slopes”, not “slants”.

**Senator Paul Coghlan:** How slanted are the slopes?

**Senator Ivor Callely:** My understanding is that the Taoiseach has been invited to participate with Heads of State from Europe and the world, along with industry. It would be remiss of the Taoiseach not to participate, especially given the difficulties this country faces.

Can the Leader find a mechanism to monitor closely the manner in which the banks operate and assist all customers, borrowers and small and medium enterprises? I have some personal experience and I say what I have said in light of the fact a large number of people have brought to my attention that the banks are changing the rules and the manner in which they carry out their business. The Minister of State, Deputy Mansergh, spoke in this House yesterday and indicated that part of the discussion with the banks on recapitalisation concerns how they deal with customers in a reputable and respectful way. My understanding is that the banks are looking for two things. Where there is overexposure in respect of loan to value, they want a capital injection to reduce the loan to value exposure. They are not prepared to accommodate the requirements of businesses, particularly in the current climate.

I therefore call on the Leader and other leaders in the House to discuss these issues and come up with an appropriate mechanism. Perhaps there could be a special focus on the banks to ensure they are meeting their obligations.

**Senator David Norris:** The notion that the global economic recession and financial crisis is directly caused by the existence of Mr. Brian Cowen as Taoiseach is slightly fatuous. In St Patrick's Cathedral on Sunday, the Old Testament lesson was from the third book of the prophet Jonah. He was sent by God to Nineveh to tell them that because of their greed, their selfishness and their gross indulgence, he was going to destroy the entire city within 40 days. They were so traumatised by this threat that they all, high and low, rich and poor, noble and common, got down and joined together in sackcloth and ashes. I think this country needs to adopt a kind of wartime footing. We all need to be together and we do not need to score party political points. We all have to accept that it is nonsensical to think of a pay increase when people are losing their jobs. There should be an end to posturing; we must all take the hit and join together in the interests of the country.

The Leader made a suggestion yesterday about the situation in Israel and the issue of human rights being discussed in Private Members' time. My Private Members' time will be next week and I had already decided to take the general human rights situation which will in certain elements be critical of the Government. However, the Leader will have noticed yesterday the general consensus on all sides of the House. All decent people in this House are appalled by what is happening and at the language of the Israeli leaders, the iron fist that will crush. This is the language of the Second World War. I refer to the use by Israel of Palestine as a laboratory for experimenting with new weapons and to Egypt which is stopping doctors going into Gaza and is gassing people to death in the pathetic little tunnels and is now preventing children going to Europe for treatment.

Along with Cyprus, Portugal and Sweden, Ireland nobly proposed and supported the establishment of an independent war crimes tribunal. Our Government, through the Minister for Foreign Affairs, said the same thing and I honour him for it. I strongly urge the Leader to consider tabling a motion supporting our Government on which we can all agree, unlike perhaps what may happen next Wednesday night when I propose a different motion. An agreed motion would strengthen our Government's position.

I refer to the Bodies exhibition in the Ambassador cinema. I find it quite extraordinary that questions are not being asked. This is a for-profit exhibition with t-shirts and ashtrays and all the paraphernalia and products for sale, yet the organisers of this exhibition are unable to provide the provenance for these bodies. They came from China, from medical facilities about which significant questions arise. It is quite possible that these people were murdered because they were members of Falun Gong. I wonder if it is appropriate that they should be exhibited in Ireland for profit.

**Senator Jerry Buttmer:** Hear, hear.

**Senator David Norris:** Surely, the least a human being should have is control over the dignity of his or her body after death.

**Senator Labhrás Ó Murchú:** I commend Senator Butler for his contribution this morning which was rock solid and free of histrionics. This should be the guiding light at present; we have to be very practical and co-operatively focused. I welcome some of the comments from the Opposition. I believe there is a desire on everyone's part to be involved as a team in solving the current economic challenges. The more we can expand on this desire and create a forum for it, the better.

[Senator Labhrás Ó Murchú.]

I am also glad that the silly season is over, especially with regard to some sections of the media. It had descended into an absolute farce. People were discussing pin-up Taoisigh and talking about looks, clothes and deportment or the absence of deportment. We all know this is absolute and utter codology. It is important that we distance ourselves as public representatives from that type of approach. We are dealing with a crisis.

**Senator Fidelma Healy Eames:** Hear, hear.

**Senator Labhrás Ó Murchú:** If one wishes to see what this crisis looks like, I suggest one speaks to a young couple who have both lost their jobs and are faced with trying to repay a mortgage and then one will know what trauma means. If such a couple are listening to our debates and reading some of the headlines in the newspapers, they will know it is not realistic and it is not about achieving results.

To some extent, Senator O'Toole may have touched on the point of the very difficult negotiations under way with the social partners. We all know, no matter what we say, that there is no progress in this issue without social partnership. We have learned this from the past. However, one cannot negotiate through megaphone diplomacy because it does not work like that. We all know one must consider what is on the table and be prepared to compromise and look at the bottom figure on a balance sheet. We can have posturing and cosmetics but the unfortunate people who are suffering in the present crisis will not thank us for that approach.

It was particularly interesting to note that four or five days ago it seemed as if the negotiations had broken down. Over the weekend it was quite clear that we were back on track. I have no doubt that we will have an agreement in some shape or form. Those of us in a position to do so should commit ourselves to taking the pain on behalf of vulnerable people. I include myself in that position and I know that each person here will do likewise. I do not mind because otherwise we will not be happy with ourselves as individuals and neither will we be happy as a society if we do not do what is expected of us.

If the Taoiseach was passionate yesterday, then thank God he was. I do not think he meant to insult anyone——

**Senator Jerry Buttiner:** The Senator should get off.

**Senator Labhrás Ó Murchú:** —as that is the cut and thrust of a democratic concept no matter where one goes.

**Senator Jerry Buttiner:** What happened in Lisbon?

**Senator Labhrás Ó Murchú:** If the Taoiseach does not have vigour when he speaks, he will be criticised and when he speaks vigorously he is also criticised. I suggest we should get away from the body language and the cosmetics and instead let us get down to a pragmatic effort to solve the problems which we all know can be solved. I can sense the unity of purpose under the surface in this Chamber and I suggest we plug into that unity and make progress.

**Senator Maurice Cummins:** Last evening the House was to discuss the Residential Tenancies (Amendment) Bill 2009 but at the last minute the Bill was withdrawn. The Leader explained that there was a technical reason for its withdrawal and that he would inform the House this morning about the nature of the problem. I note the Minister appointed two Green Party councillors when he was precluded from doing so in the Bill. The Government does not seem to be able to read its own legislation. I would welcome the promised explanation from the Leader as to the progress of this Bill. I checked with the Bills Office and I note there are no

amendments to the Bill. I wonder what was happening last night because this House was treated with disrespect.

**Senator Fidelma Healy Eames:** People are very concerned about the stability of our economy. Those I spoke to in Galway last weekend asked a fundamental, serious question. They wondered whether if the State guarantee on deposits had to be called on, the State would be able to pay. This question arises because the Minister for Finance was not honest with the people during the course of the debate last week on Anglo Irish Bank. He did not give the facts to the people; he covered up and did not answer our questions. As a result, the people are wondering whether there are more shady deals going on. The Government is doing itself an injustice by not trusting Opposition spokespersons with the facts, in confidence if necessary, about the bad debts at Anglo Irish Bank.

Our good friends in the credit union movement are suffering because people are withdrawing their money. It is the considered opinion that two banks must stay, AIB and Bank of Ireland, but this is not fair to credit unions because they have been there for us all and they have helped young couples such as those Senator Ó Murchú spoke about. We need the credit unions.

**An Cathaoirleach:** The Senator must ask a question to the Leader as this is not the time for speeches.

**Senator Fidelma Healy Eames:** I ask the Leader to ask the Minister for Finance and the Taoiseach to outline a roadmap on where we are going and to outline the multi-annual plan to which Senator Donohoe referred and to include the worst case scenarios. We need to know what the back-up plan is if things go wrong. The Irish people have a right to know the real story. We cannot fool the people any longer.

I call again for a debate on the mandatory reporting of suspected child abuse, as did my colleague on the Government side of the House. Yesterday, I did not hear the Leader say “Yes” to it but I did see the pain on his face when I spoke about the child abuse case I encountered as a teacher. I accept sensitivities arise with this issue but the child’s welfare must be kept central at all times. Otherwise, the effects are grave. Recently the Mayo Rape Crisis Centre informed me that it had 18 cases of rape in the 15 to 18 years age group with 17 of those victims dropping out of school owing to trauma. Can one imagine the trauma and other effects? No longer can we pretend this is not happening or be afraid of the complexities of mandatory reporting of suspected child abuse. We must take it on and ask whether it will be good ultimately for the child. I look forward to hearing the Leader’s response on this today.

**Senator Jerry Buttiner:** Will the Leader provide for a debate on the programme for Government? I join Senator Donohoe in asking why the Taoiseach is attending the Davos summit this week. Why can he not send the Tánaiste and Minister for Enterprise, Trade and Employment instead? Senator Callely earlier spoke about the banks. It is the job of the Taoiseach and the Minister for Finance to ensure the banks are properly monitored and regulated. Instead of going to the piste, perhaps the Taoiseach would stay at home to look after the banks and give more confidence to the people. The banks must be asked to pass on credit to allow small businesses to succeed rather than squeezing them.

While I respect Senator Ó Murchú, I am getting tired of listening to this clarion call for national unity and national government when the most partisan are the Government Members and Members of this House on the Government side. For 11 years, they listened to no one. They heard no one warn about benchmarking, the banking crisis or the property boom that would become an empty vessel. All of a sudden, when they are in crisis, they want help.

[Senator Jerry Buttmer.]

While we are talking about pin-up boys, it was Fianna Fáil's former party leader who had the huge make-up bill, not Fine Gael's or the Labour Party's.

**An Cathaoirleach:** This is not relevant to the Order of Business.

**Senator Jerry Buttmer:** It is important to clarify the matter for the House.

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

**Senator Jerry Buttmer:** It was the Fianna Fáil Party which played pin-up, as it were, with politics——

**Senator Camillus Glynn:** Fine Gael is a rudderless ship.

**Senator Jerry Buttmer:** —and the legacy we have is the mess in which we now find ourselves. If Senator Butler is the clarion call for a beacon, then God help us. We might as well all give up.

**Senator Donie Cassidy:** Senators Fitzgerald, O'Toole, Alex White, Coghlan, Butler, Donohoe, Regan, Callely, Norris, Ó Murchú, Healy Eames and Buttmer expressed their views on the national pay talks. I think I can speak for everyone in the House when I send our best wishes to the ICTU this morning and hope it will be back in the talks this afternoon. Since 1987 social partnership has been the most successful vehicle in ensuring the national interest. How we negotiate, no matter how the difficult the times may be, has made us an example to Europe and the world. Social partnership has always been in the interests of the Irish people and businesses, especially small enterprises, family-run businesses, the employed and those trying to keep jobs going in difficult circumstances.

**Senator Mary M. White:** Hear, hear.

**Senator Donie Cassidy:** We had the opportunity to express our opinion on the framework document in the Chamber last night with the Minister of State. The Dáil has——

**An Cathaoirleach:** Excuse me, Leader. I spoke on this yesterday morning. I am not going to allow parallel conversations take place between Members while another Member is speaking in the House. If Members want to talk, there is plenty of room to do so outside of the Chamber. I ask Members to observe this in future.

**Senator Donie Cassidy:** The framework document gave us the opportunity to express our opinions in the Seanad last night. The Dáil has been given two——

**Senator Alex White:** On a point of order, that is completely inaccurate. There was no discussion on the framework document last night in the Seanad.

**Senator Donie Cassidy:** We were discussing the economy last night.

**Senator Alex White:** Exactly, but not the framework document.

**Senator Paul Coghlan:** We did not have the framework document.

**An Cathaoirleach:** A point of order must be on procedure.

**Senator Alex White:** My point is about accuracy.

**Senator Donie Cassidy:** On a point of information for Senator Alex White, he deserves to have it explained to him in minute detail and as slowly as I can possibly go.

**Senator Alex White:** And the truth. Tell the truth.

**An Cathaoirleach:** The Leader to reply without interruption.

**Senator Donie Cassidy:** I allocated time yesterday for a wide-ranging debate on the economy. Anyone would understand that yesterday Members had an opportunity to express their opinions on the document that was launched in Dublin Castle before the Christmas recess. I know some colleagues took that opportunity and I thank them for it. The Dáil has the same opportunity to do so today and tomorrow. The ICTU and the social partners participating were expressing their views this morning. The Government has a wide-ranging consultation process taking place on this.

**Senator Alex White:** What about the frameworks?

**Senator Donie Cassidy:** As Senator Alex White is a leader of his group, I would appreciate it if he did not interrupt me. I do not interrupt any leader when they are making a contribution.

**Senator Alex White:** Yes, but we do expect the truth and accuracy. It should have nothing to do with opinions but the truth.

**An Cathaoirleach:** Members, please.

**Senator Donie Cassidy:** If other colleagues in the House feel strongly enough about making a comment when I am speaking, I can understand it and be forgiving but not when it comes to a leader of a group. They should be leading by example.

**Senator Alex White:** As indeed should the Leader.

**An Cathaoirleach:** The Leader to reply without interruption.

**Senator Donie Cassidy:** I understand that elections may be coming up and some Members want to get a profile. Certain colleagues are very well established with the media and have been part of it at very high levels for a long number of years.

**Senator Alex White:** On a point of order, that is a personal attack which the Leader should withdraw.

**An Cathaoirleach:** The Leader should reply to the Order of Business.

**Senator Donie Cassidy:** When I speak in this House, whatever I say in my opinion is the truth.

*(Interruptions).*

**Senator Alex White:** That is what the Taoiseach said last night as well.

**Senator Donie Cassidy:** I take exception to—

**Senator David Norris:** The Leader is the pope. He is infallible. He speaks *ex cathedra*.

**Senator Donie Cassidy:** I did not hear a squeak in a long time but I welcome the Senator back.

*(Interruptions).*

**Senator David Norris:** At least it is not just Senator Cassidy. I contribute a lot more than he does. One just has to check the record.

**Senator Donie Cassidy:** I have been most accommodating for any request made of me by any Member or group leaders. Yesterday, time was allocated to discuss the up-to-date position on the economy with the Minister of State present. That will continue because that is what this House is all about. I know everyone is proud to be a Member of the Upper House of Parliament in our country.

We want to wish well the deliberations of the Taoiseach and the Government. I have been a Member for a long time. Yesterday's contribution in the Lower House from the Taoiseach was outstanding, uplifting and magnificent, as Senator Ó Murchú said. The contribution was edited, however, which was shown on television last night. It used a minute 20 seconds to give the impression that this was not a caring or inclusive Taoiseach. This editing did not represent the Taoiseach that the people are honoured to have and we in the Fianna Fáil Party are proud to have leading us.

**Senator Maurice Cummins:** They need their own television channel.

**Senator Donie Cassidy:** Senator Alex White called for the Tánaiste and Minister for Enterprise, Trade and Employment to attend the House to debate the differential in prices North and South. She will be attending later for the Industrial Development Bill. This is a worthwhile request. As a former Chairman of the Oireachtas Committee on Enterprise and Small Business, I understand the difficulties being experienced by those in the retail trade in the South. They have to deal with two different territories. One is a market of 60 million in the UK from which retailers in the North can purchase goods at reduced prices. Senator Quinn will be well aware of this. The other problem in the South is the high energy costs compared with those elsewhere.

**Senator Fidelma Healy Eames:** That is the regulator's fault.

**Senator Donie Cassidy:** I intend in this session to allow colleagues, on an all-party basis, to see what we can do to address the high prices charged by the ESB and Bord Gáis. They are unsustainable and unacceptable. The two providers are not playing their part in the national interest. I want this to go out loud and clear from Seanad Éireann today. I will allow whatever time is needed for this.

**Senator Fidelma Healy Eames:** How was it allowed to happen?

**Senator Donie Cassidy:** I will allow whatever time is needed by colleagues to express their views to the Minister on the current position in the retail sector.

Senators Mary White and Healy Eames called for an urgent debate with the Minister of State at the Department of Health and Children, Deputy Barry Andrews, on the mandatory reporting of sexual abuse of children. This is a serious request and I contacted the Minister of State's office at the conclusion of the Order of Business yesterday with a view to arranging a debate as a matter of urgency. I hope to revert to the House tomorrow morning with a time and date.

Senator Coghlan offered his congratulations and best wishes to his colleagues in County Kerry in the tourism industry. Theirs has been a remarkable achievement and I join the Senator in congratulating them.

Senator Quinn spoke about the issue of competitiveness. As Senators Butler and Ó Murchú noted, we have an ideal opportunity to review our position. Competitiveness presents the single

biggest challenge facing businesses but the difficulties being experienced among the generation under the age of 35 years who have never witnessed a downturn will give them a greater appreciation of these matters. I will have no difficulty in including this issue in a debate in the near future.

Senator Hannigan called for a vote to be given in local elections to those over the age of 16 years. This could be difficult to provide for but perhaps the Senator can put his suggestion to the Minister for the Environment, Heritage and Local Government when he attends the House tomorrow to take Second Stage of the Electoral (Amendment) Bill 2008.

Senator John Hanafin called for a debate on the green economy, with a particular focus on tidal and wind energy. He also highlighted for the House the huge amount of money available from the European Union which we could use. At 4 p.m. the concept of the green economy will be promoted in the green room.

Senator Callely called on us to monitor the banks and the challenges facing everyone at present. We should take up his suggestion. I am aware that my colleagues will be exercising their minds in that regard. We will certainly be able to express our views on the matter in the context of our debates on the economy.

Senator Norris called for a debate on Gaza and events in the Middle East. I will have no difficulty in arranging such a debate. I strove to include the matter in next week's agenda and respectfully proposed that the Senator use Private Member's time for a debate. I will, however, endeavour to provide time for a discussion at the first available opportunity when legislation does not present, as it is an urgent matter. I also note the Senator's views on the exhibition on north O'Connell Street.

Senator Cummins asked about the Residential Tenancies (Amendment) Bill 2009 which we were to take last night as emergency legislation. However, the Minister of State received a telephone call and the Bill was withdrawn.

**Senator Dominic Hannigan:** From whom?

**Senator Donie Cassidy:** I thank Senator Cummins, the party leaders, the Whips, the Cathaoir-leach and the Clerk for their co-operation and understanding. The Bill is before the House this morning. I understand clarification was required on a technicality but the Bill is now proceeding as originally proposed. I note Senator Buttiner's comments and will certainly pass them on.

Order of Business agreed to.

#### **Allocation of Time: Motion.**

**Senator Donie Cassidy:** I move:

That, notwithstanding anything in Standing Orders:

(1) The Second and Remaining Stages of the Residential Tenancies (Amendment) Bill 2009, shall be taken today and the following arrangements shall apply:

(i) the proceedings on the Second Stage, if not previously concluded, shall be brought to a conclusion at 12.45 p.m. and the contributions shall be as follows:

(a) the speech of the spokesperson of each group shall not exceed 5 minutes in each case;

(b) the speech of each other member called upon shall not exceed 4 minutes in each case;

[Senator Donie Cassidy.]

(c) members may share time; and

(d) the Minister shall be called upon to make a speech in reply no later than 12.40 p.m.;

(ii) the proceedings on the Committee and Remaining Stages, if not previously concluded, shall be brought to a conclusion at 1.30 p.m. by one Question which shall be put from the Chair and which shall, in relation to amendments, include only those set down or accepted by the Government.

Question put and agreed to.

### **Residential Tenancies (Amendment) Bill 2009: Second and Subsequent Stages.**

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

**Minister of State at the Department of the Environment, Heritage and Local Government (Deputy Michael Finneran):** Before outlining the precise circumstances which have given rise to the need for this legislation, I will clarify an issue raised in the course of yesterday's Dáil debate on the Bill which delayed its arrival in the Seanad yesterday evening. A question was raised concerning the period that would remain in the term of membership of the Private Residential Tenancies Board's dispute resolution committee, DRC, of the persons whose appointments were being regularised by the Bill. This gave rise to the need to check the duration of the period for which the persons concerned had been appointed to the DRC and, in the interests of absolute clarity, to be absolutely sure those appointments had been made for a minimum of three years, as required under section 157(3) of the Residential Tenancies Act 2004. It was necessary to check this issue with the PRTB and I was not in a position to have this completed in the short period between the conclusion of the Bill in the Dáil and the scheduled start time for the Bill in the Seanad last night. The PRTB confirmed to the Department late last night that when the persons concerned had been reappointed to the DRC, they were appointed for three years. Therefore, there is no difficulty in regard to compliance with the terms of section 157(3) of the 2004 Act. They will continue to serve as members of the DRC for the remainder of their three-year term, even where this extends beyond their board membership.

I will now turn to the specific reasons for this legislation. Section 159 of the Residential Tenancies Act 2004 empowers the board of the PRTB to establish a dispute resolution committee, delegate functions to that committee and appoint its members. The members of the DRDC, when required, form the tenancy tribunals which determine tenancy disputes. Section 159 provides that the membership of the committee must contain at least four members of the PRTB's board but also specifies that to be eligible for appointment to the committee any such board member must at the time of appointment to the committee have at least three years remaining in his or her term of office as a board member. Section 159(4) requires the board of the PRTB to consult the Minister before appointing members, including the chairperson, to the committee.

It was brought to the Department's attention by the PRTB in mid-December 2008 that nine of its board members who had been appointed a year earlier to the committee and one further member appointed in January 2007 did not satisfy the three-year rule. On further examination, doubts were also raised regarding the extent of compliance with the consultative requirements of section 159. The effect of this is to raise questions about the constitution of the committee and hence the dispute resolution work carried out under its aegis. In order to ensure the matters

involved are regularised urgently, the legislation has been brought forward to validate the appointments to the committee and the associated work undertaken by it and its members.

It is important to stress that the competence and professionalism of these tribunals are not in question. The procedures adopted were robust and proper and the outcomes and judgments were properly reached. Nonetheless, the technical mistake places a question mark against the more than 100 tribunals convened which have contained at least one incorrectly appointed board member. To remove any uncertainty in this regard and in regard to compliance with the consultation requirements of section 159 more generally and, thereby, ensure this tribunal-related work by the PRTB is validated, I have brought this legislation forward. Given the good progress made by the PRTB in recent months in addressing the challenges facing it, it is essential to remove this potential uncertainty. To do otherwise would not serve tenants, landlords or the taxpayer well. The Bill, very simply, validates the appointments to the DRC and the associated work undertaken by the committee and its members. It validates the irregular appointments and deems as valid any acts by the DRC prior to the emergency legislation. It corrects a technical legal error and allows the PRTB to proceed confidently with its essential work.

I emphasise to the House that when the issue regarding DRC appointments was brought to its attention last month, the Department requested the PRTB to urgently commission an external audit to check compliance with the provisions of the Residential Tenancies Act 2004 with regard to governance and legal structures, appointment of board members and committee members and any other relevant aspects relating to the governance provisions of the Act. This audit was to be undertaken by an appropriate external party with access to legal advice, as necessary. This compliance audit has since been completed and identified no similar issues requiring legislative correction.

The Residential Tenancies Act 2004 has provided a stable framework for the better operation of the landlord-tenant relationship and, since its establishment in September 2004, the PRTB has achieved notable successes in fulfilling its mandate, including, for instance, large-scale compliance with the tenancy registration requirements. Partly as a consequence of the board's success in ensuring registration compliance and the resulting large workloads arising, it is acknowledged that the processing times for dispute resolutions are not yet optimal. This is owing to a combination of the significant increase in demand in line with expansion of the sector and the quasi-judicial process involved which requires very time consuming work, for instance, the heavy administrative requirements of proceeding with court actions. It is important to note that while the PRTB provides dispute resolution services, less than 1% of all registered tenancies seek to avail of the PRTB's dispute resolution mechanisms. This indicates that a healthy and stable landlord-tenant relationship prevails in the vast majority of tenancies.

In response to the large and ongoing volume of work with which it had to deal, the board of the PRTB requested an additional 14 permanent staff to bring the permanent staffing complement from 26 to 40. This was approved by the Department in 2008 and the additional personnel were recruited during the summer of that year. This raised staffing level will help significantly with the administrative work related to the processing of dispute cases.

Due to the nature and complexity of the Residential Tenancies Act, one element of the board's remit under the Act is to assess the functioning of the PRTB and the Act and put forward suggestions for improvements to the original legislation. This review is ongoing and a number of notable legislative changes to the Act have been proposed to the Department by the board. I hope to take a significant number of these suggestions on board as part of the Housing (Miscellaneous Provisions) Bill 2008. Some relevant amendments to the Residential

[Deputy Michael Finneran.]

Tenancies Act were debated in the Seanad late last year. I hope to bring forward a number of other related amendments on Committee stage in the Dáil.

Of particular interest, especially in terms of how to optimise the efficient performance of the PRTB, is a proposal to allow for on-line registration by removing the current requirement to have the signatures of both landlord and tenant on the registration form. This will free up staff who have been working on registrations to assist with the dispute resolution process and enforcement areas. The PRTB has also recently embarked on a number of internal initiatives that do not require legislative changes but which will improve work practices and maximise use of resources. For instance, a system of paper-based adjudications in specific instances has recently been introduced on a pilot basis to fast-track certain cases without the need for an actual hearing. Such an approach has been used in other similar organisations and initial feedback is positive.

An automated document management system will also be introduced as part of the PRTB's recently adopted ICT strategy, the roll-out of which has commenced. This should begin to yield staffing and process efficiencies in the short to medium term.

The Residential Tenancies Act has set the conditions and tone of landlord and tenant relationships and I am intent on maintaining, nurturing and improving the private rental sector in general, in regard to which the PRTB as a pivotal organisation. It has come a long way in the last four years and, while there are sizable challenges facing it, I am confident it has the resources, capacity and imagination to meet these challenges in the years ahead. The Bill corrects an historical and technical oversight by the board and safeguards the effort and time invested by its tribunals. It removes any doubt as to the validity of the dispute resolution committee's work and allows the organisation to focus fully on delivering the best service possible to its clients. I express my gratitude to the Opposition for its co-operation in facilitating the passage of this urgent legislation today and commend the Bill to the House.

**Senator Maurice Cummins:** I welcome the Minister of State. As we accept that the errors made must be rectified, we will support the legislation. It is important to note that we are rectifying mistakes. I wonder what is wrong with the Minister for the Environment, Heritage and Local Government, Deputy Gormley, and his Department in terms of their ability to assess legislation. That is what we are talking about. Only last September the Minister had to rescind two political appointments to the board of the Private Residential Tenancies Board because it was in breach of the 2004 Act. He did not even know what was contained in an Act relevant to his Department when he appointed two councillors from his own party who were prevented from joining the board because they held public office. Now we have another mistake and it seems management of the PRTB has been party to it by not being adequately familiar with the legislation. The Minister of State has mentioned that it commissioned an audit to ensure compliance but is it necessary to have audits to ensure legislation is complied with? Surely such people should know, although it would be difficult for the board to know what is contained in the legislation when the Minister did not know when he tried to appoint two councillors to the board. When he made his ill-advised appointments last September which caused inconvenience and embarrassment to the board, were procedures not changed to ensure the mistakes would not be repeated? When did the PRTB and the Minister first become aware of the problem? Have they been threatened with legal action? It is farcical that the Government and its agencies are not fully aware of the provisions of relevant legislation. This cannot continue. What is the Government considering to ensure we will not find ourselves in this position again?

The PRTB does good work. The Minister of State has indicated it has come a long way in four years but it still has a long way to go. The board was designed to make matters more

expeditious but we still have long delays in processing complaints. I hope the matter will be addressed, as there have been a number of complaints from the public about the amount of time taken to process cases.

We will support the legislation, as a failure to do so would create chaos, but we require answers. The House was due to take the Bill last evening but the Minister of State received a telephone call and I wondered at that point whether another mistake had been made. Obviously, however, the technicality that arose has been checked and the position has been found to be acceptable. The events surrounding this legislation represent a comedy of errors. To err once is careless but to make a further mistake is merely incompetent.

**Senator Larry Butler:** I thank the Minister of State for introducing this emergency legislation. He provided an extremely good outline of the good work done by the Private Residential Tenancies Board. The fact that we have a register of all landlords is a good development. As the Minister of State indicated, however, there are few difficulties among landlords and tenants and fewer than 1% of all registered tenancies seek to avail of the PRTB's dispute resolution mechanisms. This is evidence of the success of the existing legislation and also of the fact that landlords and tenants are getting on well.

Despite what I have said, an anomaly has been identified in the existing legislation. It is right the Minister of State has introduced the Bill before us to correct the position. He has acted speedily to ensure the proper legislation will be in place to allow the PRTB to operate correctly. When an anomaly such as that to which I refer is identified, it is important the Government should state it got matters wrong and that it must take action to correct the position. That is what the Minister of State is doing with this Bill.

I commend this emergency legislation to the House. The Minister of State has assured Members that, when necessary, he will deal with any future anomalies that may arise. I thank him for providing that assurance and I support the legislation.

**Senator Dominic Hannigan:** I welcome the Minister of State. I am glad this anomaly in the existing legislation is being put right. I thank the Minister of State for contacting Members prior to yesterday to inform them of the problem that had arisen and to indicate that amending legislation would be introduced.

Like Senator Cummins, I was disappointed the legislation did not proceed last evening and that we were not informed it was being pulled. Members were obliged to look at monitors throughout the Houses to discover what was taking place. If, in the future, legislation is pulled late at night, I ask that Members be notified.

I accept the reasons for pulling the legislation and I am glad the Minister of State clarified the position this morning. I understand the debate in the Seanad did not proceed last evening as a result of questions raised by Deputy Ciarán Lynch in the Lower House. The Minister of State provided clear reasons the legislation had to be pulled. He also indicated that, as it stands, the Bill will plug the gap that has been identified.

I am disappointed the opportunity to include some further amendments in the legislation has not been grasped. As Senator Cummins stated, we are all aware of the difficulties relating to the appointment of Senator Boyle's colleagues to the board last year. I do not have a problem with appointing councillors to the board and I am of the view that it is probably fair to do so. Councillors work at the coalface and understand what is involved in this area. Their input could add greatly to the work of the board. I am somewhat saddened that the Minister of State has not altered the legislation to permit councillors to sit on the board.

[Senator Dominic Hannigan.]

I am also disappointed the Private Residential Tenancies Board falls outside the ambit of the Freedom of Information Act. My party tried to table an amendment in the Lower House to allow it to be covered by the terms of that Act, but this was ruled out of order. I am disappointed the Minister of State has decided not to amend the Bill in this regard. That said, however, the Labour Party will not oppose this obviously necessary legislation.

**Senator Dan Boyle:** It is unfortunate there has been a need to introduce emergency legislation of this type. The circumstances surrounding the Bill's introduction represent a catalogue of errors in respect of information passed on and knowledge of what can or cannot be done under the existing legislation. This has created considerable confusion and the Bill before us seeks to correct the position in the context of not having any of the decisions made during a short period questioned. I welcome the fact this aspect has been recognised.

As Senator Hannigan stated, perhaps there might be an opportunity to consider the primary legislation in greater detail. We have a job of work to do in the context of passing the Bill before us. Once that is done, however, we could review the legislation relating to residential tenancies because a number of issues arise such as, for example, those relating to management companies, towards which we need to take a more responsive attitude.

I know the people who were selected for appointment to the Private Residential Tenancies Board but who were not allowed to be appointed because they held local government office.

**Senator Maurice Cummins:** My party will support the Senator if he wishes to change the position.

**Senator Dan Boyle:** I merely wish to place on record my opinion that one of the individuals concerned is a person of high ability. Not only is he a serving local councillor, he is also a barrister. He would have been appointed to the board on the basis of his expertise in respect of property law, etc., which he practises on a daily basis.

I have argued in the past that legislation of this nature which precludes councillors from serving on bodies such as the PRTB is not welcome. In addition, we should not encourage the introduction of legislation which insists that a set number of councillors should serve on particular bodies. Either a person serving in local government possesses the ability to do a particular job or he or she does not. It could be the case that when appointments are being made to bodies such as the PRTB, there are no suitable candidates in the area of local government to take up the relevant positions. It could also be the case that a body such as the PRTB could comprise a large number of local government representatives.

On where the PRTB should go from here, I hope the procedures that allowed the relevant information to pass through the Department and the decision to be made in the way it was will be corrected. There was certainly no intention to abuse or misuse the legislation. We must avoid a repetition of the circumstances that arose in this case or there will be a need to introduce similar legislation in respect of other areas in future.

Perhaps the best way to proceed is to consider this matter in the context of the all-embracing local government Bill that will be forthcoming in the aftermath of the White Paper on local government. The role of local councillors and other representatives on State bodies, etc., should be properly defined and the circumstances in which these individuals may be involved with these bodies should be placed in the context of a better legal framework. If that is done in the near future, I hope we will be able to avoid a recurrence of the circumstances that arose in this instance.

I welcome Members' general support for the Bill. I look forward to the House having the opportunity to consider the local government Bill and engage in a better review of the residential tenancies legislation.

**Minister of State at the Department of the Environment, Heritage and Local Government (Deputy Michael Finneran):** I listened with great interest to what Members had to say and I appreciate the high quality of their contributions. I again acknowledge the positive way in which this legislation has been considered.

I reiterate that what is involved here is a simple procedural error — a technical flaw — which casts no reflection on the quality of the tenancies tribunal convened during the period in question. The mistake concerned the unexpired portion of the board's membership for those members appointed to the dispute resolution committee. There is also doubt whether the statutory consultation requirements with me, as Minister, were properly complied with. It was purely a technical mistake by the board of the PRTB which did not impact on the quality and professionalism of the tribunal hearings. The competence and professionalism of the tribunals is not in question. The procedures adopted were robust and proper and the outcomes and judgments are not in question. None the less, it could provide grounds for legal challenge which would set the PRTB back significantly in terms of time, resources and reputation damage which is why I have moved urgently to close off this area of doubt.

The referral was purely precautionary in nature in order to be absolutely sure the appointments to the dispute resolution committee have been made for a minimum period of three years as required under section 157(3). If this had not been the case, consideration would have had to have been given to the need to introduce an amendment to the Bill to deal with this. This is not now necessary following the PRTB's clarification. The appointments were made for a minimum of three years.

Looking to the future, I was pleased to launch the board's new corporate plan in December last. This maps out how the PRTB intends to deal with the challenges during the period 2009 to 2011. It has announced specific targets and performance indicators in respect of its work in the areas of dispute resolution, tenancy registration, research, information, innovation, customer service, leadership, governance, human resources and finance. No effort will be spared by the board in vigorously delivering on the corporate plan and its success will be measured in terms of the ambitious target set out in the plan.

Senator Maurice Cummins asked when this matter came to the attention of the board, the Department and myself. I assure the House that this matter was brought to my attention on 22 December 2008. It had been brought to the attention of the Department informally on 9 December 2009. The Department sought legal advice at that time. I acted on the first day the Dáil sat in this session, which was yesterday. I, along with the departmental officials, acted with haste on this matter.

Last night we did a rain check on an issue raised by a Member of the Dáil during the debate. It was only fair to the House that we would clarify it. Unfortunately, it was not clarified by the time we were to come to this House. That is why the Bill was delayed until this morning. I apologise to the House for that but it is best the legislation is correct.

This issue is entirely different from the councillors' appointments. I wish to distinguish between this and that issue which was dealt with in 2008. I am not aware of any legal challenges initiated in regard to the issues covered by the Bill since this issue came into the public domain. Nothing like that has been brought to my attention.

[Deputy Michael Finneran.]

I am conscious of dispute resolution delays and have stated during the debate in the Dáil on the Housing (Miscellaneous Provisions) Bill that I intend to bring forward some amendments which will improve the Residential Tenancies Act 2004. Despite what Senator Hannigan said, it would be inappropriate to introduce them during emergency legislation and that is the reason they have not been introduced.

I refer to freedom of information requests, a matter which is always being considered. The extension of freedom of information requests to other bodies is a matter my Department keeps under review. We will report on that when any such decision is taken. Senator Boyle referred to a review of the primary legislation, which I have addressed.

Question put and agreed to.

Bill reported without amendment and received for final consideration.

Question proposed: "That the Bill do now pass."

**Minister of State at the Department of the Environment, Heritage and Local Government (Deputy Michael Finneran):** I thank Members for their co-operation in the passage of this emergency legislation. The co-operation of the Opposition is appreciated. I apologise for not being able to take the Bill last night but I have explained the reasons. Again, I acknowledge the co-operation of the House in this matter.

Question put and agreed to.

#### **Residential Tenancies (Amendment) Bill 2009: Motion for Earlier Signature.**

**Senator Larry Butler:** I move:

That pursuant to subsection 2° of section 2 of Article 25 of the Constitution, Seanad Éireann concurs with the Government in a request to the President to sign the Residential Tenancies (Amendment) Bill 2009 on a date which is earlier than the fifth day after the date on which the Bill shall have been presented to her.

Question put and agreed to.

*Sitting suspended at 12.10 p.m. and resumed at 12.20 p.m.*

#### **Harbours (Amendment) Bill 2008: Committee Stage (Resumed).**

#### SECTION 18.

Debate resumed on amendment No. 7:

In page 17, between lines 21 and 22, to insert the following:

"—public consultation' means a publicly advertised invitation for submission from stakeholders and the general public;".

—(Senator Jerry Buttmer).

**An Leas-Chathaoirleach:** We are resuming on section 18, amendment No. 7. Is amendment No. 7 agreed?

**Senator Denis O'Donovan:** I was speaking on that amendment. Does Senator Donohoe want to—

**An Leas-Chathaoirleach:** Is amendment No. 7 agreed?

**Senator Paschal Donohoe:** It is not agreed. We are on amendment No. 7, section 18. Is that correct?

**An Leas-Chathaoirleach:** Yes, section 18, amendment No. 7. Amendments Nos. 11 and 12 are related and amendment No. 10 is an alternative to amendment No. 11. Amendments Nos. 7, 10, 11 and 12 are being discussed together.

**Senator Paschal Donohoe:** I thank the Leas-Chathaoirleach for that. I tabled my amendment, which I believe is supported by amendments from some of my colleagues, because some of the changes this legislation refers to, particularly in regard to the amalgamation and integration of port authorities, will be of major concern in local communities and among the industries and stakeholders that will make great use of these facilities.

When I was preparing for this legislation's passage through the Seanad, I spent some time reading the harbours strategy statement prepared by the Department of Transport in 2007. The main strategic need that policy document identified was the need to ensure that the port capacity will be in place to deal with the increasing amount of freight coming through our economy in the coming years. We also are aware that these ports are vital hubs of local industry and community throughout the country.

In some cases it may be right to integrate some of these ports and for smarter use to be made of this important infrastructure. I support the idea that under this Bill there should be the capacity to make a decision like that, but before the decision is made there should be a period of time to allow the local community, politicians and people who are concerned about these matters to put across their point of view, understand the type of decision being made and lobby either for or against it. In this time of economic difficulty with which we are all so familiar, something that would add unnecessarily to the concern of communities in coastal areas is the idea that a port upon which they depend will close or the way it is run will change without their understanding the reason and being given an opportunity to put their view across, lobby their local representatives and engage with the Department of Transport on it. My amendment, which is measured in that it calls for proper public consultation and allows the Oireachtas to have a say in it, speaks to that and would improve the legislation were it to be accepted.

**Senator Denis O'Donovan:** This goes back to the issue of consultation on which I spoke at some length in the previous debate. I concur with my colleague in that regard. I am deeply concerned that the consultation promised by several Governments in the past 30 years has not happened, particularly in regard to the port of Bantry. We can refer to various reports, including the KPMG report of June 1999, a PricewaterhouseCoopers report and another report. A total of five or six reports are available. Another report on commercial ports operating under the Harbours Act 1996 was published in 2000.

In support of Senator Donohoe's amendment, the reality is that the consultation process promised has not taken place. I spent a term on the harbour board in Bantry and during that time at least two Ministers gave us commitments that if the option of amalgamation with Cork were to take place, that consultation process would happen and all the interested groups would be consulted. The Senator is correct that this is all about consultation, or the lack of it.

[Senator Denis O'Donovan.]

If we examine the issue historically, there were proposals on Balbriggan four or five years ago that were abandoned, rightly or wrongly, because the consultation process was not taking place. Not long ago there was a proposal in one of the reports to amalgamate Rosslare, New Ross and Waterford ports. That has not occurred. As I have said *ad nauseam*, I do not have a problem, by and large, with the thrust of the Bill but the consultation process that should have taken place has not happened.

Was the local authority in Cork county, the largest county and the third largest local authority in the country, consulted regarding this Bill? Were the county manager or the members consulted, particularly those representing the areas where the ports are located? The same question applies regarding Fenit in Kerry. Was there consultation with those bodies? It is conceivable that once the Bill is enacted, the Minister of the day will have two options.

**An Leas-Chathaoirleach:** All those points on this amendment have been made.

**Senator Denis O'Donovan:** Not entirely. I have some more letters to read into the record that I received since the last debate. I am merely making the point that there has not been consultation. If I were to go through all the material available to me it would take me a week. It is all about consultation. With all due respect, a Leas-Chathaoirigh, the issue of consultation is referred to in various reports. I spoke off the cuff a great deal in the previous debates but I have not touched on four of the reports I have with me, which are fairly voluminous. It is not fair on the Minister of State and Senators that this debate has been ordered to continue until 4 p.m without a sos.

**Senator Paschal Donohoe:** Hear, hear.

**Senator Denis O'Donovan:** It feels as if someone is putting a gun to my head. This is unfair and brings to mind the argument that if one puts enough smoke into the beehive, one will smother the queen bee. I feel a little smothered.

I will return to the issue of consultation but before doing so, I record my disappointment. A sos should have been provided for from 1.30 p.m. to 2.15 p.m. to allow us to have a cup of coffee or break or even to go to the loo.

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

**Senator Denis O'Donovan:** The thrust of the amendment tabled by Senator Donohoe on the issue of consultation, consultants and related matters is connected to the issue of having consultation before a proposal is made to have a harbour board subsumed into or taken over by another port authority. I have spoken on this issue previously and will speak on it again.

I refer to the report, A Review of the State Regional Ports and Harbours, carried out in June 1999 by the eminent professional organisation, KPMG, at the request of the then Department of the Marine and Natural Resources. While it is one of several reports on this topic, it is worth referring to it in the context of the amendment. The executive summary states that in carrying out the review KPMG deliberately had set out to ensure an all-encompassing approach was taken which recognised the need to collect data and consult widely and broadly. It then sets out the various steps taken as part of the review. For example, a detailed and structured questionnaire was prepared to collect base information on the performance of each port and, where relevant, engineering reports and other supporting material were sought and provided.

The Department of Marine and Natural Resources no longer has control of some of the ports in question, including Fenit Harbour and Bantry Harbour, although it continues to have control of sea fishing ports such as Castletownbere and Killybegs. The KPMG report states the

Department, on behalf of the company, invited representatives of all the ports in question to consultative meetings in November 1998 at its offices in Dublin where KPMG indicated the approach it would adopt, secured the views of the attendees on the prepared questionnaire and answered questions the attendees had on the overall approach. The Department also placed a public notice in the national and local press referring to the review and calling for submissions, comments and observations to be forwarded to KPMG. Many valuable submissions were received arising from the notice. The public notice also served to advise the local interests in question about the review and enabled them to prepare for KPMG's visit.

While the 1999 report is outdated in many areas, if the approach adopted by KPMG were taken in the context of the proposals before us, I would not be speaking to this amendment because we would have achieved an agreement or consensus. However, such an approach was not taken.

The executive summary of the KPMG report states it sought independently the views of interested parties, many of whom provided submissions or were interviewed. These included Bord Fáilte, an important organisation in the area I represent, the regional tourism authorities, the Chartered Institute of Transport in Ireland, the Irish Institute of Master Mariners and the Irish Ports Association. These steps were taken by KPMG in 1999. The type of consultation process proposed in the amendment tabled by Senator Donohoe should take place.

We should note the steps taken as part of the review carried out by KPMG. The executive summary states it visited each port in turn and viewed the facilities in place and had discussions with the harbour commissioners, port management and stakeholders, including fish farmers and, in places such as Whiddy Island, local islanders. In this context, KPMG met representatives of local chambers of commerce, tourism interests, fishermen, local authority staff, industrialists, stevedores and others.

I have not spoken on the report in our previous debates on the Bill. The process undertaken in 1999 as part of a review examining the position in the previous decade was not repeated on this occasion. Last night and this morning I spoke to representatives of the Irish Shellfish Association which has a major interest in Bantry Bay and Bantry Harbour and former members of the board. Last week I sought the views of a man living in South Africa. He has told me he cannot believe a similar consultation process as that carried out in 1999 has not taken place. Under the legislation, such a process may take place once the Bill has been enacted.

The KPMG report states that, on the basis of the information supplied, it prepared its port profiles which it distributed to all of the ports for their comments. It then carried out an analysis, from which it developed recommendations. This approach shows the lengths to which the Department went to consult the interested groups. Following a thorough investigation, the KPMG review concluded that the 1946 Harbours Act was unsuitable and outdated for modern ports, including the regional harbours and ports under review, and acted as a constraint to the development of their socio-economic potential. I do not disagree with that conclusion. This potential is of critical commercial importance to Bantry Bay and the surrounding area. We have the Whiddy Terminal, the Leahill Quarry and possibly visits by cruise liners to Garnish Island. There is a broader issue concerning Bantry Bay and the harbour.

The reports states that the main emphasis of the EU Green Paper is that port's revenue should cover their full costs. I will read some audited accounts into the record from Bantry Port, which has operated in the black for the past 11 or 12 years, continuously and successfully.

The report also states that ports generally want to retain the *status quo* believing current arrangements reflect local interests and knowledge and are in the best interests of the port in question. It further states that the harbour and ports in question play an important regional role and their economic value can be very often direct in terms of commercial activity and

[Senator Denis O'Donovan.]

spend. It has been indicated that for every fisherman at sea there are three workers on land supporting or benefitting from his activities.

It goes on to say that most of the ports are not profitable, have few financial reserves and, consequently, have had inadequate historical investment. That is very important. I have no problem with ports that are handicapped due to a lack of development, finance or revenue. There are a number of ports in the constituency which are in limbo, such as Baltimore.

It is comparable to the parable of the wise and foolish virgins, some of whom had their wicks trimmed and survived the dark night, whereas others were foolish and fell asleep. Those involved in Bantry Port were wise, prudent and collected revenue, and are doing much good work within the port.

Regarding consultation, I will deviate slightly from the port. I will not speak *ad nauseam* but it is critical——

**An Leas-Chathaoirleach:** Is this to do with the amendment?

**Senator Denis O'Donovan:** Yes. It is about consultation. It is critical to any proposed liaison or marriage, whether it is a shotgun wedding or something else, that the two parties meet. We are not going back to the old days of match-making, when the first time people met was on the day of the wedding.

**An Leas-Chathaoirleach:** I fail to see what match-making has to do with this amendment.

**Senator Denis O'Donovan:** There was no consultation. There is some match-making going on here without any courtship, consultation or negotiation. Consultation is the important issue.

A commitment was given on the amalgamation of Cork and Bantry. There was to be prior consultation. An operation for due diligence was set in place, which was never completed. I do not know why there is a rush. The simple solution, which would save me a great deal of time and trouble, would be to abandon Section 18 in the short term and revisit it in two, three or five years time when consultation has taken place.

I will continue to read from the KPMG report, which states that where investment requirements have been proposed they are not commensurate with their financial performance or reserves, which in some cases are minimal. Some ports have a major expense with the maintenance of dredging requirements.

Regarding consultation, it is important to read the executive summary of this report. I will not read the whole report now; I will leave the rest for after lunch. This report was commissioned by the then Department in charge of this area. The introduction says that a consortium led by KPMG consultants and comprising of Posford DuVivier, Brady Shipman Martin, Fitzpatrick Associates and MDS Transmodal was commissioned by the Department of the Marine and Natural Resources to undertake a review of State regional ports and harbours.

It is important to stick with the words “consult” and “consultation”. The introduction also says that regard must be given to developing a general strategic framework for ports and harbours, having regard to the differing conditions, and that generic and port harbour related models and options will best deliver the objectives of the strategic framework. The 16 ports in question are Annagassan Pier, Wicklow, Wexford, Kinsale, Bantry Bay, Kilrush, River Moy, Ballyshannon, Dundalk, Arklow, Youghal, Baltimore and Skibbereen, Fenit, Westport, Sligo and Buncrana.

It is interesting to note that this Bill refers only to Bantry and Fenit. Are the other 14 on hold or have we been chosen to be punished for our sins? Three of the ports, Arklow, Dundalk

and Wicklow, were specified in the Harbours Act, 1996 as companies that conformed to the conditions laid down in that Act but had not yet achieved the status of a commercial State company. Some may have achieved it now.

The report goes on to say all of the ports are in the hands of harbour commissioners made up of representatives of local interests and councillors. We should remember that councillors are being denied representation under this Bill, which is a retrograde step and was the subject of another amendment by a Senator from the other side of the House.

I will continue to refer to the KPMG report. Two of the ports in question, Kilrush and Youghal, are effectively managed by the relevant urban district council. Donegal County Council indicated to the then Department of the Marine and Natural resources its willingness to take responsibility for the harbours of Ballyshannon and Buncrana.

The context of this report is that over the years there has been much discussion on the ownership and status of ports. The review group on commercial harbours and piloted policies and legislation analysed in depth the Harbours Acts 1946 to 1976, *vis-à-vis* their relevance to modern port operations. It put forward a recommendation in June 1992 that 12 ports, on the basis of their financial viability and level of commercial traffic, should become commercial State ports.

It mentions that all other harbours of lesser commercial significance should be transferred to the relevant local authority or fisheries traffic centre in what was then the Department of the Marine and Natural Resources. This is a critical area of the report regarding consultation. The report refers to what happened in 1992.

If this legislation, affecting Bantry, Fenit and perhaps other ports, was introduced ten or 12 years ago, I would probably have supported it wholeheartedly. The status of Bantry has changed immensely. There was no fish farming in Bantry prior to 1984 or 1985, and many things have changed in that regard. I have no doubt that sensible provisions have been made.

Consultation has taken place in areas such as Castletownbere, Killybegs and Rossaveal. They were taken over by the then Department of the Marine and Natural Resources as fishery ports, which was a positive move. Significant development has taken place.

Minister of State at the Department of Agriculture, Fisheries and Food, Deputy Tony Killeen was in Castletownbere last week where, to date, in excess of €40 million has been spent on developing its harbour as a fishing port. In other ports, such as Bantry, financial commitments made over three decades were not acted upon due to a lack of consultation. I spoke on the amendment tabled by Senator Donohoe on consultation, or, rather, the lack of it.

I will refer to a few more paragraphs of the executive summary of this report. The report says there has been a general concern about the need to secure, if not to enhance, the livelihood of the coastal communities who depend on the sea. This is particularly true for those ports that have annual commercial traffic of less than 250,000 tonnes.

Areas such as Cateltownbere, Schull, Bantry and other coastal areas opposed the Lisbon treaty by a margin of four to one due to a lack of interest in coastal communities and a lack of consultation, which goes back to the issue here. The issue may be broader than this, but it is how people in isolated rural communities feel. The report also states that these ports and harbours range from those with busy commercial traffic to others catering for a mix of uses, including sea fishing and marine leisure, and some that experienced a severe decline in commercial and sea borne trade. One could not have a more appropriate quotation from this in-depth report as it applies to a port like Bantry, which has a mix. Departments can sometimes look at commercial viability, linking in the likes of Whiddy and Whitegate to see what has occurred there. However, one must examine the broader socio-economic situation where no consultation

[Senator Denis O'Donovan.]

has taken place with shellfish farmers, island-goers to places such as Garinish Island, or marine-related tourism which has a future.

The report continues:

The 1996 Harbours Act provides for three options for the small harbours: 1. to retain the *status quo* [this means that they can continue to be subject to the Harbours Act 1946]; 2. to set up semi-State companies to manage some or all of them; or 3. to transfer them to local authorities.

In case it might be thought that this report was ignored by harbour boards, I know from my few years on the Bantry Harbour Board that we discussed it at length. We actually voted on those three options. The transfer to a local authority was supported by three of the 11 members. It was unanimously agreed that the notion of being taken up by another port was not an issue. There was strong support for the notion of corporatisation. Perhaps the Minister of State can shed some light on whether the notion of harbours such as Bantry being corporatised as independent, self-sufficient ports, has been abandoned. The idea was being closely examined by the Minister of State's predecessor. In or around April 2002, that process was almost put in place following consultation at the highest level. Perhaps the Minister of State can inform us why that did not happen.

**Minister of State at the Department of Transport (Deputy Noel Ahern):** May I assist the Senator?

**Senator Denis O'Donovan:** Certainly. I would be glad of a break.

**Deputy Noel Ahern:** I feel there has been a great deal of consultation over the years. Some people may feel it has been at a broader or higher level and that it was not specific enough, but it was always the intention to have consultation before any final decisions were made. Senator O'Donovan's amendment is asking us to insert a statutory commitment in the legislation so that there would be local consultation before things move forward, if the harbour's direction was being changed. I agree with the proposer. It was always going to happen, but the amendment seeks a specific statutory commitment. I agreed during the earlier debate that it was a sound idea and I gave an assurance that it can and will be done. I have already started the process of formulating a proper wording. It is my intention to come back on Report Stage to take the Senator's idea on board. It will thus be inserted in the legislation so that people can see that consultation is taking place. People may feel, as Senator O'Donovan said, that there was not specific consultation in the past, but there was consultation on a broad, general level. There is a time for consultation on a broad level and a time for much more specific consultation. If there is a lack of faith and a feeling that previous commitments or promises were not fulfilled, the Senator's amendment seeks to insert that into the legislation. Once something is in legislation it is in black and white. The Senator's suggestion is a good one, which I am accepting and I will bring forward wording to do as he has outlined.

**Senator Paschal Donohoe:** I thank the Minister of State for his response. I am glad he is taking on board the point the amendment seeks to address and I look forward to seeing what he brings forward. The absence of this kind of clause or reference in such legislation creates the space for decisions to be made in such a way that can either create a feeling of lack of involvement or trust between those making the decision and those who deal with the consequences. The way in which the decision is made will be weaker and of less quality if there is not some obligation on behalf of those making the decision to engage with those who will be affected by it.

There has been much talk, even this morning, about the need for national unity on matters of importance to the country. While I am glad to accept that this amendment does not concern an issue of national interest, there appears to be the appearance of national unity between the Opposition and elements on the Government side of the House on the need to change this approach. It is good to see that the Minister of State will respond to the matter. I will be particularly interested to hear what my colleagues, Senators O'Donovan and McCarthy, have to say on whether such an amendment would meet the needs they have identified and the issues they have talked about.

**Senator Michael McCarthy:** Towards the end of 2008 we had occasion to discuss the issue of consultation. My colleagues — in particular, Senator O'Donovan — have made good points on consultation. With all due respect to the Minister of State present, a commitment was given by the senior Minister to meet with the board and representatives from the Bantry area. There was a clear belief among those people that the consultation would involve a meeting at which they could put forward their views, particularly concerning the legislation and the broader consultative process that should take place to ensure that there is a general body of support for the Bill itself. It is my understanding that neither Bantry Harbour Board members nor Bantry town councillors were consulted on this matter. I fundamentally disagree with the broader aim of this Bill, which is to remove councillors from running ports.

The previous Seanad debated at length the abolition of the dual mandate, as well as various pieces of important local government legislation and what they meant for the functioning of local democratic bodies. Most Senators would share that view, particularly those who have served more than two or three terms and know the system well, including how local authorities respond to our work here. We need to be aware of where our electoral base is. By and large the Seanad's vocational panels spring from democracy at local level. Most of us began our political careers in local government.

Over the years I have seen the role of councillors being consistently reduced and power being taken from them. One of the few reserve functions councillors had was to set charges for refuse collections, but that is now an executive function. The manager comes along and the

price is fixed, but that took an element of democracy out of the system. Councillors are elected from all sections of society. Those elected to a town, borough or

county council are there because people decided they were the best persons to represent them on their locally elected body. I hold that system of local democratic government dear to my heart and we should never forget about it. This legislation, however, adds to the assault not just on local government but on members of local authorities throughout the country. Have the councillors' organisations written to the Department regarding this legislation? I expect the answer to the question to be "Yes" because I have proof of this. What was the response? Local authorities have passed resolutions raising serious concerns about the legislation and calling on the Minister to desist from his clear intention of removing councillors from harbour boards.

With regard to Bantry, we will not be thanked, as legislators, if we do what the Bill proposes, that is wind up the harbour board. Senator O'Donovan and I cannot stand for that. As recently as last Friday, through the Oireachtas education unit, the Senator and I visited a second level school in Bantry and we discussed this issue in a CPSE class. There is a strong feeling about this important issue in the locality. I have a fundamental difficulty with the expressed intention in the Bill to do away with that and I do not buy the line that the ports will have a Government appointed body. That does not wash.

I recall receiving assurances from the then Minister for the Environment, Heritage and Local Government, Deputy Cullen, that following the abolition of the dual mandate Oireachtas

[Senator Michael McCarthy.]

Members would have the right to attend meetings of public bodies and have access to local managers. However, the practical result of not being a member of a council is that one does not have first-hand information. I have found it difficult to obtain replies from some officials. However, I have a good rapport with the officials in my area. We have a good management structure in west Cork, for which I am thankful. However, the commitment given by the former Minister regarding access to officials has not stood up.

We are granted one paltry meeting a year with management. Two years ago, managers decided we would begin with a lunch before discussing the issues. I was offended by that because it was a waste of money and time to meet officials at 1 p.m. and not commence the meeting until 2.30 p.m. when bellies were full and a few glasses had gone the hatch. That does not cut ice. Thankfully, that has changed and we have had productive discussions with management and directors of services. In 2008, following a proposal I made in December 2007 at a meeting attended by the Acting Chairman, we met the representatives of the structural divisions, which worked quite well. However, I raised with the former Minister, Deputy Cullen, the issue of access for Oireachtas Members and his commitment was akin to saying we should all pray that we will have fine weather tomorrow.

I accept the Minister of State has a difficult job because the legislation has been passed to him to steer through the House and my comments are not directed at him. I wish the Minister for the Environment, Heritage and Local Government were present so that I could put these points to him. He gave a commitment to meet people from Bantry. Did the Department receive correspondence from Bantry Town Council, Bantry Harbour Commissioners, and the councillors' organisations? Did it receive information and requests from local authorities as a result of resolutions? I suspect the answer to these questions is "Yes". If so, what reply issued? What commitment was given by the Minister? What happened to the commitment he gave to the people in the Bantry area last year? Why has he not honoured it?

**Deputy Noel Ahern:** We are going backwards and forwards. I do not know if the issues raised are relevant to the section we are debating.

**Senator Michael McCarthy:** This section addresses consultation.

**Deputy Noel Ahern:** We dealt with the local authority issue.

**Senator Michael McCarthy:** This concerns the consultation issue.

**Deputy Noel Ahern:** The amendment contains a good suggestion by Senator Donohoe that specific statutory recognition of a consultation process be inserted. There has been endless consultation for a number of years on this issue.

**Senator Michael McCarthy:** No, there has not.

**Deputy Noel Ahern:** I have not been long in the Department but I have read the files and the reports. Endless reports were produced, sections of which have been read into the record. However, there is a fear that these consultations are with the principal stakeholders at national and regional level and perhaps stakeholders on local issues did not have an input into national or regional ports policy, which is addressed by Senator Donohoe's amendment. He refers to inviting the stakeholders who may not have been involved in the consultation previously to take part and broadening consultation to include any member of the public who wishes to make a submission. I am going along with that just in case individuals or small stakeholder groups did not make an input when the policy was formulated.

I do not want to go over the issue regarding local authority members because we have discussed that section. The representative associations wrote to the Department. However, the section was not about the appointment of local authority members as harbour commissioners but about appointing them to the boards of the ten main ports. That is a separate issue, which we discussed previously. Submissions have been made and we have replied to them. We have dealt with those sections but we will return to them on Report Stage.

Perhaps because Committee Stage has been so spread out that we have forgotten what we have dealt with. The amendment is a good idea, as it gives every small stakeholder and individual——

**Senator Michael McCarthy:** Is the Minister of State accepting the amendment?

**Deputy Noel Ahern:** I accept the principle of the amendment. I have forwarded it to the Attorney General for proper and appropriate wording. However, the intent of the amendment is that consultation should not be confined to the large specific stakeholders and everybody should be given an opportunity through some process to make a submission. I agree to insert that in the legislation. That is different from a politician or a Department interpreting a previous commitment to their own liking. If it is provided for in legislation, we are all bound by it, no matter who is Minister or who is in Government. I accept the amendment.

**Senator Jim Walsh:** I concur with Senator McCarthy's comments regarding the inclusion of councillors on these bodies. The experience in port companies, and other bodies such as those involved in partnerships and the Leader programme, is that those who put themselves before the public tend to have a commitment that instills a deep interest in them to participate fully in those bodies. I concede that others appointed on behalf of communities and so on are often good but there is not always uniformity of interest from the other groups or the attendance levels of councillors. Every time legislation is introduced in the House, we are fighting this cause. There are elements within the Civil Service who want to exclude politicians from everything but they do not have the same enthusiasm for excluding themselves from appointment to many of these positions.

As politicians, we depend on Ministers to protect our interest. People who put themselves before the public are only in position as long as they have the support of the public. The public has the right to make changes every four or five years and we should, therefore, preserve and support our democratic system.

I take on board the Minister of State's comment that this issue is peripheral to the amendments, which brings me to the thrust of the section. Having worked in ports in the southern part of the country for many years, I have observed some of the trends. Having worked with a business operation in Foynes for many years I recall the opposition there was particularly in the Foynes area and among the trustees of the harbour to the amalgamation that took place within the Shannon Estuary. Much of that was driven by people who had a real sense of commitment and pride in the achievements of Foynes Port over the years. They significantly surpassed those of Limerick because Foynes had some natural advantages. It had deeper water than Limerick. Those involved invested considerably in the port and showed great initiative in the developments that took place there. There was no enthusiasm for the amalgamation.

As there was no port authority, no consideration was given to dealing with Moneypoint. I regard Moneypoint as being more than a generating station. Moneypoint has tremendous potential as a deep water port. On a number of occasions private investors considered it as a transhipment location. I had discussions with some of the people at the time who were interested in developing it and thought there was good potential for a transhipment port off

[Senator Jim Walsh.]

the west coast to compete with some of the major transhipment ports, particularly Rotterdam. Obviously the feasibility of that was always challenging.

I knew people involved in Limerick Port at the time who wanted the amalgamation because there was a certain amount of rivalry between them and those in Foynes. Along with many others, I felt the whole thing was driven by that particular desire, aided and abetted by certain selective officials in the Department who regarded this as a master plan.

Senator O'Donovan referred to the KPMG report. I recall some of those reports and their preparation. I happen to be one of the people interviewed by KPMG when it was looking at other ports in the south east. It was clear that it was not involved to give an impartial independent evaluation of what was right and what the benefits were. That would obviously have been the prescription and perhaps the complexion put on it. However, like many of those things, it was there to fulfil a policy intention with regard to what the Department wanted done. In our area we mounted a strong rearguard action, as happened in Foynes.

It is proposed to amalgamate small ports. However, very little synergy is to be obtained. There may be some initial small cost savings in administration, etc. However, as we saw in the case of the Shannon Estuary, if we were now to calculate the administrative costs of operating it and the legal costs incurred as a consequence of the difficulties during and subsequent to the amalgamation, there might be losses rather than savings.

As someone with some experience in the area, I have always felt that ports have a niche advantage in certain areas. In my area, Waterford has developed as a good container port. Rosslare developed for roll-on roll-off traffic. Those are niche markets. The concentration within those ports should be on developing trade and giving competitive services to the public. Ultimately ports are like roads. They exist to provide infrastructure for people to do business. It is essential that it is done in a competitive way. In this scenario involving policy of amalgamation, I am fairly certain that such aspects have not been considered.

I appreciate the Minister of State's position regarding this report. The ports policy statement, reference to which is made in the explanatory memorandum, dates back a number of years and would predate the Minister of State taking office in that Department or perhaps in any Department. It probably dates back to the late 1980s or early 1990s. It fails to recognise a number of issues that can arise with amalgamations. Because we have so few ports, it is imperative that we have competition. It is equally imperative that they function properly and efficiently.

I will give a small example. I have worked most of my adult life in the port of New Ross. New Ross prospered because of good work practices and a co-operative workforce, which took pride in the growth of the business. We were also assisted by the very bad industrial relations in the neighbouring port of Waterford, whose deep water section was closed for the best part of two decades. If the two ports had been amalgamated at that time, business traffic through ports in the south east would have come to a standstill, which makes no sense.

Dublin Port should not be where it is and should have relocated at least a decade ago. Along with One51, the Dublin Port Company owns the port of Greenore, a competing deep water port. We need to maintain competition. I am glad we did not go down the route that was suggested whereby all the north-eastern ports would merge into one port company. For example, Drogheda has shown initiative and been competitive, and is now considering developing a deep water port in Bremore in north County Dublin, which is the right way to go. The Bill proposes amalgamating certain ports, including Tralee and Fenit. I imagine that, as the traffic in Tralee and Fenit would be very small, that amalgamation would not be material.

However, Bantry Bay is a national asset. It is a significant deep water port. Given my experience of what happened in Foynes, the amalgamation there has done nothing to enhance trade or efficiencies at the port. I do not believe that will happen. I can understand why people in Cork would want to have it as part of its port company. Most companies want to develop and expand. However, it is an easy option. The expansion that should take place should be based on a port's initiative and development, and also on competition. Ringaskiddy is a deep water port within the Cork Port Company. I have no problem with changing the Bantry Bay Harbour Commissioners. Why not have a separate Bantry Bay port company, if that is regarded as a better approach? It already has business and should be encouraged, as Foynes was encouraged to develop. If the amalgamation of the Shannon Estuary ports had taken place a few decades earlier than it did, Foynes would never have developed to the extent that it did. It is very important that port policy, because of the small number of options that importers and exporters have, is developed in a way that ensures competition and that infrastructure is put in place. It is far better to do so on the basis of each location rather than putting them all in the one pot. When the KPMG report was published, it was discussed with the Department and KPMG. It was suggested that approaching port companies and creating critical mass would lead to floating the companies on the stock market. It is a long time since that suggestion was mooted and I assume it is no longer part of the agenda, but it never had great potential because all of the companies in Ireland could not create the critical mass that would be attractive to investors. Even if that were done and private money were attracted for development, this would reduce competition significantly. Ultimately this is the lifeblood of infrastructure and services. It is essential to the well-being of those companies that depend on imports and exports. This should be seriously reappraised and examined.

My experience in the business, in excess of three decades, suggests that this is the wrong direction to go. It may seem like a good idea in theory but in practice it is not. It is being driven by people who perhaps do not have practical experience and who are considering this from a theoretical point of view. I urge that this be re-examined. There are very few deep water ports in the country and very few areas with the potential to develop as such. Where that is the case, like trying to exploit any natural resources we have, it should be given an opportunity and supported. Amendments have been tabled in this regard.

I thank the Minister of State for introducing this Bill in the Seanad because we have the opportunity to debate it and shape it here so that as it progresses through these Houses, it will be enhanced. However, there is flawed thinking behind the proposition in respect of Cork and Bantry. The potential of Bantry is not replicated in Tralee or Fenit. In the national interest and in the interests of developing our port infrastructure, which everyone recognises needs development, it is better to keep them separate, to retain the element of competition and to keep the focus on each individual realising full potential rather than pulling them together and where interests within the port company may seek to develop one area over another. This may be contrary to what we and the Minister of State want to achieve in this legislation.

**Senator Denis O'Donovan:** In one sense the Minister of State has agreed to accept the amendment tabled by Senator Donohoe. I will not dilly dally too long on this issue. I am glad Senator Donohoe was successful in respect of inserting the right to consult in this process.

On 8 January we celebrated the commemoration of the 30th anniversary of the *Betelgeuse* disaster at Whiddy Island. I will not go into the history of it. In all that time and through successive Governments, some of which I was a member of, commitments were given to developments in Bantry and they were blatantly ignored up to this day. I will make this point briefly. I refer to a question in the Dáil tabled by Deputy Joe Walsh on 27 February 1986. He asked the Minister for Industry and Commerce whether he would specify the job content in the

[Senator Denis O'Donovan.]

recently announced financial aid package for Bantry, County Cork, and whether he would make a statement on the matter. The reply from the then Minister for Industry and Commerce, Mr. Noonan, Limerick East, states:

In so far as my Department is concerned, the special development package for west Cork-Bantry announced by the Taoiseach [the then Taoiseach was Garret FitzGerald] on 7 February includes the construction of an enterprise centre in Bantry and the provision of equity funding for selected viable projects in the area at a total estimated cost of £1.5 million.

It is not possible at this stage to quantify the job content of these proposals but employment will arise through the construction for the enterprise centre and the enhanced prospects for industrial development in the area arising from the measures in the package.

I am absolutely ashamed, in the memory of those who died in Whiddy, at that reply. There was a package of £8 million, much of which was to be given to west Cork. Not one farthing was spent on the inner harbour at Bantry. Outside Whiddy, we have the ghastly, mangled steel structure of the jetty that was blown up. Gulf Oil Corporation sold out and as a result of this, the package was announced.

I am being asked to accept that a statutory process of consultation into the future will be honoured. We have been kicked in the teeth and in the backside for years. At the time, there were two issues and I will not deviate. As a young trainee lawyer at the time, I was involved in the Whiddy tribunal which was a tribunal worthy of the name. It was cost effective and to the point. The extension of the pier at Bantry and the dredging of the inner harbour were critical and have been ignored since then. Subsequently, the Government sold the facilities at Whiddy and Whitegate to Conoco Phillips. A substantial sum of money changed hands. Many people do not realise that the national oil reserve is stored at Whiddy Island.

I used to play poker in my student days. If one was foolish enough, one would bet on the blind. We are being asked to bet on the blind by allowing this measure that proposes to abolish the Bantry Bay Harbour Commissioners and amalgamate the harbour with Cork. Having been neglected for 30 years, and I personally having been refused consultation in recent months despite the board having demanded it, we apparently must have faith in statutory inclusion that there will be consultation in future. I cannot have faith in that proposal, with all due respect.

I was talking to a fish farmer this morning and asked him for his views on this. I have not seen him for a long time because he is often away at sea and out on boats. He said there was a spring tide this morning and that they could not shift the barge or mussel raft from the head of the pier because the tide was out. There is almost 3 m of silt and mud, which is taller than me, to be got rid of. That has been an issue for 30 years. I would like a clear guarantee from the Minister of State that the issues that have haunted the development of Bantry and our pier, some of which were referred to in the Costello report, would be addressed unequivocally and with certainty. I know in my heart of hearts, and I think Senator McCarthy knows, that if the Port of Cork Company takes us over, which will happen some day, it has commercial expertise and it will run Whiddy well, run the quarries and collect money, but it will decide that the dredging of the inner harbour, the pier extension, and the mussel and tourism related industries are not within its remit. I am not going to bet on the blind and in this regard I have to accede because at Senator Donohoe's request, the Minister of State has kindly said he will reconsider and is prepared to accept the amendment, by and large. However, I cannot allow this to divert me from my proposal in my amendments to section 18. This is a case of betting on the blind and it is shameful.

I remember when Whiddy was opened because we got a day off school when Jack Lynch was Taoiseach. There was huge fanfare in Bantry and there were many hopes and visions. Our hopes have been dashed on the rocks too often. Even commitments made on 14 June 2000 by the then Minister, Deputy Frank Fahey, announced £1.5 million for an extension to the pier which equated roughly to €1.9 million. This fell by the wayside. I refer to five or six Government commitments from different Governments of different make-up, including the coalition Government of the 1980s and several Governments in which my own party was involved. The people in Bantry do not have faith in blind betting. I have represented the area for the past 25 years and I want us to continue on our own because the promised consultation process is too little too late and is a damp squib.

**Senator Marc MacSharry:** I am grateful to have the opportunity to make some points. I pay tribute to my colleague, Senator Denis O'Donovan, because in my time in the House I have never seen anyone or any group of people apply the same level of scrutiny and constructive suggestion to legislation, and he is to be greatly commended on that.

I thank the Minister of State for initiating this Bill in the House. It sits well for this House and I would like to see other legislation being brought here.

I do not see any national benefit in what is being proposed for Bantry. As Senator Jim Walsh said, there is a need for competition and to develop our ports and the import-export business from those. I support his contention and that of many Members who have spoken on Second Stage that this issue requires a reappraisal. It seems to be driven from ivory towers, for want of a better expression, and be determined largely by officialdom as a body as opposed to any individuals. This is regrettable because the best decisions are those emanating from the ground up rather than being dictatorial in nature. I know Senator O'Donovan has issues with some of the consultation that has taken place. I refer to the KPMG report but in many such reports, the brief given at the outset is to consolidate. Those compiling the report are asked to come back with a plan which consolidates, for example, subsuming Bantry Bay Harbour Commissioners. What would the report have said had the brief been to come back with an economic plan for the best way to develop Bantry to support coastal communities, create more competition around the country and develop business?

Senator McCarthy referred to board representation and the number of local authority members sitting on boards. This Bill proposes to limit numbers as opposed to prohibiting the representation on boards by local authority members. I join Senator McCarthy in saying there has been an erosion of the democratic process. It has become the practice, to use a phrase used by officialdom and civil servants, to exclude local authority members from boards, harbour commissioners and so on. This is fundamentally mistaken. This obsessive pursuit of a level of political correctness has been defined by the media and other interests and has not been informed by and is not in the best interests of public representation. Whether a local authority member is from any party or none, he or she is the chosen representative of the people, has been democratically selected and is best placed to be representative of the public rather than a sectional interest. It would be an erosion of democracy as a whole were we to continue along these lines.

I know this is possibly an issue specifically for the Minister for the Environment, Heritage and Local Government, Deputy Gormley, and his Department but there has been a shift led by the Civil Service towards the exclusion of democratic representatives, a case of not giving power to elected representatives under any circumstances. This is a fundamentally wrong position. I am a great believer in democracy and the democratically elected people are the ones who should have the power to do these things. While I welcome the fact this legislation is not a case of excluding councillors completely, as has become the practice in other areas, and while

[Senator Marc MacSharry.]

I am glad they are still included to some degree, they should not be limited. We should enhance the public's voice.

I commend in particular Senator O'Donovan's constructive analysis and assertions on this Bill. I ask that the Minister of State look favourably upon numerous requests to have a reappraisal of this legislation.

**Senator Paschal Donohoe:** I will not press this amendment. In light of dealings I have had with this Minister of State and his Department on previous legislation, I am happy to take his assurances that a similar amendment will be forthcoming on Report Stage. I thank him for taking on board the thrust of my proposal and I look forward to his amendment.

It is very interesting to hear the comments of many Senators on sections 17 and 18 which contain the essence of the proposal of giving the Bill the capacity to amalgamate and integrate different ports into a single body. Each of the Senators on the Government side who has spoken has indicated that he is fundamentally opposed to this proposal. I thought this Chamber had reached the height of its influence in the Charities Bill when the Opposition was successful in having legislation changed temporarily. However, the Minister of State appears to have a choice here. He can either gut this legislation and remove the main thrust of it or his own Senators will vote against it. It would be impossible for any of the Senators who have made such contributions to walk through the lobby in support this legislation or these sections being discussed. I will withdraw the amendment and I look forward with interest to the next section.

Amendment, by leave, withdrawn.

**An Cathaoirleach:** Amendments Nos. 8, 9 and 13 to 17, inclusive, are related and may be discussed together by agreement. Is that agreed? Agreed.

**Senator Denis O'Donovan:** I move amendment No. 8:

In page 17, to delete lines 23 and 24.

The taking of amendments Nos. 13 to 17, inclusive, will make life easier for someone. It is probably unusual in Parliament that a Government Senator would table amendments to legislation proposed by his or her own Government. I have been 15 years in the Oireachtas and this is my first endeavour. I do not do this lightly. These amendments propose to delete the references to Bantry Harbour and Port from section 18.

Section 18 reads:

(1) The Principal Act is amended by inserting the following section after section 87:

“87A.—(1) In this section—

‘relevant harbour commissioners’ means—

(a) in relation to the Port of Cork Company, Bantry Bay Harbour Commissioners, and . . .

. . . ‘relevant port company’ means—

(a) in relation to Bantry Bay Harbour Commissioners, the Port of Cork Company, and . . .

. . . (2) (a) The Minister may by order appoint a day as the transfer day for the purposes of this section in respect of Bantry Bay Harbour and, with effect from that day, the Bantry Bay Harbour Commissioners are dissolved . . .

(3) With effect from the transfer day concerned, there is transferred—

(a) to the Port of Cork Company from Bantry Bay Harbour Commissioners, or . . .

. . . all property (real and personal) and rights held or enjoyed immediately before that day by the relevant harbour commissioners and all liabilities incurred before that day by them that had not been discharged before that day and, accordingly, with out any further conveyance, transfer or assignment—

(i) the property so held or enjoyed, both real and personal, [it reads like a will or a bequeath] vests on the transfer day in the Port of Cork Company . . . for all the estate, term or interest for which, immediately before that day, it was vested in the relevant harbour commissioners, but subject to all trusts and equities affecting the property and capable of being performed,

(ii) the rights so held or enjoyed, are as on and from the transfer day, held and enjoyed by the Port of Cork Company . . . as the case may be, and

(iii) the liabilities so incurred are, as on and from the transfer day, the liabilities of the Port of Cork Company . . . as the case may be.

Section 18(4) and the subsequent subsections are more serious, considering it is about the demise of a harbour commissionership. It states:

(4) All moneys, stocks, shares and securities transferred to the relevant port company by this section that, immediately before the transfer day, are in the name of the relevant harbour commissioners, shall, at the request of the relevant port company, be transferred into that company's name.

(5) Every right and liability transferred to the relevant port company by this section may, on and after the transfer day, be sued on, recovered or enforced by or against the relevant port company in its own name and it shall not be necessary for it to give notice of the transfer to the person whose right or liability is transferred by this section.

(6) Every—

(a) bond, guarantee or other security of a continuing nature, and

(b) contract or agreement, made or given by or on behalf of the relevant commissioners to any person or given by any person to and accepted by or on behalf of the relevant harbour commissioners—

(i) continues in force on and after the transfer day concerned,

(ii) shall be read and have effect as if the name of the relevant company were substituted in the contract or agreement for that of the relevant harbour commissioners concerned or, as the case may be, any trustee or agent acting on their behalf, and

(iii) is enforceable against the relevant company.

[Senator Denis O'Donovan.]

This is like reading a will. Once the Bill is enacted, which is the Minister's intention as is his right and which he feels is his duty, it is the end of the road for Bantry Bay Harbour Commissioners and the port.

The commissioners are required under law to submit annual accounts and financial statements, properly audited, to the Department every year. Mr. Aiden McCarthy, a local, is the chairman of the board of commissioners. The board comprises Mr. Michael Hennebry, Mr. Eugene Cronin, Mr. Mario Mehane, Ms. Kathleen Tessyman, Mr. Pat Kelly, Ms Lette Baker, Mr. John O'Shea, Mr. Tim Minihan, Mr. Patrick Murphy and Mr. David Shiels. One is a former naval officer, another an electrician and two, county councillors. Whatever about their politics or their backgrounds, they have varying expertise which will be ended when this Bill is enacted.

The Minister claims this is just enabling legislation. If it is enabling legislation, I would have no problem with the thrust of the Bill. I do have a problem with including Bantry Harbour in it. If it were just enabling legislation, why can the *status quo* in Bantry not continue?

I wish our banks had the same transparent balance sheet and corporate governance as that of the Bantry Bay Harbour Commissioners. From its 2008 accounts, it has revenue reserves of €1.534 million with a total in excess of €2 million. This has increased since 2007 from €1.44 million to €2.196 million. Its surplus for 2008 came to just under €2 million after paying the harbour master rent for offices, which comes to €20,000 per annum, insurance, maintenance, light and power charges, legal, accounting and auditing fees, and promotions.

I must correct the record. On Committee Stage before Christmas I said the commissioners decided not to take any small expenses for attending meetings. Apparently they reverted on that and according to the accounts, commissioner meetings expenses came to €12,000. Wages and PRSI in 2008 came to €84,000. The accounts also include charges incurred for offices, banking, website maintenance and consultants. Travel expenses for commissioners in 2008 came to €50 when many times they had to travel to Cork and Dublin to meet their counterparts at Cork and Dublin ports.

This healthy balance sheet has been replicated for the past 11 years. It was a successful port with, I accept, the assistance of the Department. I will accept that in their zeal, the commissioners made mistakes but they learned from them. Apart from disbanding the commissionership, all the port's assets will be transferred to the Cork Port.

While appearing on "Questions and Answers", I challenged somebody who was criticising Dingle harbour's board of commissioners and claiming they were a shower of cronies. The record shows that the board's 11 members include two elected county councillors, John O'Shea of Fine Gael and Patrick Murphy of Fianna Fáil, and two town councillors, Pat Kelly and Eugene Cronin. A further two members, including Michael Hennebry, were selected by the port and harbour users' association. Under the legislation, the Minister of the day can make three appointments to the board, one of whom must be a trade union representative. In the normal course of events, SIPTU proposes a name for the latter position which is never challenged. The board includes a mixture of expertise, therefore.

What are the advantages of transferring Bantry Harbour to Cork? The Minister of State may argue that it is a question of corporate governance or that Cork's managers have greater experience. I have been told unofficially by several of the directors of the Port of Cork that they do not particularly want to be made responsible for Bantry because it will cause them too many headaches. They certainly do not want us if they have to pay for the €12 million dredging project or the pier extension, which has been promised for the past 30 or 40 years.

We are in the black and have a healthy balance sheet. I could speak about a range of issues affecting the bay but the most pressing issue the harbour faces is the need for dredging. Everyone knows that the development of the town is threatened while the harbour remains undredged. When the new hotel was being constructed, foreign architects flew over the bay and compared it favourably to the UK and France in terms of its beautiful sheltered harbour.

It is a very old issue. When I was a Senator between 1989 and 1991 I asked the then Tánaiste, John Wilson, to visit Bantry and inspect its port. Dredging was a major issue at the time and, 20 years later, I wonder what I am doing here. I often wake up and ask whether it is time to stand aside. A grant of €75,000 was provided for a hydrographic survey, which unfortunately revealed the presence of mercury and another dangerous contaminant called TBT in samples taken from the pier. The normal relatively cheap dredging process whereby material from around the pier is scooped up and dumped in the middle of the bay cannot be carried out because mercury is such a lethal poison that it could damage shellfish or enter the food chain and kill people. However, even though there is no mercury in Castletownbere, the Department of Transport has spent €40 million on that port to remove TBT contamination. Engineers from the Department explained that they put the contaminated material into a holding bay and covered it with concrete. Mercury, which is a more unstable poison, was held in concrete bollards and taken to Germany, which is the only place in Europe that can stabilise the contaminants. That gives an indication of the difficulties we face.

The Port of Cork will regard the problems we face in the inner harbour in Bantry as inappropriate to its remit as a commercial port. It will have no interest in marine tourism or leisure boats. It will not agree to deviate from its strict commercial remit. The Bill will reduce the number of directors of port companies from 12 to eight. We will be very fortunate if one of these comes from Bantry but we will be outvoted if any issue arises that is important to Bantry.

I do not wish to be parochial but I have read in a magazine about the British navy that Bantry Bay is the second finest in the world in terms of its depth and length and the shelter it offers. If the dredging was carried out, it would open up self-financing opportunities. We would not have to ask the Department to develop a marina or other possibilities around the inner harbour. There is great potential for marine leisure activities, including cruise liners visiting the bay. However, in the absence of dredging, not only is the current harbour an eyesore, it is also smelly and problematic for a town designated by the Department of Arts, Sports and Tourism as a tourism hub. The Department of Transport may be unsure about the benefits of dredging but if a commitment in this regard was made to the board in order to prevent any further leadránach submissions from me, there would be an appetite for considering amalgamation in the future.

Some people are unhappy because they were not appointed to the board for various reasons and, therefore, want it to be abolished. It has not been widely reported in the local media that we are being asked to hand over our guns and all our assets to Cork Harbour without a *quid pro quo*.

*2 o'clock* It is as if we are being asked to get married before finding out if we are compatible. That cannot work. Apart from the snippets I have read from audited accounts, I should mention that within the assets base, the board of the Bantry Bay Harbour Commissioners purchased the railway pier, which was in the ownership of the town council. That was a very important asset in the development of the harbour.

Under old legislation going back to imperial times, the Bantry estate, Lord Bantry and the Whites owned the entire foreshore rights around Bantry Bay. Although it sticks in my craw, we had to buy it from them for approximately €200,000, but it is a valuable asset. A contract has been signed subject to some conditions but a fiftieth of what was bought for €200,000 is

[Senator Denis O'Donovan.]

agreed to be sold to a private developer for perhaps €600,000 or €700,000. In other words there is potential if a small bit can be sold.

Where is the *quid pro quo*? If Cork takes it over, we would be handing over very valuable assets and track record without getting an obvious return from this legislation. Perhaps I am blind but I have studied the Bill closely and cannot see any return.

People sometimes rubbish harbour boards, local authorities and different organisation. I take the liberty to read into the record the note from the chairman of the board on the preparation of the accounts that go to the Department. It shows professionalism in how it carries out its duty. It meets at least once a month and sometimes more often and there are sub-committees. The note states:

I would like to welcome everyone to the AGM of the Bantry Harbour Board. While writing up this report today and reflecting on what has happened throughout the year, I note the experiences this year as chairman created many new challenges and experiences for me. Cargo figures are down due to market forces. However, reports on the terminal indicate they are optimistic about improvement in the next few years.

When driving back to Castletownbere last week, with a view of Bantry Bay, there were three substantial oil tankers waiting because of bad weather and heavy swells, as they could not tie up to the single point mooring buoy. They had to wait until the weather calmed. If those three substantial tankers went into Cork Harbour they would probably block it as there would not be facilities for them.

The chairman's address continues:

As you are aware this year the Harbours (Amendment) Bill has been published and is now on Committee Stage. All political, legal and financial avenues are being explored to retain our independent status. We have reiterated our preferred option of staying independent to the Minister for Transport and we met with the Minister of State, Deputy Noel Ahern, in the harbour office to discuss the situation. We have also met the political representatives in the area to support our case.

During the past year we had a further meeting with Port of Cork Company officials because a due diligence report could not be finalised until such a time as we can clarify the ownership of the properties we own.

That is nearly sorted out. The address continues:

We are now in a position to allow the due diligence process to be completed. Once we have this in place we should take the opportunity to discuss the matter of amalgamation further and we should also continue working on our case for strengthening corporatisation. The slipway at Whiddy is completed and working very satisfactorily.

I compliment the Minister of State, who officially opened the slipway. Although millions were spent on Whiddy Island, the access point for an ambulance or emergency vehicle at the terminal meant driving there was a bit like making a landing in the Second World War — one drove on to the gravel and sand and hoped for the best. There is now a decent slipway, which should probably have been there years ago. It is a positive development.

The letter from the chairman continues:

The foreshore licence details for the inner harbour development site are being advertised for public comment. This is the key to kick-start Bantry's marine and leisure developments

that will boost the town's economic activity. The marine developed in the inner harbour will complement the commercial development, as the hotel and apartments on the old Murphy and O'Connor site will also greatly encourage development of the Harbour View road site.

The multi-purpose plan, which includes extension of the existing pier, should satisfy all present and should secure a sustainable future for everyone concerned. Working with the full support of Cork County Council and Bantry town council I am confident we will succeed with this plan.

I would like to thank Mr. Pat Keane for his very valued experience in advising us on a lot of very complex harbour board issues, with which he helped me over the last year. I would also like to acknowledge the services of Alec O'Donovan on the board and he is a very critical and valid part of the Bantry board's business activity. I thank Captain Farnin and Captain O'Regan for their ongoing support and services to the harbour board.

This part of the address indicates a very good relationship with the Port of Cork Company. The letter continues:

The sub-committee of the board play a fundamental part in the operation of the authority. I would like to thank the chairman of the audit committee, Letty Baker, and members Michael Hennebry and Eugene Cronin, for giving their time to the new and very important functions of complying with the code of practice of good governance in State bodies.

Environmental issues are also top of the agenda for any harbour board and the bay users' forum, with chairman Eugene Cronin, and members Kathleen Tessyman and David Shiels, dealing in an enabled manner with difficult concerns of the stakeholders in the bay over the past year.

I wish to thank Anna Goggin for her dedicated service and Paul O'Sullivan for secretarial work in dealing with the day-to-day duties in the harbour office. I would like to thank Michael Hennebry for his assistance as vice chairman and all the board members for their commitment and genuine interest in the board. I also thank the Department of the Communications, Energy and Natural Resource, engineers — in Clonakilty, Mr. John O'Keeffe and Cormac O'Donoghue in Tralee. They were extremely helpful throughout the year.

I finish by saying I enjoyed my time as chairman.

The address finishes by wishing the board well looking to the future and so on.

I read this to document the very professional manner in which the board is run, with the support and regular engagement with officials in the relevant Department. It is important to acknowledge that these people are very professional and efficient, with a track record to show this. They have learnt by their mistakes.

Cork has a large port company, which is an independent and professional corporate unit. It has very big plans. On why we should hand over to Cork, I refer to a couple of paragraphs from a recent report in a *The Examiner* dealing with the Cork side. The headline of the report is "Port firm cannot finance dock move" so they have their own problems. The article, written by Michelle McDonagh, is short and states:

The overall viability of the Port of Cork could be seriously hit if the company has to take on the cost of relocating its operations on the city quays to make way for the €1 billion redevelopment of the docklands. Under Cork City Council's plans for the development of

[Senator Denis O'Donovan.]

the south dockland, the Port of Cork would have to relocate from the city quays and Ford's Wharf at a cost of approximately €58.3 million.

However, the port company has vowed to stay in the quays and resist any relocation attempt until the funding is put in place. This port has opposed an application by Cork City Council for a proposed new road network involving the construction of two bridges to facilitate dockland development. Ger Lyons of Deloitte & Touche told the oral hearing in Cork yesterday that he had undertaken a financial analysis of Port of Cork operations which would be affected by the construction of the eastern gateway bridge and the Water Street bridge. He explained, "It is estimated that relocating the operations currently undertaken at city quays and Ford's wharf will cost in the region of €58.27 million."

To quote from what he says: "where the capital cost is largely funded through debt, the financing will have a significant impact on the debt position of the Port of Cork and potentially the overall viability of the business".

Mr. Lyons also said that between 2004 and 2008, the city quays and Ford's Wharf had generated over €9.26 million in income and represented 40% of the total of the company's profits last year. He told the public hearing that as of 31 December 2008, the port had net assets of €113.1 million and that a sum of €58.27 million would represent approximately 51% of these assets. He stated that this would be a significant burden on the port's operations, balance sheet debt, financing and, therefore, company viability.

Cork harbour master, Captain Pat Farnan, said that while any bridge over the navigational channel would impose additional risks, these could generally be managed. However, two opening bridges in close proximity would inevitably increase the risk of incidents. He noted that the application before An Bord Pleanála made it clear that commercial activities at the city quays were now unlikely to be relocated downstream before both bridges were built. He said the council's environmental impact statement failed to take into account the consequence for road traffic of closing both bridges for up to 35 minutes for a single ship arriving and 70 minutes for multi-ship movements. Captain Farnan stated that the application on the part of the city council should, therefore, be rejected until such time as there is certainty surrounding the acquisition of the city quays and the relocation of commercial activities downstream, thereby avoiding the navigational and commercial risks inherent in attempting to conduct commercial activities at the city quays with two bridges in place. In his opening statement earlier this week, David Holland, SC, acting on behalf of the Port of Cork Company, informed the oral hearing that if the port did not relocate, the massive docklands project would not proceed and so the city council's application must be refused as premature.

The costs relating to the planned dredging of the inner harbour at Bantry and part of the development relating thereto currently stand at €12 million. Some €3 million of this was already in place when I lost my seat as a Deputy 18 months ago. The Port of Cork Company has major financial plans, which I laud and with which I wish it good luck, and has indicated the huge costs it would incur in moving downstream from Ford's Wharf. In my opinion, the company is never likely to entertain spending money in Bantry except for essential works. It would perceive many of the plans we have as being extraneous.

I wish to refer to two reports in order to offer arguments in support of my amendments. The first of these is the PricewaterhouseCoopers, PWC, report done for the port of Bantry in Cork, which was published in 2002, and the second relates to the economic case for the dredging of the inner harbour at Bantry Bay, which was compiled by Raymond Burke, consultant, and which was published in 2006.

Section 18 of the Bill sounds the death knell in respect of Bantry Bay Harbour Commissioners and a number of critical issues of concern relating thereto. As already stated, there will be no *quid pro quo* and the legislation reads like the last will and testament of the Bantry Harbour board. The latter will be buried and the Port of Cork Company will be the main beneficiary. However, those who live in Bantry and the surrounding areas will not benefit.

I wish to refer to some parts of the executive summary of the PWC report in order that the Minister of State might know from where I am coming. This report was, I am quite certain, submitted to the Department in January 2002. The executive summary states that Bantry Port is divided into the principal areas of the outer harbour — comprising an oil terminal situated at Whiddy Island, and Leahill Quarry pier, a private quay located halfway between Castletownbere and Glengarriff on the northern shore of the bay — and Bantry Harbour, located in Bantry town and comprising Bantry pier, which is primarily used for fishing and supporting mariculture activities, and the railway pier, which is currently unused. These are the assets we will be handing over to the Port of Cork Company. In addition, we will also be obliged to cede control of the piers at Glengarriff, Adrigole, Trafrask, Gerahies, Gort na Cille, etc.

Some people forget that the Bantry Bay Harbour Commissioners have power over the entire bay from Sheep's Head to Dursey Head, with the exception of the Castletownbere inner harbour, which is controlled by the Castletownbere Harbour board — a separate entity that comes under the control of the Department. It is a substantial asset.

The PWC report states that a decision was made to corporatise Bantry Port so that in future it would operate under the aegis of the Harbours Act 1996. It indicates that this decision followed a formal submission made by the harbour commissioners in 2000 to the then Minister for the Marine and Natural Resources, which demonstrated that corporatisation best served the interests of the port and the relevant bay users. The report further states that, in the context of the Harbours Act 1996, the commissioners defined the port company's primary objectives would, *inter alia*, include being a successful commercial port operator and performing to the highest standard of legal and regulatory compliance.

I referred earlier to consultation. I have engaged in a comprehensive study of the Bill before the House. If the Minister, Deputy Dempsey, or the Minister of State, Deputy Noel Ahern, undergo last-minute Pauline conversions and see the light, everything will be fine because section 18 will be deleted. If, however, the Bill is passed, the Minister of the day will have the power to amalgamate Bantry Bay Harbour Commissioners and the port with Cork. I understand that there is a second option under which the Minister will be empowered to transfer the operation of the port to the local authority. When there was a vote within the harbour board in 2001 or 2002, we unanimously opposed being swallowed up by Cork Port. An extremely heated debate took place on that occasion. I was one of three of the 11 people present who expressed interest in the local authority taking over Bantry Port. My reason for doing so was that the then manager had committed €1 million towards the development of the inner harbour if we chose to go down that road. However, local authorities no longer have any money and I do not believe this second option remains realistic.

The PWC report to which I have been referring is probably somewhat out of date. However, it states that activities at the port include the storage and transshipment of oil to the terminal at Whiddy Island, currently operated by Bantry Terminals Limited. In 2001, volumes of oil dealt with at the terminal amounted to 700,000 tonnes. Other activities include the export of quartzitic sandstone to European markets by Tarmac Fleming, which has a quarry at Leahill. Exports of such sandstone in 2001 amounted to 800,000 tonnes.

The PWC report also states that a fishing fleet of ten vessels operated out of Bantry Bay at the time of compilation. It indicates that these were primarily involved in fishing for shrimp,

[Senator Denis O'Donovan.]

prawns, crabs, lobsters and so on and that they landed catches amounting to an estimated 1,000 tonnes per annum. The report also refers to groupings which operate extensive seafarms under the auspices of the Bantry Fish Farming Co-operative, the annual production relating to which historically amounted to 9,000 tonnes. It states that other activities in the harbour relate to visiting cruise liners and transit traffic to Castletownbere fisheries harbour. The report also indicates that direct bay user employment during the period in question amounted to approximately 180 and says that these activities resulted in substantial direct investment — estimated by the harbour commissioners at €69 million — in facilities by bay users. This is very significant because it indicates a thriving, active and financially successful harbour board. Does one really expect the Port of Cork Company, in its endeavours to build the largest container facility in Ireland — good luck to it because it is badly needed — is interested in catching shrimp, prawns, crabs and lobsters in Bantry Bay? There is fish farming of scallop off Whiddy Island. I mentioned recently that the largest abalone factory in the northern hemisphere takes water from Bantry Bay. The board of the Port of Cork Company would have no interest in those activities which would not be protected going forward.

The harbour commissioners have successfully developed and prioritised a movement control regime, pollution control regime and a water quality monitoring system which have successfully met the unique requirements of Bantry Port. They emphasise the importance of preserving and further developing the above. We have pride in our area. Before fish farmers can harvest mussels, the Marine Institute, marine scientists and laboratory technicians take samples of water from Bantry Bay. If the water does not comply with a very strict EU regime in regard to toxins and if the level is over a specific amount, the bay is closed. If this Bill is enacted, will the Port of Cork Company, which is located 60 miles away, keep Bantry Bay clean?

In the 1970s, a Fine Gael-Labour Party coalition set up the Bantry Harbour board. Peter Barry was the then Minister. The reason it was set up was that there were two major oil spills which, if they happened today, would feature on CNN and Sky. We had to deal with the *Tribulous*, a huge Shell tanker. Unfortunately, a diver was lost when he was sucked into a huge gaping hole in the ship. There was also the episode with the famous *Kowloon Bridge*. People in the Department forget about that and say it is history but it could happen again. The *Kowloon Bridge*, an iron ore carrier, was a floating disaster. Thankfully, it had left Bantry Bay but, in bad weather, all its sailors and officers were lifted to safety. The Cathaoirleach may say I am deviating but this is all about Bantry Bay and Bantry Port. The *Kowloon Bridge* sank off Baltimore at a place called the Stag's Head and it is an eyesore for fishermen.

Bantry Bay and the west coast of Ireland was a graveyard for abandoned ships and we had to introduce legislation to try to control the situation. In the inner harbour in Castletownbere, just outside the Minister's jurisdiction, the *Bardini Reefer* was scuttled during the night. The owners got the money from the insurance company and abandoned it. The Government has been left with the mess. The wreck is still there and it is an absolute disgrace.

**An Cathaoirleach:** Perhaps the Minister of State's reply to the amendment may clarify some of the issues for the Senator. It may be favourably disposed towards the Senator's amendment.

**Senator Denis O'Donovan:** I will refer to two more pages of this report and then I will hand over to the Minister of State. I will need a break because I am getting a bit tongue-tied. I appreciate the Cathaoirleach's efforts.

People wonder about the financial viability of any port. In 2002, the board engaged a very professional group, PricewaterhouseCoopers, to look at the financial viability of Bantry. Obviously, there was no point misleading us because most of these auditors and accountants

come along and say something will not add up or stack up and that one can forget about it. It is important to note what it said back then. I know many of the parameters change but many of them still apply.

The report states that the harbour commissioners prepared financial projections for ten years ending in December 2011 and that the projections disclosed the port's capacity to generate operating profits and cashflows of €7 million and €8.8 million, respectively, from operations over the ten-year period. That was probably erring on the side of caution.

The report states that the projected revenues are highly dependent on the continued existence of the Bantry terminal, the National Oil Reserves Agency, NORA, and continued investment by the new terminal operator, Tosco, which is now Conoco Phillips. It also states that the commissioners understand, based on discussions with the company which owned the facility, Tosco, that the latter has ambitious plans for the Whiddy terminal and is committed to a high level of further investment. It states that in preparing the revenue projections, the commissioners have taken a more conservative view than the discussions with Tosco might indicate in terms of potential revenues.

The report states that based on the assumptions formulated by the commissioners, the projections disclose the port's capacity over the period covered to undertake future infrastructural developments, and finance these developments through State funding, bank borrowings and international cashflow resources. It states that servicing bank borrowings used to finance development expenditure in this respect and projected bank interest and term loan repayments amount to €4.1 million in the ten years ending 31 December 2011.

It is important to state that we looked closely at the possibility of borrowing money from the banks. I do not know whether that is viable at this juncture. I hope the current strictures imposed by banks on personal and commercial borrowing will be lifted over the next couple of years because if they are not, we will be in a mess.

The report states that the projections also disclose a requirement for an immediate cash injection of €6.3 million to finance the port's planned capital expenditure programme in regard to its new pier project. It states the harbour commissioners have included other capital and development expenditure of €5 million in the projections which have not been specifically identified and that this relates to social development expenditure of €1.2 million for amenities and facilities adjacent to the port and other commercial deep water development projects of €3.8 million. It states that these projects are to be financed through a combination of internal resources, 67%, and bank borrowings, 33%.

The Minister of State and others alluded to the fact that approximately four or five reports have been initiated by the Department. It is also important to note that the Bantry Port company, which is to be dissolved, also carried out two excellent reports on its future viability. If there is an issue with some of these, we should be informed.

To continue on port development, the report states:

The primary objectives of the Port's capital expenditure programme are to sustain and develop the Port's existing activities, increase safety and are entirely consistent with the Bantry Harbour Draft Development Plan and the West Cork Development Plan. In this respect, The Harbour Commissioners have prioritised the development of a New Pier Project comprising of Pier, Slipways, road access and parking facilities, at a cost of EUR 6.3 million. The design and tender process has been completed in respect of the project. The Pier development will address concerns[.]

Unfortunately, that project was subsequently abandoned, even though €1.9 million had been provided for it by the then Minister, Deputy Frank Fahey.

[Senator Denis O'Donovan.]

The report further states:

Furthermore, the reactivation of the oil terminal and facilities at Whiddy Island in recent years imposed greater responsibility on the Harbour Authority for safety standards, environmental and water quality protection. These responsibilities—

**Senator Michael McCarthy:** I call a quorum.

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

**An Cathaoirleach:** Senator O'Donovan to continue.

**Senator Denis O'Donovan:** To resume on my amendments to section 18, especially concerning Bantry, I will continue with the quotation from the report. It states:

These responsibilities require that the Port should have facilities of appropriate standard. Moreover, the terminal operators have a requirement for the loading and unloading of larger vessels of 320,000 DWT resulting in the most economic and full commercial operation of the Whiddy facility. The Harbour Commissioners acknowledge that it is appropriate to review the existing limit of 150,000 DWT. However, the Harbour Commissioners recognise that these facilities will only be granted to the customer without any relaxation of safety and water quality standards.

Again, this is to indicate the professionalism of the harbour board in the way it goes about doing its work. That is important because it goes back to the core issue of Government funding and commitments. I mentioned a reply to the then Deputy Joe Walsh in 1986 about a figure of £1.5 million — a great deal of money at the time — to be spent in Bantry. I believe a few bob was spent on a golf course in Castletownbere and another in Bandon but the issue about which I am talking, namely, the extension of the pier and the dredging of the inner harbour which has been demanded for 40 years has not been dealt with and will never be if the Bill is passed. When I am in Heaven in 20 years' time, if I can find a pair of wings to fit me, I will be quoted as saying, "This will never happen."

**Senator Fiona O'Malley:** They will have no problem.

**Senator Michael McCarthy:** The Senator will have to let us know the combination to get in.

**Senator Fiona O'Malley:** They might call it the Denis O'Donovan—

**Senator Denis O'Donovan:** To deal with the issue of Government funding, the PricewaterhouseCoopers report states:

The projections disclose a capacity to generate profits and cashflows over the ten years ended 31 December 2011 under review but also a requirement for an up front capital injection to finance the Port's proposed capital expenditure programme of EUR 6.3 million in relation to the New Pier Project.

It goes on to state: "The Minister for the Marine and Natural Resources has already approved EUR 1.9 million for this project in 2000". The date in question was 14 June 2000, but not one cent of that money was spent.

We had promises of financial support in the 1980s with the Bantry package. The then Minister, former Deputy Dick Spring, arrived by helicopter — a novelty at the time; everyone has

a helicopter now — with a full bevy of supporters at the Westlodge Hotel and announced a package of £5 million or £6 million for the west Cork area. We mentioned the 30th anniversary of the Whiddy Island disaster but of that £5 million, not one penny was spent in the inner harbour. Various commitments were given and—

**Senator Michael McCarthy:** There were two Government Deputies in west Cork at the time.

**Senator Denis O'Donovan:** That is correct. There was no Labour Party Senator.

**Senator Michael McCarthy:** More is the pity.

**Senator Denis O'Donovan:** Not at the time in 1986 when the commitment to provide £5 million or £6 million was made. The report further states:

The Commissioners aspire that the remaining state funding of EUR 2.8 million would be funded through a combination of allocations from the National Development Plan, Department of Arts, Heritage, Gaeltacht and The Islands and further allocations from the Department of the Marine and Natural Resources. Applications have been made to the relevant governmental bodies for this funding.

My memory may be diminishing but at times it is like that of an elephant. I recall that the then Minister with responsibility for this area, Deputy Mary Coughlan, visited and a clear commitment was given because Bantry pier was also serving islanders, of whom there are only a few remaining. It was facilitating an island community and, therefore, funding in the region of €500,000 to €750,000 was to be provided through the islands grants scheme to support the proposal in respect of the provision of cross-departmental funding which was considered to be an option at the time.

There is a paragraph in the report on the state of readiness for corporatisation. Is this no longer an option? Two board members told me after Christmas that they still harboured the notion that it was an option. However, I have some reservations that it will be a success but it is important to mention paragraph 1.7 of the PricewaterhouseCoopers report which reads:

The Harbour Commissioners continue to finalise preparation for corporatisation. In this context, they have retained an assistant Harbourmaster on contract and have also retained the services of Port of Cork to provide technical and operational support to the Port of Bantry, as required. Arrangements are currently being finalised as regards administration, secretarial and accounting resources and procedures. The Commissioners have also retained the services of a firm of solicitors to deal with the legal aspects of the corporatisation process.

The Harbour Commissioners have entered into discussions with Cork County Council with a view to acquiring certain assets on corporatisation date.

The relevant assets proposed by the harbour commissioners to be acquired are then listed. They include Bantry railway pier, which the harbour commissioners now own, Bantry town pier, the Abbey slipway, the land bank on the hinterland of a proposed new pier and the inner harbour docks. The report continues:

At this juncture the Commissioners and Cork County Council have agreed in principle the inventory of property to be transferred. The matter is conditional on confirmation of title to the related properties by Cork County Council and agreement of the transfer by the Department of Marine and Natural Resources and the Department of the Environment. However, it is assumed that, in order for business to proceed, the company would continue to have

[Senator Denis O'Donovan.]

access to these assets absent completion of the asset transfer process prior to corporatisation date.

Corporatisation was prevented because in late April or early May 2002, prior to the general election, a document from the financial controller of the board was not submitted to the Department before the Government fell. The process was as close to completion as a scrum when the Munster rugby team and its opposition crouch down before engaging. It is regrettable that the plan for corporatisation was abandoned.

It is important to examine the areas of which Bantry will lose control if the Bill is enacted. We will lose the outer harbour which includes Whiddy Island, the site of the national oil reserves in the event of a war or catastrophe. I am informed that some of our national oil reserve is held in Norway. I do not know how we would transport this part of it in the event of a war. We would also lose the Leahill pier structure, a 60 m jetty used for loading aggregates on the north side of Bantry Bay. This berth can accommodate vessels of up to 40,000 tonnes GWT. Further investment has increased this capacity to 75,000 tonnes GWT. If such a facility were to be constructed today, it would cost at least €10 million.

We are told Cork Harbour board will look after these assets but there has not been an iota of consultation. I would love to ask the members of the board to tell me where Gortnakilla or Gerahies pier or Leahill Quarry and pier are located. They would not have a clue. As I indicated, we are dealing with the blind and will have to hope for miracles if the Bill is passed.

Bantry town has a 120 m pier owned by Cork County Council which is not a player in this process. Control of the railway pier and south western pier, two significant fish farming facilities and a floating dock in Glengarriff which is suitable for passenger embarkation and disembarkation would transfer to the Cork Harbour board on the demise of the Bantry Bay Harbour Commissioners. Other assets to be transferred include the outer harbour, the Whiddy Island single point mooring buoy for the export of crude oil and import and export of other oil related products, a 90 m jetty on Whiddy Island which is in a state of disrepair, the Whiddy Island bank pier, Leahill pier, the 40 m Glengarriff floating dock and Bantry town pier.

Aquaculture and fishing facilities in Bantry will be affected by the proposed change. A fishing fleet of ten vessels operates from Bantry Bay and catches shrimp, prawns, crab and lobsters. The vessels are mainly in the 30 ft. to 35 ft. category but include two deep sea fishing vessels. The landed volumes amount to approximately 1,000 tonnes per annum. The Bantry Bay Fish Farming Co-operative represents ten companies and generates considerable revenue. The shellfish are processed onshore and the processing factories generate substantial revenue. The aquaculture industry is zealous about guarding what it holds. Representative organisations were not consulted on this issue. In 2002, trade in Bantry Bay amounted to 100,000 tonnes. Including quarry products and oil, the volume of imports and exports in the area is approaching 2 million tonnes.

I am concerned about the future of marine tourism should this Bill be passed. Income from this sector in Bantry is critical. Even in 2002, the harbour commissioners recognised the significant potential for the development of marine tourism and leisure activities to exploit the natural amenities of the bay area. According to the PricewaterhouseCoopers report, the successful development of such activities would require investment in the port infrastructure facilities. This raises again the issue of dredging and the extension of the pier. According to the report, the commissioners were mindful of the need to encourage and develop these activities through a combination of private development and public-private partnership. However, this objective was regarded as a long-term goal to be fulfilled once the port's primary objectives had been

achieved. The harbour commissioners included capital expenditure of €1.2 million in their business plan for this purpose.

I will skip through some of the details as I do not wish to repeat myself.

**Acting Chairman (Senator Diarmuid Wilson):** While I appreciate that, the Senator should bear in mind that this is a Committee Stage debate.

**Senator Denis O'Donovan:** Unfortunately, despite my best efforts I was unable to attend the Second Stage debate. Most of my amendments are, however, rolled in together which is an advantage. I have the right, if I were so inclined, to insist on each of my amendments being taken separately. In that case, it would probably take us until the summer recess to complete Committee Stage. I am trying to be kind to the Minister of State.

It is important to remember the salient point the PricewaterhouseCoopers Report came up with and presented to us after several months. The report says that the port's capacity to generate profits from operations in contexts formulated by the harbour commission, particularly profits before tax in the period under review is projected at €7 million.

It is also stated that net operating capacity over the ten-year period is approximately €8.8 million. The projections disclose the port's requirement for an up-front injection of capital to finance the port's proposed capital expenditure programme for the new pier project. This refers to a new pier, but the basic issue is that those using the existing pier this morning when there is a spring tide with low water — which includes people, ferries and mussel and fishing boats coming from Whiddy Island — had to decide to go out at 5 a.m. to avoid the low tide. In this day and age it is not sustainable and I see no guarantees or commitments or any light at the end of the tunnel.

The report also states that strong revenue growth in the pier is primarily driven by assumed growth in transshipments firms in Bantry terminal. Transshipment volumes are projected to increase, and have done so. The commissioners are confident these volumes will be realised in the context of existing national policy on such reserves and business development that occurred, and is likely to occur, with respect to the development of third party markets. The acquisition of the facility at Whiddy Island by Tosco Corporation, now owned by Conoco Phillips, and the related plans for the development of a facility on the peninsula, assumes growth in volumes.

The report further states that capital expenditure of €11.3 million is included in the projections for the ten year period and is comprised of expenditure on a new pier and ancillary facilities, social development, development of the port's commercial viability and deep water facilities. These projects have been included in projections in 2007-2008 to address bay use commercial development requirements.

It also says that no commitments have been made in respect of this project, and therefore there is an element of flexibility available to support this project. The provision assumes that expenditure programmes will be financed by a new pier, social development, commercial development and so on.

I want to mention two financial projections.

**An Leas-Chathaoirleach:** Senator McCarthy wishes to speak.

**Senator Denis O'Donovan:** He is welcome to do so. I am nearly halfway through this report.

**Senator Michael McCarthy:** I thank the Leas-Chathaoirleach for his indulgence, understanding and timely intervention. These amendments would have been grouped at an earlier juncture, perhaps in late November, in discussing the Committee Stage of this Bill.

[Senator Michael McCarthy.]

It is probably impossible to make points that have not already been made. I return to the issue of Bantry. Amendments Nos. 8, 9 and 13 to 17, inclusive, are in my name and those of my party colleagues. I will vote against this Bill and ask Government Members on the other side of the House who feel as strongly as I do and share my concerns on dismantling local government to do the same. I return to the point because it refers a piece in the Section which will abolish Bantry Bay Harbour Commissioners and put them into Cork Port. The reality is that Bantry will not get the priority it now enjoys due to the autonomy it currently enjoys. There is no financial case to be made for abolishing Bantry Bay Harbour Commissioners because it has returned profits, albeit small, in recent years.

This Bill aims to abolish Bantry Bay Harbour Commissioners and that is something to which we are opposed. It is an issue which is very important to local people. It is also very important for the marine life in west Cork and the coastal community. It is a disgrace that the Minister in charge of this Bill has not come into this House. With all due respect to Deputy Ahern, he is not the Minister who gave a commitment to the people of Bantry last year that they would be consulted on any proposals to transfer authority from Bantry Port to Cork Port.

The Bill will have the effect of divorcing local knowledge currently enjoyed by Bantry Bay Harbour Commissioners if it is transferred to Cork. If the documentation and correspondence sent to the Department was read and considered by officials and the Minister, Deputy Ahern would be aware of that today. It goes back to consultation.

It is a disgrace that a commitment is given by a senior Minister to a group of people — I have correspondence and proof of such in writing — and he could not be bothered to honour the commitment given. I have heard enough nonsense from various Ministers about this Bill.

To abolish Bantry harbour commission and transfer it to Cork Port is not good enough. People will not stand for it, there is no economic necessity for it and no political will for it locally. I urge Members on both sides of the House to speak with their feet when votes are called on this Bill. I will begin to call them and will continue to call quorums so I can have a constructive debate with the Minister on this matter.

I urge Members to follow us into the lobbies to ensure we do not turn our backs and betray the people of Bantry, who enjoy autonomy and should be able to run their own affairs without interference from Government or Cork Port.

**Deputy Noel Ahern:** No one has broken promises given. There is a process which is ongoing and has taken a long time. People were to meet others after the report on due diligence was completed, a report which has taken three years to compile and is not yet complete.

There is a process and picking one bit here or there and saying that commitments were not kept is not correct.

**Senator Michael McCarthy:** It is correct. I have written evidence to back up what I have just stated. The Minister said he would meet the people of Bantry and he has not.

**Deputy Noel Ahern:** It will happen after the due diligence report is completed. It is a process. It is wrong——

**Senator Michael McCarthy:** It is not wrong. It is correct and accurate.

**Deputy Noel Ahern:** —to look at something which has a very long history and pick out something from one page and say, “It has not been done”, when one does not look at the context of what happened.

**Senator Michael McCarthy:** It was a letter with two paragraphs, which said, “I will meet you.” It has not happened.

**Deputy Noel Ahern:** The effect of these amendments would be to remove Bantry Bay from the section and to remove Tralee and Fenit Harbour. That is the gist of the amendments grouped together and it is not proposed to accept them.

As has been said before on Second Stage and on other amendments, this is an enabling power which has been put into the Bill, which happens to come along at this stage, following the ports policy document of a couple of years ago. The proposal is that Bantry could be transferred to Cork Port——

**Senator Michael McCarthy:** It will be transferred.

**Deputy Noel Ahern:** —and that Tralee and Fenit could be transferred to Shannon-Foyne.

If the Bill were passed, it would then leave a situation where the current options could be expanded. It would leave a situation whereby three options could be considered for Bantry, Tralee and Fenit. The first option, which is there already, would be the establishment of a private company for the harbour. Option two could transfer control to the relevant port company. Another option is to transfer control to the relevant local authority.

Two of those options are currently available. It has not yet happened regarding Bantry or Fenit, but either of the two options could have been put in place on any day over the past ten or 20 years while this history and discussion is ongoing. However, it has emerged from the

reports on these two ports, Bantry and Fenit, which are probably the bigger ones of the small category, that because they have some commercial traffic they might

3 o'clock be best suited to come under the control of an existing port. The ports policy statement indicated that the continued operation of the regional harbours under the rather outdated provisions of the 1946 Act was unsustainable on the grounds of good governance. That statement recommended the transfer of these harbours to local authority control or that, in cases where significant commercial traffic existed, consideration should be given to putting them under the relevant port control company. Some of the smaller ones have already been transferred to local authority control. I accept, however, that the ones we are talking about are in an in-between category.

Bantry was being considered at one stage for corporatisation but people felt there was not enough commercial traffic. I heard Senator O’Donovan say that it nearly happened. However, that is not the solution to all the world’s problems because there are many legal and financial responsibilities. Smaller ports are very much on their own and cannot expect to become commercial entities in themselves. They will live or die by those rules. Some of the smaller ports have been transferred to local authority control. There is also the third option that has not been taken up yet. The transfer of harbours to relevant port company control would facilitate their future development by providing access to the best regional port management expertise and marketing skills in order to further their commercial potential.

The high level review of the State’s commercial sea ports, undertaken six years ago, recommended the amalgamation of Bantry Bay with the Port of Cork Company. Those recommendations fed into the ports policy statement, which has been worked on for the last couple of years. That in turn led to this legislation. There was, or should have been, plenty of discussion at the time when the ports policy was published in 2005. That consultation process has continued in respect of these harbours. The due diligence process, which has been conducted for a couple of years, is nearing completion. Part of the delay there was the purchase of foreshore by the harbour authority in Bantry.

[Deputy Noel Ahern.]

Senator Walsh, who spoke earlier, has background knowledge of the matter. There is nothing wrong with anyone on the Government side tabling amendments to legislation. I have done so myself at times but it depends on how far one goes with it.

**Senator Michael McCarthy:** One would not get away with it in Zimbabwe.

**Deputy Noel Ahern:** Depending on their background and experience, many commissioners in a big port or a small harbour probably have a view on how these things should be done. Senator Walsh referred to New Ross and said he was consulted by the consultants to whom he gave his view. Everyone put their pennyworth into the pot. Reports were issued and policy was endorsed by the Government. That is the way it is now. This legislation is to give effect to whatever the Government decided a couple of years ago on foot of the ports policy document. While we all had views on matters in the past, and can still have our views, life has moved on and that is where we are now. It is not as if the existing set-up has served Bantry all that wonderfully. The harbour commissioners are beavering away down there but, as Senator O'Donovan outlined, many things have not happened over the years. To some extent I can understand his fears that if Bantry Harbour is linked with a bigger body it might become stifled, or the commissioners' wishes and dreams might not be fulfilled.

**Senator Denis O'Donovan:** It is like the smoke in a beehive.

**Deputy Noel Ahern:** Once this legislation goes through it gives three options. Nobody is going to come along willy-nilly on the first day and sign off on something. There will have to be discussions but they cannot go on for another ten years.

**Senator Michael McCarthy:** There will be public consultation, of course.

**Deputy Noel Ahern:** We are having that, yes, but if the harbour commissioners are amalgamated with the Port of Cork there will have to be detailed discussions about how the set-up would be run or managed in future. That could be a big opportunity to make progress, obtain guarantees and get it into the work programme of Cork port that all these things should happen. One can look on everything as either a danger or an opportunity.

**Senator Michael McCarthy:** It is an opportunity to abolish Bantry Bay Harbour Commissioners.

**Deputy Noel Ahern:** Is that what it is all about?

**Senator Michael McCarthy:** Yes.

**Deputy Noel Ahern:** Is it to have the commissioners or to do the business and get things done, including dredging and pier maintenance?

**Senator Michael McCarthy:** It is doing fine. It is capable of doing it.

**Deputy Noel Ahern:** There are different ways of getting things done. Some of the smaller harbour commissioners have been amalgamated, including Sligo which has been transferred to the local authority. I understand there is a good vehicle and people who were previously on the harbour commissioners are still very much part of it and are making an input. While the harbour commissioners may be gone in a legal format, the people who were there are still very much involved, whether or not that is a fair comparison. Currently there are two options. The harbour commissioners could be transferred to the local authority or could become a private

company. This legislation simply gives another option, which has been recommended by some of the expert groups. If one wants to live in absolute isolation the option of being a private company has always been there. Maybe the Senators should look at that but such a port is a private company and does not get grants from the Government or anyone else. None of these things is a perfect answer. I am not sure if anybody has, to date, become a private port. Rosslare is slightly different as it is owned by CIE under very old legislation and therefore it may not be a fair comparison.

Those are the other options. Once the legislation goes through, Bantry or Fenit will not be transferred overnight. It is enabling legislation giving another option as to what could happen in future. There will obviously be detailed discussions on how it will be run in future. The people in Bantry should formulate their thinking and plans, and be hard at the bargaining table about making an impact and input so that the good of the region will not be totally forgotten about if and when it comes under the Port of Cork.

**Senator Paschal Donohoe:** My colleagues have made their points eloquently and forcefully and I support both of them.

**Senator Denis O'Donovan:** I am back to the grindstone. I wish I had the same faith in the issue. It is important to refer to a report commissioned by the Bantry Harbour board from Raymond Burke, a consultant with departmental expertise who is acknowledged as a leading light. The report was published on 16 October 2006. He examined the current set up in Bantry Harbour, the socio-economic profile of the area, tourism, aquaculture, local festivals, Bantry Bay Sailing Partnership, Bantry Inshore search and rescue vessel, Whiddy Island, proposed engineering works, contamination treatment removal and the pier extension. He referred to the economic and socio-economic impacts, enabling works, tourism, deepening of the proposed marina, marine leisure, other opportunities, future commercial development and so on.

The executive summary supports the case for my amendment and it might tempt the Minister of State to give a commitment, like he gave to Senator Donohoe earlier, to amend section 18 slightly to remove references to Bantry Bay, Bantry Bay Harbour board or Bantry Bay commissioners before the Bill is finalised. I will support it then. The summary states:

It has long been recognised that the failure to dredge the inner harbour at Bantry has affected the economic and tourism growth of Bantry in particular, and West Cork in general...The partnership of Bantry Bay Harbour Commissioners, Cork County Council and Bantry Town Council is anxious that the necessary dredging works are addressed with delay.

For the first time the town and county councils and the harbour commissioner are *ad idem* singing off the same hymn sheet, which is important. There were many conflicts of interest 20 or 30 years ago.

RPS Consulting Engineers have indicated that the likely cost of the Enabling Works would be of the order of €8 million, excluding VAT. Being beyond the means of the harbour commissioners, they have sought financial support from the Government.

They, in turn, requested the commissioners to prepare a report on the economic and socio-economic impact of the proposed works to support their application. Raymond Burke Consulting has prepared this impact study.

Bantry Bay is an area of immense beauty and unfulfilled tourism potential. The Bay itself is one of the deepest in Europe though the Inner harbour suffers from significant pollution and can be visually unattractive. There is frequently congestion on the pier giving rise to health and safety issues, and the sediment contains large amounts of contaminants that need

[Senator Denis O'Donovan.]

to be treated before it can be used. [The failure to dredge in the past also gives rise to an offensive and pungent smell that permeates the lower end of the town and enters houses and hotels there. Many a visitor has complained about the smell.] With a floating pontoon, passengers from cruise vessels can now disembark at Bantry. Cruise passengers and crew are high spending visitors and taking into account the expenditure multiplied by 1.43, the passenger and crew daily spend in the order of €450 ...

The constraints on depth have also meant Bantry Rowing Club were denied holding the All-Ireland Championship in 2007 because the Rowing Federation felt facilities were too inadequate in Bantry. Rivercruise Ireland have indicated they would be interested in basing one of their pleasure cruise boats in Bantry during the tourist season.

This was because of the demand for sail trips on the sea but it could not be done as they cannot safely dock in the port. They have mentioned that the pier is so unsightly and unsafe that even in high water it really is not a suitable pick up and drop off point for their customers.

Rowing and boating are hugely important to the area. A close friend of the Minister rowed for Bantry and she is a current member of the board. Bantry senior men's rowing club, of which my son is a member, won four all-Ireland championships in a row. It was an absolute shame and embarrassment that when the 2007 all-Ireland rowing championships were mooted for Bantry, it was turned down because of health and safety issues on the pier and a lack of facilities.

Ireland has won the Atlantic Challenge competition four times. It was held in Finland in 2008 and next year it will be held in Canada, while in 2012 Ireland has successfully lobbied to hold it. It is a multidisciplinary event covering sailing, navigation, knots and so on. The Atlantic Challenge organisers such as Dr. Matt Murphy, who is internationally known, and others are worried that we may lose this. It is a week long event and teams from Finland, Italy, France, Belgium, Denmark, the UK, the US, Canada and Indonesia will compete. The competitors are usually aged between 16 and 26 and youth is promoted. Cork County Council, the town council and the harbour commissioners hope the inner harbour and bay will be prepared and facilities will be provided for this most significant and magnificent event, which will attract 3,000 people. The event could be held in many other harbours but the Bantry Atlantic Challenge team has represented Ireland for more than 20 years. Raymond Burke stated an all-Ireland rowing championship cannot be held in Bantry when all that is involved is the placement of a number of buoys. This is a damning indictment. If the Bill is passed, Cork commercial port will not have an interest in sideline activities such as marine tourism, rowing and so on, which normally take place in any inner harbour.

The Minister of State said consultation was ongoing and he exchanged words with Senator McCarthy about commitments, letters and so on. Many commitments have been made over the years to promote Bantry, extend the pier and undertake dredging and we are blue in the face from reports and so on. I ask the Minister of State to give us the money to do what we have to and allow due diligence to be completed.

I refer to the lack of respect for Bantry Bay Harbour Commissioners and the people of the area. It was obviously a lack of respect for Bantry Bay Harbour Commissioners and the people of the area that while the due diligence was being prepared and proposed negotiations and consultation between Cork Port and Bantry were ongoing, this legislation was hoisted on top of us. It is unfair, regrettable and unwise. The summary of the report states:

Aquaculture and fishing are important local industries. The availability of the full pier at all times would enhance their socio-economic value. Bantry Bay Sea Foods Ltd is a major

local employer that processes all local mussel catch and is in a position to process further local catch if it were available. At €800 a tonne, this would have a major impact on that sector of local industry.

We envisage that arising from the Works the prospects for both general and marine leisure tourism are immense; the proposed 188 berth marina and other opportunities including sea angling, sea adventure activities, and boat and yacht chartering will become major attractions both for the people of Bantry and tourists, and will encourage them to stay, enjoy and make use of the facilities offered. Research carried out by the Irish Marine Federation has found that visiting boats remain on average three nights at each location with an average daily spend of €150 excluding berthing charges of between €20 and €30 per day. This may well be a conservative spend as the British Marine Federation estimates that visiting boats to UK marinas contribute on average £150 (€227) each per night to the local economy.

It is estimated that for every Euro spent by an out-of-state tourist, 52 cent eventually ends up with the government through VAT, excise duty, PAYE etc. Also, every one million Euro of tourism revenue supports some 17.4 full-time equivalent (FTE) jobs. The construction sector is also a major contributor to the Exchequer returning 30 per cent of the capital cost through taxes. It is estimated that each million Euro construction spend supports ten man-years of labour.

I will reflect briefly on those paragraphs. As a nation that prides itself on its tourism, regrettably we are in the penny halfpenny place worldwide as regards marine tourism when it comes to marinas and other yachting leisure facilities. Unfortunately, when the economy was buoyant and the Celtic tiger was roaring — he is under anaesthetic at the moment; I hope he does not die — we forgot to take advantage of developing such areas in a way that Australia, New Zealand, France and the UK did. As an island nation we should take advantage of our sailing. Our facilities, especially on the south-west coast, are appalling.

I do not want to deviate from this but it is still a point about the economy and the socio-economics of Bantry Harbour. The people who built the new hotel in Bantry close to the quays put out a feeler and discovered there would be no problem to sell between 80 and 100 berths. They would be commercially viable and those docking there would need to pay berthage and so on. If there were 150 ocean-going yachts berthing in Bantry week in and week out, one can imagine the value to the economy. When one considers places such as Schull and Baltimore, those are Mickey Mouse places. There is no proper marina along the coast. There are small ones in Kinsale and Dingle. Many of the people I know point to the fact that Bantry Bay is a very safe harbour. However, none of that can happen because we have no extension to the pier and no dredging.

I would rest on this issue on the next occasion, when we come to Report and Final Stages, which the Leader suggested might be next term, if as a *quid pro quo* for handing over all the assets worth many millions of euro to Cork Port, the Minister of State were to agree to guarantee the dredging and the pier extension. Some €2 trillion or €3 trillion would not buy Bantry Bay on world markets if we were truly to value it. We are being asked to hand over the control of that to Cork Port. That is not to mention other assets such as the pier, foreshore rights, slipways and all the other facilities. I do not know if Cork Port is even interested in marine tourism or rowing or the Atlantic Challenge International Contest of Seamanship to be held in 2012. It is sad. That could all be dealt with if we had proper consultation. We should accentuate the positive.

The report also states:

[Senator Denis O'Donovan.]

Overall, based on our general calculations, the potential broad direct and indirect economic benefit to Bantry consequent on the Enabling Works over five years is some €40 million [estimated by the consultant, Mr. Ray Burke, in 2006] with a return to the Exchequer of a minimum of €13 million [that amount would cover the cost of all the dredging]. Additional employment is estimated at 264 Full-Time Equivalent (person-year) positions [which would be of great benefit to the Bantry region]. For the purposes of this exercise, no account has been taken of the economic impact anticipated from the various major construction developments proposed for the north side, adjacent to the Inner Harbour and close to the Town Centre.

This is an initiative proposed in partnership with Cork County Council and Bantry Town Council. It complies with the principles enunciated in the County Council's North and West Cork Strategic Plan 2002 to 2020 that underlines the importance of integrated and synergistic development. The Department of the Environment, Heritage and Local Government is already committed to funding the Bantry Sewerage Scheme and the Bantry Water Supply Scheme at a combined cost of over €21 million and the Council is committed to their implementation. A failure to develop the Harbour would mean that the full benefits of the proposed Schemes would not be achieved.

We have talked about Europe. Bantry town has a population of approximately 5,000 people. After many years of lobbying, thankfully the water treatment plant is almost complete. We have had raw sewage pumping into the inner harbour over the years. While it was probably acceptable in Dickensian times, it was an appalling blight and it was unfair to expect children to bathe on the local beaches. I will not go into it. That is another arm of the Government for which the Department of Transport does not need to answer.

The report also states:

In summary, the case for development is clear; there are significant economic, socio-economic and community benefits to be achieved. The partnership of Bantry Bay Harbour Commissioners, Cork County Council and Bantry Town Council is committed to the development of the Bay and is anxious to proceed without delay. This is the one project that is beyond the ability of the local population to carry out without outside financial support. Delivery of Government aid to surmount this major obstacle is essential.

A partnership between the town council, county council and the harbour board has been set up in recent years. It is chaired by Theresa White, the assistant county manager for west County Cork. It is unacceptable that such an august, forceful and united body has not been consulted on this issue. If that group along with representatives of Cork Port and departmental officials were to meet, I would not be here debating the matter. It is not impossible. The people of Bantry are very reasonable. If this were happening in other areas there would be street marches. I have tried to persuade the board, the town council and the public that we might be able to talk our way through this. However, if and when the Bill is enacted later this year, the demoralising effect it will have on the greater area will be a major blow. The political fallout is difficult to perceive. Senator McCarthy has been balanced. As of now he has not flown a kite for political gain although he may do so at his discretion. We have been very fair and patient.

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

**Senator Denis O'Donovan:** I always resented people calling quora. I thought people who did so were a nuisance but this quorum gave me the opportunity to get a small breath of fresh air and allow the poor B who was smoke-filled to get a breath again.

Returning to the demise and the bequest of Bantry Harbour, Bantry Port and Bantry Bay to Cork, I quote from the report of Mr. Raymond Burke. It is imperative that I quote facts from his overview:

It has long been recognised that the failure to dredge the inner harbour at Bantry Bay has affected the economic and tourism growth of Bantry in particular, and West Cork in general. The need for the works must also be seen within the context of

- the Cork County Council North and West Cork Strategic Plan which has integrated development as a theme,
- a study under the Marine Leisure Infrastructure Strategy being conducted by the Western Division of Cork County Council into the marine leisure infrastructure in West Cork
- the fact that West Cork is a Clár area reflecting the economic weakness of the region
- the local population solely from their own resources have carried out all town renovations; ninety eight per cent of houses and commercial premises have been renovated

The partnership of Bantry Bay Harbour Commissioners, Cork County Council and Bantry Town Council is anxious that the necessary dredging works are addressed with delay.

To progress the matter, RPS Consulting Engineers were commissioned to develop outline costs for the proposed engineering works. RPS indicated that the likely cost of the Enabling Works, Phase 1 of the required developments, would be of the order of €8 million excluding VAT. Being beyond the means of the Harbour Commissioners, they sought financial support from the Government.

Thankfully, €3 million was committed just before the previous general election. The then Minister for Finance, now the Taoiseach, Deputy Cowen, ring-fenced that funding to commence the dredging. Certain tests are progressing in that regard. This is a positive development but fear remains in this contracting economic climate. I refer again to the report:

While recognising the importance and value of the proposal, the Commissioners were requested to prepare a report on the economic and socio-economic impact of the proposed works to support their application. As a consequence, Bantry Bay Harbour Commissioners requested Raymond Burke Consulting to prepare this Impact Study. This document sets out the broad range of impacts that are likely to arise from the dredging works.

Bantry Bay is an area of immense beauty and unfulfilled tourism potential. The Bay itself is one of the deepest in Europe though the inner harbour suffers from significant pollution and can be visually unattractive. There is frequently congestion on the pier giving rise to health and safety issues, and the sediment contains large amounts of contaminants that need to be treated before it can be reused.

To address some of these matters, the Department of the Environment, Heritage and Local Government proposes to spend in excess of €14 million on the Bantry sewerage scheme and the water supply scheme.

I refer to the report again:

The Council is also in the process of the roll-out of broadband to the area that should facilitate a growth in the service sector in the region. However, for a time, Bantry was a fairly successful market town attracting people from surrounding towns and villages to its diverse

[Senator Denis O'Donovan.]

shopping area. But the considerable business investments in Skibbereen which developed large central parking facilities for local stores and brought stores such as Lidl, a very large Drinagh Co-op and will see Tesco arrive in early 2007, have pretty much flattened out any room for immediate business growth in Bantry. Many businesses in Bantry can report a downturn of up to 50% in some cases in the last two years.

Secondly, even though it is a much better and safer road, the Cork to Bantry Road was recently designated a secondary route and the Cork to Skibbereen Road designated a primary route thus further relegating Bantry to an off-route destination.

The paragraph on the Bantry Bay Harbour Commissioners is interesting. It states:

Bantry Bay Harbour Commissioners is one of the principal and most progressive regional ports operating under the 1946 Harbours Act. Cork County Council own the Bantry Bay Pier but the Commissioners own the Railway Pier and have jurisdiction over the water. The Harbour Commissioners employ two full-time staff: an Assistant Harbour Master (Captain Alec O'Donovan) and a Secretary (Ms Paula O'Sullivan). In 2001, Bantry Bay Harbour Commissioners made an arrangement with the Port of Cork Company to supply a Harbour Master service on a contract basis. This service is provided in the person of Captain Pat Farnan who acts for Bantry Harbour Board as Harbour Master entirely separate to his duties for Cork Port.

A broad range of activities take place in Bantry Bay including the holding of the strategic oil reserve by the National Oil Reserve Authority, the oil storage and trans-shipment terminal on Whiddy Island operated by ConocoPhillips Bantry Bay Terminals Ltd, and the export of aggregates to the European market by the Tarmac Fleming Quarry from Leahill Pier, a private quay located at the northside of the Bay. In addition, there is an important aquaculture sector involved in growing mussels as well as a small fishing fleet involved in catching prawn, crab, lobsters and shrimp operating from Bantry Bay. Cruise vessels anchoring at Glengarriff also come under the jurisdiction of Bantry Bay Harbour Commissioners.

In order to state the case for continuing Bantry Bay Harbour Commissioners as a separate entity, it is necessary to study the cargo and tonnage which pass through the port. Cargo throughput and cruise details since 2003 are as follows: liquid bulk, 376 tonnes which in 2004 increased to 535 tonnes and in 2005 to 825 tonnes. At the time the report was published in 2006, it stood at 781 tonnes. Dry bulk stood at 453 tonnes in 2003, 123 tonnes in 2004, 316 tonnes in 2005 and 210 tonnes in 2006. Total tonnage, at its peak in 2005, was 1,141 tonnes. It is mainly vessels dealing with oil transportation to and from the jetty, with the vessels arriving at Lea Hill pier from the stone quarry, which use the port. The numbers range from 69 vessels in 2003 to 34 in 2006, which shows the level of fluctuation. Many do not realise that cruise vessels call to Bantry Harbour. There was a total of six in 2003 and seven in 2005. Crew and passengers numbers were substantial, which means a lot of visitors came to the area. In 2003, the crew on one vessel totalled 435. The report includes other tables which are probably of no great relevance but they show the volume of cruise liner traffic to Glengarriff.

I refer to page 3, paragraph 1:3 of the report which reads:

The key findings of this impact study were as follows:

- All those spoken to support and encourage the development of the Inner Harbour

- The failure to address its unappealing appearance, repelling smell, lack of water depth, contaminated spoil and unavailability of the full pier is a constraint on local development
- The Pier plays an important safety and commercial role in the area: the local fishing vessels tie up there; the ferries to and from Whiddy Island operate from there, and visiting yachts often moor there.

Because only a small proportion of the Pier is usable, there are conflicting demands on its single access point at times.

The inner harbour works are seen as a catalyst for the development of the town both in terms of enhancing its profile as a tourist resort as well as becoming a marine leisure centre which will offer a range of opportunities for marine tourism.

Bantry Rowing Club, for instance, is at a severe disadvantage due to the lack of slipping, launching and shore facilities. In fact, Bantry Rowing Club were denied holding the All Ireland Championship in 2007 because the Rowing Federation felt facilities were too inadequate in Bantry.

Rivercruise Ireland also indicated it was not interested in basing there because of the lack of facilities and health and safety issues. This is very disheartening for a place like Bantry which depends on tourism and where facilities are not up to standard for the rowing federation or Rivercruise Ireland. This is a sad reflection on the commitment to rural Ireland. There is general consensus that the dredging, as a first stage of infrastructural development, will have a significant impact on the economic and tourism potential of the town and region. The cost of the enabling works has been estimated at between €7.6 million and €8.8 million depending on the scenario adopted. This is an estimate because it will probably cost a lot more, having regard to the contaminants in the silt and gravel such as mercury and TNT which have been discovered in it. The report continues:

When indirect and induced effects are taken into account, the overall economic impact of that spend is of the order of €13.5 million with an overall labour content of approximately 112 man-years. At an average wage of €39,000 and a tax-take of 30 per cent, the return to the state from income tax alone is some €1.3 million.

The commencement and success of developments that are presently being drawn up for sites adjacent to the Harbour and the town in general, which have a market value of €200 million, depend very much on the clean-up of the Inner Harbour. The town's people have huge confidence in the potential of the area but, as of yet, this has not been realised.

While tourism numbers have fallen from recent peak levels, the construction of a new hotel and apartments is a reflection of the confidence that local developers have in the area.

Employment during the summer months increases by over 250 to take account of tourist needs.

The partnership with Cork County Council and Bantry Town Council in the various developments is seen as a key element of the way forward particularly within the context of the North and West Cork Strategic Plan 2002 to 2020. Piecemeal and separate development does not optimise the return from state investment. A planned programme of integrated development, as proposed in the Strategic Plan, will result in synergistic growth as each action benefits from the effects of the others.

A lot of work was done at local level to synergise and bring everyone on board. Has the Department taken into account the north and west Cork strategic development plan? Has it

[Senator Denis O'Donovan.]

consulted the county manager? The county council owns the pier; the harbour board, as it stands, owns the water and other facilities such as the railway pier. I ask the Minister of State to enlighten me as to whether the other agencies involved in the development of Bantry Bay and harbour have been consulted. The report continues:

Cork County Council is preparing a Marine Leisure Strategy for West Cork ... Our consultation process supports the need and value of a marina at Bantry Bay; it is particularly endorsed by the Cork County Tourism Committee Action Plan 2005 — 2008.

These are up-to-date and relevant submissions by Cork County Council, whereas ten or 15 years ago, as an authority, it had no interest in marine development along the coastline. It has seen the light but it may be too late. In a place like Bantry with socio-economic issues greater than that of the Whiddy Island terminal and the mussel industry account must be taken of the people who live on the island. This should be considered and dealt with prior to this legislation being foisted on us. If this were done, I have no doubt there would be significant cohesion and goodwill if such an amalgamation was not forced on us but as of now, we are groping in the dark and do not know what is coming down the track. The harbour board, despite its faults and failings, is doing an excellent job and abolishing it would be akin to throwing to the wolves those of us who live in that part of Ireland. The report continues:

They, in turn, give rise to support services including boat repairs and chandlery ... According to Failte Ireland statistics, the average stay of visitors to the South West in 2005 was some 6.2 days and the average daily spend was some €80 or €114 when the multiplier effect is taken into account. The attraction of cruise vessels to Bantry would have a significant local and regional economic impact as the average daily spend of such visitors is €315, or €450 when the indirect and induced effects are included.

The average daily spend of a visiting yacht comprising two people varies between €150 and €227 depending on the source of the analysis. Yachts stay, on average, two days at a location before moving on.

It is estimated that for every euro spent by an out-of-state tourist, 52 cent eventually ends up with the government through VAT, excise duty, PAYE, etc.

When I reflect on the Bill's purpose and thrust and the more I research it, I see no practical socioeconomic benefits in its proposals. I have little faith in future negotiations that may emanate from the enacting of this legislation. I would be much more reassured if the suggested consultation process had taken place before the drafting of the legislation. It is ironic the Department encouraged consultation and meetings between the Bantry Bay Harbour Commissioners and the Port of Cork Company. If memory serves me right, it was the Bantry commissioners who went to Cork while the Cork personnel never visited Bantry to examine its facilities.

It is regrettable that the due diligence proposals, requested by the Department some time ago, took longer to complete than envisaged, through no fault of the Bantry board. These were issues that would have been better dealt with prior to the introduction of the legislation. There were valid reasons for the delays. There was confusion over the ownership of the foreshore rights with considerable delay due to legal proceedings. Completing the due diligence in a forced merger or shot-gun marriage atmosphere is not the best way to do business. This could apply to the other harbours that will be affected. While I am not here to defend the Fenit commissioners, Senator Ned O'Sullivan, who has already spoken passionately on the matter, will re-enter the fray again.

When I was a member of the board of the Bantry Bay Harbour Commissioners, I was given reassurances and commitments from successive Ministers that there would be prior consultation with the Port of Cork Company if a merger was proposed. I was given a cast-iron assurance when I was a Member of the other House by a former Minister that if any legislation were to be introduced that would adversely affect Bantry's position, it would be after due diligence and consultations were completed. This is a case of a huge cart that would need four horses to pull it but there is only one horse which does not have a chance of shifting it.

The Raymond Burke Consultants report continued:

Aquaculture and fishing are important local industries. The availability of the full pier at all times would enhance their socioeconomic value through facilitating the landing of additional catch.

Bantry Town Council, which also supports the development, would also benefit from new commercial developments through rates, development levies, car parking fees, etc.

There are many non-monetary benefits arising from the proposed works including health and safety, the elimination of the pervasive smell, environment effects as well as the feel-good factor that will arise from the expected improvements.

Based on our general calculations, the potential broad direct and indirect economic benefit to Bantry consequent on the enabling works over five years is some €40 million with a return to the Exchequer of a minimum of €13 million. Additional employment is estimated at 264 full-time equivalent jobs.

The impacts of the construction developments proposed for the north side, adjacent to the inner harbour and close to the town centre have been excluded from our calculations. Estimated at some €200 million, their overall economic impact would be some €328 million, an employment content of 2,800 man-years and a return to the Exchequer of €60 million. Income taxes would provide an additional €33 million.

It is hard for those who are not familiar with Bantry to envisage how such works would assist the town. At low tide every boat is grounded. In the 1940s and 1950s the harbour was regularly dredged and the facilities were better. Before Castletownbere was developed, I recall an incident in which 48 Spanish trawlers, riding out a storm, lined up from the pier to Whiddy Island. In 2009 it is deplorable that vessels cannot leave the pier or moor in safety when the tide is out.

Regarding the grouping of the amendments, have I the right, a Leas-Chathaoirligh, to request these amendments are dealt with separately?

**An Leas-Chathaoirleach:** I do not know whether it was agreed before I came in between the Senators to take these amendments together.

**Senator Paschal Donohoe:** It was agreed so long ago that it might merit reconsideration. I would certainly support the Senator's request.

Progress reported; Committee to sit again.

### **Industrial Development Bill 2008: Order for Second Stage.**

Bill entitled an Act to provide for the transfer of shares held by Shannon free airport development company limited to Enterprise Ireland; to amend the Industrial Development Act 1986 and the Industrial Development Act 1993; and to provide for matters connected therewith.

**Senator Kieran Phelan:** I move: "That Second Stage be taken today."

Question put and agreed to.

### **Industrial Development Bill 2008: Second Stage.**

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

**Tánaiste and Minister for Enterprise, Trade and Employment (Deputy Mary Coughlan):** Tá lúcháir orm bheith anseo inniu. Tá súil agam go mbeidh díospóireacht maith againn. I am pleased to bring before the House the Industrial Development Bill 2008 and to outline its main provisions. The purpose of this Bill is to provide for the transfer of shares held by Shannon Development Company Limited to Enterprise Ireland and to amend sections of the Industrial Development Acts of 1986 and 1993. These amendments are of a technical nature and relate primarily to the statutory limit on aggregate payments by the Minister for Enterprise, Trade and Employment to the enterprise development agencies and to certain thresholds above which agency grant payments to individual companies require Government approval. In addition, it is proposed to address an anomaly that has arisen regarding grants to small companies in parts of the Border, midlands and west region.

While the provisions of this Bill are of a technical nature, they are nevertheless important in that they facilitate implementation of the national development plan and the framework for sustainable economic renewal, Building Ireland's Smart Economy. It will allow the enterprise development agencies to respond to the needs of industry, thereby adding to the policies aimed at increasing employment and reducing unemployment.

The Irish economy is now one of the most globalised in the world. As a consequence, the global downturn created by the current international financial crisis has had a significant impact on our economy. We have seen significant job losses over the past 12 months as the ongoing

turmoil in the financial markets leads to a significant contraction in global demand for goods and services. With the Irish economy expected to contract in

4 o'clock 2009, it is inevitable that we will experience further job losses in the next 12 months. My Department and its agencies have a vital role to play in ensuring that the country is well positioned to progress when the global economy starts to pick up. While any job losses are deeply distressing for those concerned and very regrettable, we still have a historically high number of people — more than 2 million — at work today compared with a decade ago and we are continuing to create high value jobs across the economy.

Maintaining the competitiveness of the enterprise sector in Ireland is a priority for my Department and our development agencies. To sustain and grow the enterprise sector, Irish based enterprises will be encouraged and assisted to continue the progression to high value added sectors and activities and to continue to increase productivity through investments in human capital, technology and innovation. Our comparative advantage will increasingly lie in the production of knowledge intensive goods and services. With that in mind, a range of policies are being pursued to enhance competitiveness and improve the business environment for both manufacturing and services.

Creating the best framework conditions to enable innovation to flourish, which in turn leads to increased productivity and competitiveness, will continue to guide our overall policy approach to tackling the competitiveness challenges. Current Government policy contains a range of commitments focused on maintaining and enhancing our framework competitive conditions and promoting new areas of competitive advantage, including developing our research and development base, investing in critical physical and communication infrastructure and promoting tertiary education and lifelong learning. The national development plan projects a total

investment of more than €25 billion, with €8.2 billion earmarked for delivery of the strategy for science, technology and innovation. To achieve our goal of becoming a leader in research and development and innovation, €3.3 billion is being invested specifically to support the development of the indigenous and FDI enterprise base and €13.7 billion is being spent on skills development. Although the economic environment is more challenging than we have seen for many years, we have the foundations in place for long-term economic growth and the implementation of these strategies will ensure Ireland remains a key location for cutting edge research and development and the quality jobs these can deliver. Achieving higher growth rates in productivity than our competitor countries will be important for international competitiveness and securing sustainable wage growth.

The report of the high level group on manufacturing, which was launched in March 2008, identified the focused actions needed by employers, employees and the Government to respond to challenges and take advantage of opportunities to further develop the sector in Ireland. The report contains 26 recommendations directed at key areas of innovation and productivity and leading to transformational change, re-skilling and management development for the innovative firm and increasing awareness and take up of existing supports. The social partners agreed, as part of the recently concluded review of Towards 2016, that a manufacturing forum should be established in line with the recommendations of the high level group. This matter is currently being progressed by my Department in consultation with the Department of the Taoiseach and the social partners.

In the future, a major impetus for growth will come from expansion of our services sectors. We continue to be one of the world's leading service exporting countries. Over the next ten years, services will be one of the key drivers of Ireland's economic success and job creation strategies. The report of the services strategy group, *Catching the Wave: A Services Strategy for Ireland*, sets out new policy proposals on how we can ensure continued development and growth in the sector. The report outlines ways to maximise the future returns to the country from services activities in all enterprises, both current and potential. This report will guide the development of our services policies and strategy into the future with a view to fully exploiting the opportunities this sector presents. In particular, the strategy will focus on maximizing the performance of companies that are already active on export markets, encouraging companies that are currently only trading locally to expand their markets abroad and fostering a new breed of start-up services companies with exporting potential. Implementation of the recommendations of the services strategy group, some of which are already being acted upon by the enterprise agencies, will enable Irish service companies to exploit new and exciting opportunities, such as e-learning, business and financial services, professional and consultancy services and others.

In summarising what I want to say, I think we would all agree that competitiveness is the most important issue we will have to address over the coming years. The work we are currently doing will provide an indication internationally of the Government's resolve in dealing with this issue. As we are living in challenging times, innovative solutions will have to be found.

Foreign direct investment is hugely important. We continue to maintain a strong pipeline for investment and this legislation will be more than helpful in that regard. I am equally determined to maintain our focus on developing indigenous industries. I take the view that they offer significant opportunities in terms of increasing exports through research and development, with the support of Enterprise Ireland and the innovation vouchers it can offer. We are also working with universities and institutes of technology to address the needs and concerns of industry.

I will summarise the Bill for clarity. Section 1 deals with the transfer of shares and sets out several definitions related to the specific terms used in the body of the Bill. Section 2 makes

[Deputy Mary Coughlan.]

arrangements for the transfer to Enterprise Ireland of shares currently held in 28 companies by Shannon Free Airport Development Company Limited.

Up to 2007, Shannon Development, in addition to its responsibilities in the Shannon Free Zone, provided various supports, including taking shares to indigenous companies in the mid west. Following a change in the Shannon Development mandate in 2007, Enterprise Ireland took over Shannon Development's responsibilities regarding indigenous industry in the region. Shannon Development holds shares in 28 client companies and it is now necessary to transfer ownership of this equity to Enterprise Ireland.

As a result of the technicalities surrounding the transfer of shares by a shareholder to a third party, it was deemed necessary to enact legislation as the only practical means of effecting this transfer and of substituting Enterprise Ireland for Shannon Development in the various shareholder agreements and other documents relating to those shares. Shannon Development and Enterprise Ireland are in agreement with this approach.

Shannon Development, as a limited liability company, has the power under its memorandum of association to take shares in other companies. Under Section 7(1 )(h) of the Industrial Development (Enterprise Ireland) Act 1998, Enterprise Ireland has the power to make investments in and provide support to industrial undertakings.

The majority of the 28 companies subject to the draft legislation are designated by the agencies as high potential start-up companies, HPSUs. The flow of innovative HPSU companies into the economy is deemed critical, as we know, to the future growth of the economy. Taking shares in these companies is one of the methods used to provide financial support to them.

Section 3 amends the Industrial Development Act 1986 by increasing the thresholds on grants paid by the agencies to companies above which Government approval is required. It also addresses an anomaly that has arisen regarding grants to small companies in parts of the BMW region by extending the designated areas in the BMW region. Industrial incentives and grant aid has played a key role in the successful development of the economy and continues to be an important aspect of ongoing enterprise strategy.

State support specific to enterprise and job creation is channelled through the industrial development agencies. IDA Ireland has responsibility for promoting Ireland and its regions for inward investment and Enterprise Ireland is concentrating on developing the indigenous sector. Shannon Development is responsible for regional economic development in the mid west region, whereas the county enterprise boards offer assistance to micro-enterprises employing fewer than ten people.

The overall mix of incentives varies from fiscal policies such as the 12.5% corporation tax rate that all productive companies can avail of to targeted supports or incentives designed to stimulate specific types of business activity. These incentives include funding for capital investment, job creation, research and development, training, marketing, and management development.

The level of incentives or supports to eligible companies depends on a number of factors. Support is limited to activities that are in line with European and national development objectives for example, research and development, training, scaling or expansion of firms. All activities supported must be new or additional to what the company is currently doing. The size of the company is a factor, with some supports available only to small and medium sized enterprises. This is due to the particular market failures and barriers to development which face SMEs.

Examples of these supports include the business expansion scheme and supports for trade fair participation. The level of support is higher for companies in the BMW region than the southern and eastern region, and a return to the economy is required on public investment; all major projects supported by the agencies are subject to a detailed cost-benefit analysis. This analysis calculates the return to the State by calculating the impact of investments supported on employment taxes, corporation taxes and spend on goods and services in the economy. The grant instruments provided for in the 1986 Act, which are updated in section 3 and 4 of this Bill, are for use by IDA or Enterprise Ireland to support spending by individual industrial companies on building or extending factories, training workers, or carrying out research and development work.

Section 3 updates existing provisions relating to the powers of IDA, Enterprise Ireland and Shannon Development to give grants to companies in the manufacturing and internationally-traded services sectors. The Industrial Development Acts empower the agencies to make a range of grants and other incentives to client companies, subject to Government approval where specified thresholds are exceeded. This allows the Government to monitor the work of the agencies on a project by project basis, for each large project where the grant proposed exceeds the applicable threshold. These thresholds are kept under review and have been increased periodically in the past, most recently in 2003. Taking inflation into account, there has recently been a significant increase in the number of projects which require Government approval. A further increase in the thresholds is now warranted to ensure the Government deals with only the more important and strategic projects. An increase of 50% is being proposed in most cases.

An exception is the threshold for research and development grants, which is currently set at 50% of the thresholds applying to other grants such as capital, employment and training grants. This reflected the position in the past, when the types of research and development projects being assisted by the agencies were much smaller than they have become in recent years. Research and development grants provided by IDA or Enterprise Ireland to their clients are now a key component of the strategic objective of encouraging companies to move up the value chain. Such grants help to embed overseas companies in Ireland, thus helping to ensure their long term survival and growth here. They also serve to increase the strategic importance of the Irish operation within the parent group.

Previously, research and development grants of €2.5 million or more to any one company had to be approved by Government. The new threshold of €7.5 million reflects the growing importance of research and development activities to the Irish economy and would ensure that the right number of research and development grants are subject to Government approval, mirroring the thresholds for the other grant types.

The overall objective is to get more firms involved in doing research and development, increase the amount of research and development from existing performers and raise the quality and sophistication of the research and development being performed. This should facilitate a planned progression for companies carrying out research and development, thereby improving in-firm technological capacity and capability over time. These provisions aim both to encourage an increase in the amount of research and development by companies in Ireland and make Ireland an attractive destination for further inward investment.

The mix of supports and incentives offered is geared towards bringing about a qualitative and cultural change in enterprise in order to bring about the shift from an investment-driven economy to an innovation and knowledge-driven economy. Ireland has developed a reputation as being a top location for ground-breaking research. Company-to-company collaboration and partnership between our third level institutions and companies are at the core of this. Projects

[Deputy Mary Coughlan.]

already under way include research on combating disease, improving communication technology and developing products of the future. This approach to producing high-quality research and development will ensure that Ireland remains a base for high-tech quality jobs in the years ahead.

Research and development grants above the threshold are now quite routine and it is considered appropriate to apply the same threshold as applies to other types of grant. The increases proposed are as follows. Employment grants to industry will move from €5 million to €7.5 million; training grants to industry will move from €5 million to €7.5 million; research and development grants to industry will move from €2.5 million to €7.5 million; and purchase of shares will move from €5 million to €7.5 million. The threshold for capital grants to industry is also being increased from €5 million to €7.5 million and, as this originates from the 1993 Act, it is included in section 4 of this Bill.

It is considered that these levels strike the right balance between, on the one hand, allowing the Government to see the larger grant proposals emerging from each agency, and in this way to monitor the spending involved and raise any policy issues it sees fit, and, on the other hand, keeping the number of such cases on the Government agenda to a number that is not too high. It may be suggested that if too many cases went to Government, the efficiency of the Government as well as the agency and company awaiting the decision would be impaired, although I do not agree with such an argument. We would be more than delighted to see as much as we can.

The 1986 Act also provided an aggregate threshold for all investment aid to one company, above which Government approval is required. This was set at €10 million in the 2003 Act and it is now proposed to increase it to €15 million. In the explanatory note accompanying this Bill, the amounts quoted in respect of the proposed increase in respect of the aggregate limit for investment aid are incorrectly stated as “from €5 million to €7.5 million”, whereas the proposed increase is from the existing €10 million to €15 million.

Investment aid is aid to support the building of a new factory or the extension of an existing factory. It is paid either as a capital grant, an employment grant, equity participation in the form of ordinary shares or preference shares, or through a combination of these three instruments. For each of these instruments a Government threshold of €7.5 million is now proposed, and when they are used in combination an aggregate threshold of €15 million is proposed.

Section 3 also proposes to expand the designated areas in the BMW region. The 1986 Act provides that the maximum capital grant that can be given to a company outside the “designated areas” is 45% of the cost of the assets. The counties of Laois, Louth, Westmeath and Offaly, apart from the townland of Derrinlough, are not “designated areas”, as defined in the 1986 Act.

**Senator John Paul Phelan:** What happened to Derrinlough?

**Deputy Mary Coughlan:** I do not know. However, the counties to which I refer are in the BMW region.

Under EU state aid law and the regional aid map for Ireland for the period 2007 to 2013, approved by the European Commission in 2006, the maximum grant rates for capital assets vary between 0% and 50%, depending on the size of a company and the region of a country in which its undertaking is situated. EU state aid rules permit capital grants for small companies in the BMW region of up to 50% of the cost of their assets. As a consequence, although EU rules would permit capital grants of up to 50% in these counties, national legislation limits the maximum grant to 45%. The proposed amendment is designed to deal with this anomaly and

to ensure that small companies in these counties can obtain the same treatment as those in the remainder of the BMW region.

Achieving balanced regional development is central to my policy and that of the Government and is explicit in the core mission statements of Enterprise Ireland and IDA Ireland. It has been a guiding principle in the provision of agency supports to client companies and in the formulation of initiatives to improve business infrastructure in the regions. Obviously, an anomaly such as that which exists at present creates the undesirable situation where existing designated areas enjoy an advantage in the context of the level of grant assistance they can receive compared with other areas within the region. To remove this anomaly and provide equal treatment for all parts of the BMW region, it is proposed to extend the definition to include those counties in the region that are currently excluded.

Section 4 amends the Industrial Development Act 1993 by increasing the existing legislative limit on the aggregate amount of money that can be paid by the Minister for Enterprise, Trade and Employment to Forfás and its agencies for use in discharging their obligations and liabilities. This increase is necessary because expenditure to date is now nearing the existing statutory limit, which was set at €3.4 billion in 2003. It has been the practice that aggregate spending for these purposes is capped in legislation at a level which is raised from time to time in order to allow the agencies' operations to continue. The cap ensures that the Houses of the Oireachtas have an opportunity to review policy and spending on industrial promotion. There are, however, other legislative controls, such as the upper limits on individual grants to companies approved at agency level and these are addressed in section 3.

In addition, there are further Oireachtas controls, such as the annual Estimates process and the work of the Committee of Public Accounts. In the Estimates process, the Dáil takes decisions which determine the annual allocation of money to the agencies for the purposes covered by the longer term legislative aggregate limit set in this section. In setting this higher aggregate, there is no commitment that the money will actually be paid to the agencies. Legislative clearance for aggregate payments up to the level of €7 billion is proposed. However, the annual spending under these headings will still have to be agreed by the Government and voted by the Dáil. The aggregate grant limit currently in place is €3.4 billion and this will be reached in April. It is expected that the new ceiling would be reached in four to five years' time on the basis of the programmes contained in the NDP.

The 1993 Act also places a threshold on the amounts that can be paid by agencies in capital grants to companies. For payments above this threshold, Government approval is necessary. This limit was last increased in the 2003 Act to €5 million and it is proposed to increase this in line with the changes proposed in section 3 from the existing €7.5 million.

All of the changes proposed in the Bill are of a technical nature and are aimed at updating monetary limits in line with the policy already set for the period 2007 to 2013. They do not reflect a new policy direction. Principles and policy for the period are set out in the NDP and were discussed and approved at political level when the latter was being drawn up. They are also considered annually by the Joint Committee on Enterprise, Trade and Employment when it examines the annual estimate and by the Committee of Public Accounts in the context of the appropriation account. The agency programmes for the period are set out in the NDP and were thus adopted when it was approved. The amounts and thresholds proposed now will allow us to implement the principles and policy aims as set out in the NDP to the end of the 2007 to 2013 period.

While the provisions of the Bill are technical in nature, overall they will allow the development agencies to respond to the needs of industry and thereby support employment and, it is hoped, reduce unemployment. These provisions are extremely important in that they facilitate

[Deputy Mary Coughlan.]

implementation of the national development plan and Building Ireland's Smart Economy — A Framework for Sustainable Economic Renewal.

I commend the Bill to the House.

**Senator John Paul Phelan:** I welcome the Minister. The final part of her contribution reflects Fine Gael's position on this Bill, which is largely technical in nature. On Second Stage, at least, we will not be opposing it.

Most of the changes to existing legislation that are put forward in the Bill are extremely technical. However, they provide Members with the opportunity to raise issues relating to regional development and unemployment. The House will be engaging in a specific debate on unemployment at 5 p.m.

The Minister outlined the provisions of the Bill and the Schedule provides a list of the companies the shares of which will be transferred to Enterprise Ireland from Shannon Development. I do not have a difficulty with that list. However, there are a number of matters I wish to raise.

The Minister referred to section 3 and the extension of the geographic region to include counties in the entire BMW region. I wish to reiterate the view I have put forward on previous occasions that I regard the BMW region as somewhat of an anomaly. It was created for purposes that I can understand in order to maximise grant aid from the European Union at the time. However, many of the poorest and most neglected areas of the country into which investment has not been forthcoming are not located within the BMW region.

As stated on previous occasions, the south-east region contains three of the five worst performing counties — in the context of average household incomes, employment rates and a number of other key indicators — in the country. Outside the Minister's home county of Donegal, Wexford, Kilkenny and Carlow have the highest rates of unemployment. As she pointed out, those rates are rising dramatically at present. These counties have the lowest levels of third level attendance and disposable income.

The legislation continues to reinforce the notion of the BMW region when, to all intents and purposes, this does not really exist in the minds of members of the public. The BMW region is statutorily established but it does not have much of an impact on people's daily lives and the concept behind it does not resonate with those who live in poor areas located outside this designated region. I accept that it was necessary to include contiguous counties in the region when it was originally drawn up. However, I must question whether it is necessary to reinforce the position in this legislation. Would it not be better to target our limited resources at those areas which have suffered most and which enjoyed the fewest number of benefits during the Celtic tiger era, rather than reinforcing the somewhat false boundaries of the BMW region? My view on this matter is personal in nature but I again take this opportunity to place it on record.

It is unfortunate that we are discussing the development of the mid-west region when it has just experienced a major haemorrhage of jobs in recent weeks. I refer, of course, to the announcement by Dell that 1,900 people are to be made redundant. The closure of the Dell factory will have major knock-on effects for many companies in the region.

I wish to thank the staff of the Oireachtas Library and Research Unit, who prepared for Members an extremely useful briefing document in respect of the Bill and Shannon Development. In 2005, the Minister's predecessor as Minister for Enterprise, Trade and Employment, Deputy Martin, referred to the new mandate he was putting in place for Shannon Development. A key part of that mandate was to be the establishment of a new independent authority for

Shannon Airport. The Government made commitments in this regard on a number of occasions. To date, however, such commitments have not been delivered upon. Another key aspect of the former Minister's announcement in 2005 related to the role decentralisation would play in the development of the regions. I accept that a number of State agencies have been decentralised. However, it is clear the policy announced in the budget in December 2003 is pretty much in tatters and cannot be delivered as originally envisaged and as mentioned by him in those remarks.

The most interesting information I received from the research unit concerned a statement issued by Sean Dorgan as head of the IDA. He spoke of the importance of foreign direct investment in post-Celtic tiger Ireland. I looked at several of the headings under which he spoke and at a number of the issues he raised. He spoke about the importance of achieving an environment in which research, knowledge, high skills levels, expertise, high quality infrastructure and business services are combined in a flexible and creative way to promote job creation into the future. We would all agree with that. He also said, when he delivered these remarks in 2004 or 2005 that a further transformation to being innovation driven will not be instant but will need to progress quickly so that we are recognisably different yet again by 2010. I do not believe we have achieved that. I know it is an objective of Government and the Minister outlined that we have made progress in that regard but I do not believe we could say we are recognisably different.

Most telling was Sean Dorgan's description of what he saw spurred foreign direct investment growth in the economy throughout the 1990s in particular, and perhaps into the early years of this decade. He spoke about the long running boom in the US economy which we all know no longer exists. It is quite the opposite at this point. He spoke of the positive, stable and single-minded policy environment from Government. I know Members opposite might have a different view but we do not seem to have any policy environment from Government. I understand discussions are ongoing with the social partners and perhaps the Government wants to play its cards close to its chest. However, in the absence of any information, we do not seem to have a policy and leadership.

Another point Sean Dorgan made was equally important, although I will not get into a discussion on the Lisbon treaty. He spoke about the perception of Ireland as an integral and committed member of the European Union. Whether one is pro- or anti-Lisbon, our position as a committed member of the European Union has changed since he made these remarks.

He also spoke about the good supply of young, well-educated people. Our education system, which has some difficulties, is still supplying well-educated people to the workforce. Fortunately for other countries but unfortunately from the perspective of the economy, we are not unique within the European Union since its expansion in terms of the supply of young, well-educated people to the workforce.

Sean Dorgan also spoke of the export-led contribution to the economy in those years. We have seen a continuous fall in that export-led contribution over the past ten years. It is an area in which we will have to get our act together if we are serious about reversing some of the decline we have seen over the past 18 months.

He also spoke about the flexibility in the economy and about the relative competitiveness in terms of costs in the economy. This is the nub of the issue. Since he spoke in the early part of this decade, those relative costs have spiralled out of control. There is strong evidence to suggest that we have been haemorrhaging jobs because those costs have increased much too quickly. It has had a devastating effect in terms of employment in the State over the past 18 months, in particular.

[Senator John Paul Phelan.]

Sean Dorgan made several comments about the importance of new technology, which the Minister mentioned. He also spoke about the level of taxation generated by the foreign direct investment companies in the country in terms of corporation tax and additional tax revenues. We have seen that the decline in the number of people employed in foreign direct investment firms has had a very detrimental impact in terms of the Exchequer figures in recent months.

The Minister spoke about the inevitability that we will experience further job losses over the next 12 months, with which we all agree. However, I am not convinced by what I heard from her and from Government that a policy agenda is being put in place which would ensure we can do something to arrest that decline in the coming years.

It is vital as we face into this period that there is a substantial review of how we spend money in terms of enterprise development and enterprise development agencies in the future. I think, in particular, of county and city enterprise boards, the IDA and Enterprise Ireland. I would welcome an opportunity to have a discussion on how we invest that money into the future at the earliest opportunity because it will be crucial if we are to reverse the decline in our competitiveness and the increase in unemployment we have seen over the past 18 months.

**Senator Ivor Callely:** I welcome the Minister and thank her for giving us her time. I understand the Industrial Development Bill is of a technical nature and does not introduce any new policy direction or otherwise, so I welcome it. The Bill provides for the transfer of shares by an existing shareholder to a third party and it was deemed necessary that the legislation be introduced.

As the Minister said, the Bill also increases grants paid by the agencies to the industrial companies. Industrial incentives and grant aid have played a key role in the successful development of the economy and they continue to be a fundamental aspect in terms of encouraging entrepreneurs and enterprise.

The Bill also updates existing provisions on the powers of the IDA, Enterprise Ireland and Shannon Development to give the grants mentioned. The overall objective is to get more firms involved in research and development, an area on which we are focusing to avail of employment opportunities which might present.

There is also an extension of the designated areas in the BMW region. The Bill allows the Minister to increase the amount of money that can be given to Forfás and its agencies, which is welcome. There is nothing of concern in the Bill. As Senator John Paul Phelan indicated, it has been welcomed by the Opposition.

I take the opportunity to congratulate the Minister on her endeavours to encourage enterprise. Some of the measures introduced by the Government, in particular in recent months, emanate from the Minister's office. I wish her well with the end result.

Our country is experiencing a storm such as we have not experienced heretofore. We did not experience that in the past. Some of my colleagues said we have been through this previously but we have never been through a financial storm such as the one we are experiencing. I recall the words of the former United States President, Richard Nixon, who spoke about——

**Senator John Paul Phelan:** Those famous words.

**Senator Ivor Callely:** He said when one is on the highest peak, one appreciates the lowest valley.

**Senator John Paul Phelan:** I think he said when one is in the lowest valley, one appreciates the highest peak.

**Deputy Mary Coughlan:** We are getting confused now.

**Senator Ivor Callely:** It was said when he was on the way out rather than on the way in.

**Senator John Paul Phelan:** Dicky.

**Senator Ivor Callely:** All of us in this House would agree that Ireland has enjoyed the dizzy heights of tremendous economic success in recent years. As a small island nation we enjoyed full employment, a tremendous revenue intake and activity at every level of industry and enterprise. Entrepreneurs were prepared to take huge risks and so on. We enjoyed also the moneys that were available for capital investment through the national development plan.

From that dizzy height the average two by four families, as it were, who had extra disposable income in their pockets are now experiencing enormous pressure. It has reversed somewhat but we have had pressure in terms of interest from the financial institutions, supplies, especially in the cost of a barrel of oil, and we now have pressure on sustainable employment. We are experiencing this global storm from a totally different perspective from that which we may have witnessed in the past. The international financial economic difficulties are also adding to the difficulties Ireland is experiencing.

I appreciate that the Minister, along with her Government colleagues, is doing everything in her power to prioritise expenditure, investment and policy which will give us the best economic return and help us turn around the current economic position. I support her words of encouragement to entrepreneurs. She has stated clearly on a number of occasions that she wants Ireland to be a business friendly environment, and her policies reflect that. She has some difficult choices to make. We all want her and her colleagues to correct the difficult financial position in which we find ourselves. My understanding is that we are short approximately €18 billion a year in our finances. To put that into figures people can understand, we need to borrow €50 million per day to keep the country operating, which is a serious position that must be corrected as quickly as possible.

I support the Minister, her colleagues and the Taoiseach in putting the timescale in place to try to have a framework document we can all work to as quickly as possible. I hope that will be by the end of this month. The resources are scarce but my understanding is that the Minister has put a number of incentives in place to try to help the economy and achieve some level of growth.

Regarding the credit crunch, my understanding from speaking to the Minister, some of her colleagues and some people in the financial institutions is that they are open for business.

**An Cathaoirleach:** The Senator has one minute remaining.

**Senator Ivor Callely:** I am not privy to the details of the discussion between the Department of Finance and the banking institutions but the people who have contacted me regarding the credit crunch have indicated that the banks have changed the rules in terms of the manner in which they are doing business.

All of us in this House understand the financial difficulties, the international credit crunch, and the collapse of certain markets but the financial institutions must come in and support the entrepreneurs who have taken the risks and helped fuel the economy in previous years. It is a serious issue for banks to say now to those people that they must reduce their loan to value ratios and the payment methods of their company or themselves as personal borrowers. That is serious because they are restricting entrepreneurs in their activities and, more importantly, they are impacting seriously on small and medium enterprises.

**An Cathaoirleach:** The Senator must conclude.

**Senator Ivor Callely:** I will conclude. I called to my local petrol station to get a tank full of petrol and the garage owner came out to tell me he is selling cars but the people are coming back within a few days to say they cannot proceed with the purchase because the banks will not give them the money. If that is happening at every level, and if the entrepreneurs and the small and medium size business owners are being stopped——

**An Cathaoirleach:** The Senator must conclude. I call Senator Quinn.

**Senator Ivor Callely:** I take this opportunity to say to the Minister that in the process of the recapitalisation of our financial institutions, we will need——

**An Cathaoirleach:** The Senator must stick to the time. I call Senator Quinn who has ten minutes.

**Senator Ivor Callely:** I am sorry. I welcome the Industrial Development Bill.

**Senator Feargal Quinn:** I welcome the Minister. I was talking to the Minister's opposite number in the George W. Bush Administration, namely, the Secretary for commerce or employment, and it was interesting to hear her use words not unlike those expressed by the Minister. She said that her duty was not to create jobs but to create the environment in which others can create the jobs. That is an important message we must get across and it is an important message I heard from the Minister earlier.

I recall being on a hospital board in the 1970s when it was job creation time. We were asked how many new jobs we could create in the hospital and if we could take on more porters and so on to solve the employment problem. That is what got us into trouble because we tried to create jobs as against creating enterprises that succeed, as Senator Callely spoke about. That is how we create jobs. I welcome the Bill.

The withdrawal of Dell from the Limerick area was a devastating blow and we must create jobs to fill that void. One of the main ways to do this is to help entrepreneurs start new businesses in that area. It was interesting to see what happened in Galway following the collapse of Digital. Many talented individuals got involved in new technology start-ups, especially in the area of software, hardware and medical devices. I refer to two companies, the hardware firm Multis and the medical tech firm, Embricon. They can trace their origins to their management being laid off from Digital.

I mention those because they are the entrepreneurs who create businesses based perhaps on technology developed in universities. I refer to two small companies, one started in the university in Cork and the other in Trinity. One of them is Identigen. The Minister will be aware of this interesting company that is involved in DNA traceability. It is now selling that product in America. I believe it has made a contract with Wal-Mart. It has also set up in Britain to sell it there as well. This is technology that is way ahead of anything else in the rest of the world.

When the Minister referred to skills strategy and what people can do, it is this area she was talking about. I was stunned to discover that we do not have enough science graduates or students entering mathematics and science programmes. We must encourage that if we are to develop in that area.

I have a problem with the number of bodies involved in development in the Shannon region. They include the county enterprise boards, IDA Ireland, Shannon Development, Enterprise Ireland, Údarás na Gaeltachta, local development agencies and local partners. I fully agree

with the Minister's proposal to try to amalgamate these bodies or bring them together in some form.

Some time ago, I spoke to a Minister who expressed concern that when a smaller quango, not one within the remit of the Tánaiste, wanted to make an appointment, a public relations agency made a telephone call to make the appointment on its behalf. The danger of having so many quangos is that they acquire many add-on roles. I accept the word "quango" is considered unacceptable.

Before I was elected to the Seanad, I was a member of a partnership whose aim was to create jobs. I recall attending my first meeting with a view to raising a number of ideas and concepts. I was jolted, however, when it became clear that most of the others in attendance wanted to send someone to Dublin to seek grants from the Government. This was the wrong approach. At the time, I encouraged others to take a different approach. One person started off on a small-scale producing jam, another started growing lettuce while another set up a window cleaning business. To the best of my knowledge, all these companies did well and were either sold off later or developed into larger businesses. We must attempt to create an environment in which entrepreneurship is encouraged as opposed to one in which assistance is sought from Government. The Minister's words in this regard are welcome.

One of my daughters worked for a year in the Third World. She was a management consultant in a large American consultancy who took a year off to work in Santiago in Chile where she worked for a Belgian organisation that encourages people around the world to start businesses. She described how a group of ten or 12 people with little money sought assistance from this organisation. One person wanted a few seeds, while another wanted a spade and another wanted a few hens to develop an egg business. Small businesses were started with little seed capital and members of the group gathered every week to talk among themselves and engage in self-help. This is precisely the type of activity required in this country to encourage development. We must develop the competitiveness to which the Minister referred.

Apart from my role as a Senator, my only other job is that of chairman of EuroCommerce, a Brussels based organisation which represents 6 million shops employing 31 million people in Europe. I raise this issue because the retail and wholesale sector is not given the credit it deserves for the number of jobs, wealth and success it creates. National governments and European institutions often state it is manufacturing companies which create real wealth. We must recognise, however, that it is the jobs created in wholesale, retail and international trade which make the world go around.

The Minister has criticised the uncompetitive prices of many retailers south of the Border compared with north of the Border. Many of these companies are going out of business because they cannot survive. The objective, therefore, must be to face up to the manufacturers and suppliers, whether multinational or Irish.

I understand the Minister will be involved in an event organised by the Irish Association of Supported Employment, IASE, later today. This organisation works with people who have a disability or different ability, as we describe it. It will launch its website later today and some of its members wish to have their photograph taken in the House with the Minister.

**Deputy Mary Coughlan:** I was suppose to attend the event but I had to show respect for the House. I mean no disrespect by failing to attend.

**Senator Feargal Quinn:** I took the Minister's place and took a photograph but the IASE still wants to have a photograph taken with her later. I raise this issue because those involved are among those who are sometimes left behind when jobs are created. We must find a way to address this issue.

[Senator Feargal Quinn.]

Another area on which we must concentrate is foreign direct investment. I am pleased to note the Minister is not losing sight of this issue. I know the chairman and chief executive of Coca Cola which recently announced it plans to open a plant in County Wexford. While the company has a choice of locations in which to do business, its chairman informed me that it chooses Ireland because everything being done here makes this country a more attractive location. The continuation of this type of investment is not guaranteed because Ireland is in fierce competition for investment with other countries. I do not have the figures to hand but I noted that the *Financial Times* last week published a list of the most open and attractive countries in which to locate for businesses. I understand Ireland was ranked in fourth place on the list.

The Lord Mayor of Dublin stated today that she intends to ask newspapers to publish only good news from now on. There is a danger we will talk ourselves into depression. Great opportunities are available. Some people succeed in bad times while others fail in good times. With the support of the Minister we can make this country work, as we did in 1987 through a series of initiatives, one of which was to identify the sunrise industries of the future. From 1987 through to the mid-1990s, the sunrise industries were pharmaceuticals, software and information technology. While I am not certain what the sunrise industries of today are, entrepreneurs will find them if we open the door for them.

I welcome the steps being taken by the Minister and the amalgamation of the organisations covered by the Bill. Firm commitment is needed and the Minister's assistance is required to ensure Ireland is a competitive and attractive place in which to set up business.

Debate adjourned.

### **Business of Seanad.**

**Senator Donie Cassidy:** With the permission of the House, I propose to extend the debate on Second Stage of the Industrial Development Bill 2008 to 5.20 p.m.

**An Cathaoirleach:** Is that agreed? Agreed.

### **Industrial Development Bill 2008: Second Stage (Resumed).**

Question again proposed: "That the Bill be now read a Second Time."

**Senator Dan Boyle:** This is a welcome Bill. The need to tidy up the apparatus of industrial development has long been discussed and the legislation is an attempt to reshape that infrastructure. While it has been long necessary in administrative terms, in this period in which we

must seek value for money in all aspects of Government, the Bill is doubly important. It also affords the Minister and her Department an opportunity to tidy up other areas. For example, the west and other areas require additional assistance from State industries to promote industrial development.

I especially welcome the changes in research and development grants. We heard from Senator Quinn about the importance of maintaining and encouraging foreign direct investment. It is clear, however, that the next phase of economic development will strongly depend on research and development which delivers a greater indigenous industrial base. I am optimistic we can achieve this objective, especially through green technology. More than 30 years ago we made the major mistake of declining to use our natural resources, specifically wind, for energy generation. Not only did other countries, such as Denmark, generate electricity through wind,

they also developed new technology which they were able to export. Ireland is now availing of this technology as we catch up.

Ireland has natural advantages in alternative energies other than wind. We are starting to do things properly, particularly in the area of wave industry. I expect the west to achieve considerable success in research and development in this area. I am aware, for example, of work being done by a company known as Ocean Energy, which is in a third phase of research and development in Galway Bay. It has progressed from a pool size model of a turbine to a quarter size model through to a full size model.

In the new apparatus which exists in industrial development, it does not necessarily need to be legislated for, but perhaps the Minister might give a sense of political direction as to how other State agencies and non-governmental organisations can become involved in the process of economic development and renewal, particularly in the west.

There are State agencies such as the Western Development Commission, which makes regular recommendations on how we can improve both infrastructure and the quality of industrial development in the west of Ireland. We also have agencies such as the Council of the West which is run by the Catholic Church. It produces many interesting papers as to the direction we should go from here on in.

The Government is acutely aware that regarding industrial development, the real need in the west of Ireland and other disadvantaged areas of the country which needs to be met is the infrastructure deficit, particularly in transport and communications. These are difficult fiscal times but I am confident the commitment remains to appropriate capital investment, which has to be done in a widespread way across the country.

We must not repeat the mistakes of the past, where a capital city has 40% of the population and acts as a magnet for a disproportionate amount of development and investment which should be more widely and fairly distributed throughout the country. We also need to recognise the need to develop the less advantaged areas in the country and that this administrative change is necessary and welcome. The change which the Bill allows for research and development is to be especially welcomed and will have a greater effect on areas outside major urban centres than would otherwise be the case.

I welcome this Bill and look forward to its enactment.

**Tánaiste and Minister for Enterprise, Trade and Employment (Deputy Mary Coughlan):** I thank Senators for their support for this Bill. It is important it is accepted as quickly as possible in the context of the aggregate amounts I mentioned in the Bill. From a technical perspective, I do not anticipate any significant issues will arise. We will look forward to Committee and Remaining Stages in due course.

It is important to take a flavour of what was discussed this afternoon. I will not get into consensus politics, although on occasion it is appropriate. It is also appropriate to stand up for oneself. I will stick to consensus today. There is a consensus that a number of key issues must be addressed. I agree with Senator Quinn that the role of the Government is to create a situation within the economy whereby entrepreneurs can grow and flourish and we can attract foreign direct investment.

The way we can do that and make this country an attractive economic location, is in a number of key areas where we have a talent pool which we can continue to expand over the next number of years. Foreign direct investment is very important to this country and we must continue to be attractive to FDI.

[Deputy Mary Coughlan.]

We can do so by being competitive. It is important to say that we had a considerable number of new foreign direct investments last year and will have a number of new ones this year. I had an opportunity to travel to meet a number of these key companies.

One key message they gave me was that the flexibility and talent of our workforce is very important. Our tax incentives were also attractive, as were the flexibility of employment organisations who were in a position to come together very quickly and provide for the needs of a company. We have a key indication on support for research and development, and have a very significant investment programme over the coming years in this area and in collaborative work. These are the incentives we can use, and they are important and appreciated. On the basis of those incentives we will continue to be a very attractive location.

I met all of the indigenous agencies this morning. The key message concerned the price of energy, which was an issue across the board from both FDI groups and Enterprise Ireland. It is an issue we are grappling with and is one of which the Minister for Communications, Energy and Natural Resources, Deputy Eamon Ryan, is acutely aware. He is working with us to try and address this matter.

Another issue was the cost of local charges. I am sure all Senators are aware of the criticism whereby people find local charges are equal to grant aid given by an agency and, therefore, there is no benefit in investing in an enterprise. I know local elected representatives will deal with that issue, as we have to here. We must also ensure that we sustain employment and continue to have a talent pool.

All these matters are important. In building a smart economy we will find ourselves in a situation where our indigenous industries will provide FDI for other parts of the world, which is something we would all like to see. We will take our own talent pool and use it to expand further. There is no doubt that opportunities lie in the services sector. Manufacturing is still very important, as are all ancillary services.

Yesterday we had discussions with the retail trade, which is a very important part of the economy which employs almost 300,000 people. It is by creating the atmosphere and economic environment whereby we can encourage and support employment that we will move ourselves out of our current position. We must deal with the issue of our public finances and our banks and continue to invest in skills and people, and create support mechanisms for all of our companies.

The economic difficulties are almost like an economic war and that is the attitude we should all take. It is on that basis we can all come together and work together to address the serious economic issues. There will be further discussions on the economy and the policy framework which we are working on within the smart economy programme, and which will address these concerns. I reiterate the role the social partners will have, which will be pivotal in working towards what we would like to achieve, namely, an upturn in employment opportunities and supporting those in employment.

I thank Senators for their views and support on the Second Reading of this Bill. I am sure we will have further discussions on these issues in due course.

Question put and agreed to.

**An Cathaoirleach:** When is it proposed to take Committee Stage?

**Senator Ivor Callely:** Next Tuesday, 3 February 2009.

*Sitting suspended at 5.10 p.m. and resumed at 5.20 p.m.*

**Economic Issues: Motion.**

**Senator John Paul Phelan:** I move:

That Seanad Éireann--

- acknowledges the fact that there is a global economic down turn, that Ireland was the first EU country to officially enter recession, and that the EU predicts the Irish economy will have the second worst contraction rate of 5% in 2009;
- notes that standardised unemployment rate increased to 8.3% in December last which resulted in 293,500 people being on the live register at the start of 2009;
- notes with deep concern that from December 2007 to December 2008 there was a massive increase of 120,987 (+71%) unemployed;
- notes the prediction of the Economic and Social Research Institute that unemployment will rise to an average of 9.4% in 2009 with a net emigration of 50,000;
- attributes the recent loss of thousands of jobs in companies such as Dell (Limerick), Cigna (Galway), Kostal (Cork and Limerick), and Amann (Kerry), to the inability of Government to maintain economic competitiveness in the Irish economy;
- condemns the Government on its handling of the economy by pushing unsustainable economic policies that developed a boom-bust economy and is directly responsible for the current unprecedented crisis in the national finances;

and calls on Government to—

- exempt employers from paying PRSI on any additional staff that they take on in 2009;
- completely overhaul FÁS to provide better quality and quantity of training and expand the business led Skillsnets programme;
- reduce the regulatory burden on small and medium enterprises by introducing a standard costs model approach to regulation and reform the current Regulatory Impact Assessment model to genuinely assess the impact of new legislation on business;
- extend and reform the Back to Education Allowance;
- switch the research and development tax credit to a volume based approach to allow Ireland to compete with other countries (the UK, Spain) in attractive research intensive mobile foreign investment projects;
- give SMEs a PRSI offset to support employee upskilling; and
- restore national economic competitiveness by:
  - freezing increases in utility costs and Government charges;
  - using the downturn in the construction industry as an opportunity to invest in national infrastructure;
  - developing next generation broadband access for business and educational facilities; and
  - reversing the increase in VAT rates.

[Senator John Paul Phelan.]

I welcome the Minister of State, Deputy Mansergh, to the House to discuss this motion on employment. It brings back memories of bygone times when we were both finance spokespersons in the last Seanad. I thank my colleagues in Fine Gael for allowing me to table this motion on employment and more specifically the increasing levels of unemployment which we have seen over the past 18 months. The motion gives ample opportunity for this House to discuss some of the factors surrounding that large increase.

We have all acknowledged the fact that we are in the midst of a global downturn, which cannot be disputed. However, the Government has failed to acknowledge that its actions and policies pursued over the past 11 years have consistently undermined the competitiveness of the economy. Those policies have led us to a position whereby we have dramatically lengthening dole queues across the country.

When Government Senators are voting later on, they should consider the betrayal of voters who supported Fianna Fáil and the Progressive Democrats over the last ten years. Many of them in my own constituency had particular views on the way the economy should be run, but those views were largely ignored by their masters. Over the last ten years we squandered a unique opportunity in our history to create a developing economy with an ongoing employment structure into the future. There was a belief in Government, which was epitomised most clearly and most often by the current Taoiseach when he was Minister for Finance, that we would never see another rainy day. He said our huge increases in current expenditure could be sustained into the future on the back of a property bubble that everybody knew was unsustainable. He and his colleagues refused advice on that issue from all quarters, both inside and outside the Houses of the Oireachtas. Opposition spokespersons warned about the inflationary aspects of various budgets over the past ten years. The European Union intervened after the budgets leading up to the 2002 general election to criticise the former Minister for Finance, Mr. McCreevy, about their inflationary nature. Virtually every economist in the country has expressed a view that construction could not continue to develop at that rate. They said we could not continue to increase current expenditure on the back of such a bubble, yet the Government decided not to take that advice on board. It continued to support its friends in the construction sector and we now find ourselves in a position where we are suffering dramatically due to the lack of decisions taken by the Government in that regard.

In the past 18 months we have seen a huge level of inaction by the Government. Until recent weeks it has done virtually nothing to arrest the decline in the public finances, which is a symptom of the wider illness affecting our economy in the last couple of years. Until a few weeks ago the Taoiseach was not even acknowledging the presence of a recession. The only thing the Government has done in the past 18 months is agree a new national wage agreement with the social partners, which it is now in the process of taking apart. Fine Gael said it was an agreement we could not afford. Our views were ignored at the time, yet it seems the Government has now done a U-turn on the matter.

Earlier, during the debate on industrial development, Senator Quinn spoke eloquently about what the role of a government should be in any economy concerning job creation. He spoke about a government's role being to create and promote an environment for the entrepreneurial spirit and the attraction of foreign direct investment. There is no doubt that Governments, particularly in the early 1990s, fostered that role by supporting foreign direct investment and the entrepreneurial spirit. Over the course of the last ten years, however, that has been completely eroded. The Government has failed miserably and by its actions over the past decade has undermined that function. The reality is that one person is losing a job every three minutes.

Since Deputy Cowen became Taoiseach last year, 101,000 people have become unemployed, which is an astonishing statistic.

Fine Gael has called for a suspension of the national pay deal and now the Government has finally come round to that realisation itself. Fine Gael also called for a reversal of the €1 billion cut in the capital programme announced in the last budget. In that budget the Government succeeded in increasing the top rate of VAT, which has a direct impact on the maintenance of employment. Fine Gael has proposed that employers should be exempt this year from paying PRSI on any additional staff hired.

The role of FÁS has also come to light over the past 18 months. For six months prior to the recent controversial revelations, Fine Gael was arguing that FÁS represented bad value for taxpayers' money as things currently stood. We are seeking to redirect a large proportion of FÁS's €1 billion annual budget to offer new, high-quality training to the tens of thousands who have lost their jobs in the past year. We also want the Skillnets programme to be expanded, which was mentioned by the Tánaiste in the previous debate.

Fianna Fáil in government has sabotaged the economy by implementing policies that reduced our economic competitiveness. It is only in the last few weeks that we have heard any mention by the Government of the need to do something about restoring our competitiveness. Fine Gael has continually raised the need to examine energy prices. For the first time earlier I heard a Minister acknowledge that something needs to be done about them. Senator MacSharry and other Government Members have continually raised this. I welcome the Tánaiste and Minister for Enterprise, Trade and Employment's acknowledgement, although I have no evidence that anything will be done. Fine Gael will continue to oppose increases in government charges, which have led to deterioration in our competitiveness.

The standardised rate of unemployment at the beginning of the year was 8.3%. The number of people unemployed increased by more than 70% in 12 months. The ESRI projects this will increase to 9.4% by the end of the year. Most people acknowledge, including the Minister for Enterprise, Trade and Employment, that is an optimistic projection. The ESRI also predicts that up to 50,000 people will emigrate but that is optimistically low. That is a vista most people thought and hoped they had seen the last of but everyone acknowledges it will become a reality once more.

The Government has repeatedly ignored warnings from various groups, including the Opposition parties, and it failed to prepare properly for a surge in the numbers of people losing their jobs. This is best represented by the insufficient number of staff available in social welfare offices and the consequent significant delays experienced by those trying to secure their entitlements when they lose their jobs, which is unacceptable. The Government parties have failed to meet their targets in the programme for Government. They announced they were committing themselves to a co-ordinated series of steps to support the creation of 250,000 jobs over the next five years. However, when they took office, 163,400 people were on the live register and at the beginning of this year the number was 293,500, an increase of 130,100. That number is even out of date because people are losing jobs daily.

There are some guiding principles. One of the questions often thrown at Fine Gael concerns what it proposes as an alternative. I outlined a number of measures earlier. We are fortunate to have Deputy Bruton who outlined in his document, Recovery Through Reform, a comprehensive list of proposals as to how the Government can reverse the position in which we find ourselves. The introduction of the Lenihan levy was a regressive tax on workers. Increases in taxation are being discussed with the social partners but that is not a route I would like to go down. It is imperative that as much as money as possible is retained in the economy and taking money out of the economy through direct or indirect taxation would be a backward step.

[Senator John Paul Phelan.]

Investment in research and technology continues to lag behind international best practice, contrary to what various Ministers have said. There is little evidence to support the Government's stated efforts to significantly upskill those in the workforce. The small and medium enterprise sector has been badly hit in recent months. Such businesses are overburdened by regulation and fantasy pay deals and they face spiralling costs while suffering as a consequence of our poorly regulated banks. I urge Government Senators to support the motion, in which we have made a genuine effort to acknowledge the external factors at play. However, significant policy decisions need to be made to ensure the Government takes the correct measures to increase employment and to end the dramatic increase in dole queues we have witnessed in recent months.

**Senator Paschal Donohoe:** I second the motion and I thank Senator Phelan for tabling it. I welcome the Minister of State to the House.

I take this opportunity to highlight not what Fine Gael says about the state of the economy, but what the National Competitiveness Council says about the state of the economy and the conclusions drawn by the Government in a publication it submitted to Brussels at the beginning of January. The National Competitiveness Council say about our economy and job creation prospects that between January 2000 and December 2008, Ireland has experienced a 32% loss in international price competitiveness. With regard to education, the council states that, "Despite progress, older cohorts of Ireland's labour force remain less qualified than the OECD average and a relatively large share of the working age population has no more than lower secondary education."

It refers to productivity which is vital to our competitiveness and employment creation prospects. The NCC states, "Productivity levels in GNP terms are below the OECD average" and it referred to the factors influencing that, including pricing. The report said, "In terms of general consumer price levels, Ireland is amongst the most expensive locations benchmarked and has experienced inflation rates that are amongst the highest in the EU-15 countries". The report looks at the factors that influence our infrastructure which is vital if the country is to get out of difficulty. The council comments that, "Despite tangible improvements in Ireland's infrastructure, key bottlenecks remain and quality rankings are relatively poor across a number of infrastructure types. On transport, the council say that Ireland's road networks rank poorly internationally, with peak speeds in Dublin well below most other countries surveyed. On information and communications technology infrastructure it says "Ireland's investment in both information and communications technologies is below the EU average and lags leading countries by some distance."

One of the many merits of Senator Phelan's motion is that he takes the trouble to acknowledge that there are factors that are beyond the control of this country but asks the Government to take responsibility for the factors within its control. A body created by the Government to provide an overview of progress and of where we stand competitively has provided nothing more than a damning indictment of where our country stands.

The second document to which I refer is the Government's publication at the start of January, which was forwarded to Brussels to provide confidence to European bureaucrats regarding its ability to get our finances under control. It was entitled An Addendum to the Government's Stability Programme. The document should have been circulated to every Oireachtas Member but it was difficult for any Member to get his or her hands on it. The document draws two conclusions. The first is that if we do nothing, our debt as a percentage of national income will be a minimum of more than 10% annually for the next five years and the second is that the Government needs to find €20 billion in spending cuts or tax increases

in each of those years. These are based on two assumptions, which are that the economy will return to growth in two years and there will be no increases in social spending.

When we discussed the budget in December, I offered a challenge to the Minister, which I reiterate. Can he find an economist who will come into the House and say he confidently expects the economy to return to growth in 18 to 24 months' time and that it would be feasible for the Government not to increase spending on social welfare and social services, which are vital during a downturn? If so, I will be stunned. None the less, these are the assumptions on which our fiscal recovery plan has been predicated. These are matters directly under Government control and within Government competence. They are not attributable to the economic circumstances in which the world finds itself. Our motion specifies what Fine Gael wants to do differently. The thrust of our policy approach is that we believe that wage moderation is preferable to cutting jobs or services. If we pare jobs and services ruthlessly as is happening at the moment, it will be very difficult to get them back. We would much prefer to moderate or in many cases reduce wage levels to allow us to hang on to what we have at the moment and to enjoy more of it in the future.

The Government amendment goes to the core of the difficulty we face. It points out what needs to be done to get the national finances under control and the contribution it must make in tackling the situation in which we find ourselves. We need to pause and think about it for a moment. It is not the state of the national finances that is causing the employment difficulties and horrible challenges we face in the economy at the moment, and which could cause major social difficulty in the future. Employment is not falling because we have major budget deficits on the vista. It is the other way around. We are facing such challenges in our national finances because our competitiveness has declined. Many of the things we can influence, including our infrastructure and education, have not been in the right place to generate the employment and growth necessary to get our finances under control.

Our motion proposes what we believe should be done differently. It acknowledges the difficulties that are under the control of the Government. It appropriately castigates the Government for its horrific failures on infrastructure, education and keeping our tax and spending at appropriate levels to ensure prosperity for the years to come.

**Senator Marc MacSharry:** I move amendment No. 1:

To delete all words after "Seanad Éireann" and substitute the following:

- commends the Government on its management of the economy and public finances, which means that Ireland faces the current global economic crisis from a position of strength, given the strong growth of recent years and very low levels of public debt;
- acknowledges that through the policies now being pursued to restore credibility and sustainability to the public finances, these will help Ireland to take full advantage of the global upswing when it emerges, thus ensuring growth returns to its potential growth rate;
- notes that:
  - whilst the labour market has deteriorated significantly recently, over 2 million people are still employed, which is 600,000 more than 1998;
  - the Government through its ongoing management will continue to address the economic and fiscal issues facing the country over the coming years in a responsible and sustainable manner;

[Senator Marc MacSharry.]

- the external factors impacting upon the economy and the recent publication of economic forecasts by the European Commission which have downgraded the growth outlook for the eurozone and the wider European Union;
- furthermore, in the light of the changed economic realities recognise that the recent publication of the Addendum to the Stability and Growth Pact sets out a framework for the restoration of sustainability in the public finances over the medium term, commencing with immediate action to secure a further adjustment in the public finances of up to €2 billion in 2009;
- welcomes the recent publication by the Government of—Building Ireland’s Smart Economy: A Framework for Sustainable Economic Renewal’, which provides a blueprint for how the Government proposes to re-orientate and reprioritise its business over the next few years so as to weather the global economic storm in a realistic and sustainable way;
- notes that Ireland continues to be well positioned to attract investment and to re-establish export led growth; and
- welcomes the Government’s commitment to providing a competitive operating environment for our enterprise base.”

As I did yesterday, I again welcome the Minister of State to the House. I again welcome what have become our many opportunities to speak about the economy and rightly so. I commend the Fine Gael group on using its Private Members’ time for discussions on how we can best meet the current economic challenges. I acknowledge that its motion makes some suggestions. I am sure that in the context of supporting the amendment, I have just moved, the Minister of State will take those into account and will consider implementing any which are appropriate in terms of policy.

I had been looking forward to another exchange with Senator Twomey, but I see the team has changed for tonight’s event. I will need to wait for another day until Senator Twomey returns.

**Senator John Paul Phelan:** He is in Brussels.

**Senator Marc MacSharry:** It would be possible to focus on the many reasons we are in the difficulties in which we find ourselves. I can see that the Fine Gael focus is again to say: “You blew the boom. We told you that you were going to do it. You did it and now it has all happened.” During the debate on the budget I remember Senator Donohoe saying that if we could find him an economist at the time who would say that this time next year we would be in a better position we should tell him that economist’s name. The World Economic Forum is meeting in Switzerland at the moment. None of those attending that forum last year predicted accurately the world’s position today.

Yesterday I referred to the Fine Gael general election manifesto. It qualified its proposals by stating that they were predicated on 4% growth. None of that has materialised and circumstances have changed.

**Senator John Paul Phelan:** That was based on Department of Finance figures.

**Senator Marc MacSharry:** I never interrupt anybody as the Senator knows. I always listen attentively and respectfully. I would appreciate if he did the same.

**Senator John Paul Phelan:** I was not interrupting. I was just correcting.

**Senator Marc MacSharry:** When circumstances change, the Government changes its mind as does Fine Gael, which is appropriate. The business of government operates in a real-time environment. It does not operate with the benefit of hindsight and 20/20 vision. We must react and act appropriately as circumstances demand.

**Senator John Paul Phelan:** React.

**Senator Marc MacSharry:** We need to react and also pro-act, which is what has been happening in recent times. All Western democracies are experiencing the same level of difficulties, fiscally and economically, in terms of the banking system and levels of imports and exports. All over the world every economy is in the same boat. As I said last night, the IMF has stated that the advanced economies will experience lower levels of economic activity than have been experienced in the post-war era.

These are challenges that have happened internationally. The banking crisis is unprecedented internationally. We are effectively in a great depression. The World Bank projects that global export volumes will decrease for the first time since 1982. These are facts. Ireland, accounting for 1.8% of the euro zone output, is particularly exposed to these international forces. Exports of goods and services amount to four fifths of our national output, which is more than double the EU average and means that our nation's economic health is inextricably linked with that of the global economy and, in particular, UK and EU markets.

As we know, the economy contracted by 2% in 2008 and as the Taoiseach said in the other House earlier today, it is expected to contract by up to 10% between now and 2011. There have been a number of factors involved. We have had the building boom and bust. We have had the global financial and banking crisis, the sharp appreciation in the euro and, in particular, the exchange rate with sterling. There has been a decline in demand for our exports based on the international downturn. As has been outlined by other speakers and again by the Taoiseach in the other House, there will potentially be a 12% deficit up to 2013, which is absolutely unsustainable. The Government has outlined a number of actions in response to that situation.

It is easy to call for quick action and a quick response. We need to be measured and ensure we take the right decisions that are most appropriate to position us properly to benefit from the upturn when it comes and above all get the public finances into a position where they are sustainable. As we know that will require a saving of €2 billion almost immediately. I welcome that we seem to have agreement with the social partners on the basis on which we can design that process. The framework outlines the challenge facing the country and the rationale for urgent and radical action. It takes in the potential contribution of a shared approach to partnership in the need to stabilise the public finances over five years through an appropriate combination of tax and expenditure measures resulting in an adjustment in the order of €2 billion.

Areas that require short-term stabilisation measures include maximising economic activity and employment, stabilising the financial and banking sector while maximising employment and helping those who lose their jobs. These are the bases under which the social partners have proceeded in their discussions with Government. I wish them well. As we said in this House last night and the Taoiseach alluded to it in the Dáil today, if we can conclude with the social partners how best to save this €2 billion, it will send an extremely powerful message internationally as to the competence and determination with which the country is implementing a correction in our public finances and making the necessary adjustments based on the difficulties with the slowdown in the building sector, the international crisis and obviously the decline in demand for our exports, the exchange rate with sterling, etc.

[Senator Marc MacSharry.]

There are a number of issues we can address, such as the following, which we addressed briefly last night. There has always been a focus on marketing Ireland in respect of foreign direct investment and the importation of intellectual property. While it is important to maintain a level of that, there should be a greater focus on breeding our own intellectual property and on the level of entrepreneurial flair exists among our young people. We should come up with measures for appropriate lessons on the primary school syllabus to nurture and extract the entrepreneurial flair that exists. There is a famous quote that says they are not just empty vessels but great engines of creativity to be ignited.

These are difficult times but we must face them with confidence and determination. The world has not ended and it is not going to end. If we work together in a coherent and determined fashion, we can come out the other end. I attended a function of the Sligo Chamber of Commerce where the president referred to the local outlook in his concluding remarks. It is true nationally and internationally. He told the anecdote of the American company that sent two sales representatives to the Australian outback many years ago to try to drum up some business. A couple of weeks later, telegrams from the two sales representatives arrived. One said that the sales representative had very bad news, that the locals did not wear shoes. The second sales representative said he had fantastic news and that there were great opportunities because the locals did not wear shoes. We must focus on the attitude of the second sales representative in that analogy. We must look forward with confidence and maintain a level of agility to meet the ever-changing challenges of these times. I am confident the Government can and will do so in partnership with the social partners. I hope the talks under way will be fruitful over the coming days.

**Senator Maurice Cummins:** Senator MacSharry referred at the end of his speech to being positive but earlier he mentioned entering a great depression. In the Great Depression in the United States, 25% of people were unemployed. Is he suggesting that this is what the people of Ireland can expect from this Government's policies? It does not give much hope to people.

I commend the motion so ably proposed and seconded by my colleagues, Senators Phelan and Donohoe. It concerns a subject that many people will face and are already facing, namely unemployment. It is a dreadful indictment of this Government that, in just 18 months, it has managed to double the level of unemployment and double our national debt. This is the legacy of the Government, which lacks leadership, courage and the necessary vision to guide the ship of state out of the stormy waters in which it finds itself. Without the leadership of a good captain and first mate the ship of state is rudderless and at risk of foundering on the rocks.

The lack of confidence in the Government's stewardship is adding to the already chronic unemployment rate. It seems to have no plan, no course to chart to give hope to employers, small businesses and workers. My colleagues have outlined several measures that could help address the problems we have. These include exempting employers from paying PRSI on any additional staff they take on in 2009; overhauling FÁS to provide better quality and quantity of training and expanding the business-led Skillnets programme; reducing the regulatory burden on small and medium-sized enterprises by introducing a standards cost model approach to regulation and reforming the regulatory impact assessment model to genuinely assess the impact of new legislation on business; to extend and reform the back to education allowance; to restore our national competitiveness by freezing increases in utility costs and Government charges; using the downturn in the construction industry as an opportunity to invest in our national infrastructure; developing next generation broadband access for business and educational facilities; and reversing the increases in VAT.

Another area that must be addressed is enterprise boards. A number of items are inhibiting enterprise boards in assisting the start-up of micro-enterprises and those who have lost or will lose their jobs due to the current economic downturn. The County and City Enterprise Boards network submitted a financial instruments report to the Tánaiste in December. It outlined changes in the financial instruments that will make enterprise boards much more relevant to micro-businesses, bearing in mind that the current instruments were devised in 1993. The report also highlights the necessity of offering soft loans to small businesses starved of cash owing to the recession and current bank loan policies.

Since 2000 the enterprise boards may only grant aid manufacturing, internationally traded services and those with the potential to become internationally-traded services. This was apt for the buoyant economy we had at that time but the current economic climate has totally changed, with many people being made redundant. For those interested in setting up a small business who do not comply with these criteria, the enterprise boards are unable to offer grant aid to get jobs started. The policy does not make sense. A jobseeker will be paid approximately €10,500 per annum compared with a maximum employment grant of €7,500.

This must be changed and it will involve no extra cost to the Exchequer. The enterprise boards need to be given the flexibility to respond to local situations. They are comprised of a wide spectrum of locals who are committed and have their fingers on the pulse of what is

*needed locally. As a former member of the Waterford City Enterprise Board, I can testify to the significant contribution enterprise boards have made to local developments. I appeal to the Minister of State to ask the Tánaiste to act urgently on the report submitted by the County and City Enterprise Boards network. Failure to act will prevent people from gaining employment or creating employment when it is so badly needed.*

It is unbelievable that the Government has set out no strategy to deal with the massive increase in joblessness. The news since the turn of the year continues to be bleak, with more than 750 job losses announced this week by Ulster Bank. In the constituency in which I live, 35 job losses were announced by Glanbia.

Fine Gael proposed waiving PRSI payments in 2009 for companies taking on new employees. I referred to the tax breaks proposed for research and development and training. Competition and competitiveness are the keys to creating employment. Our proposals go some way and show a marked contrast to the lack of vision of the Government. As mentioned by Senator John Paul Phelan, it is sad to see so many young educated people being forced to emigrate. We are returning to the bad old days when we exporting our young people. Many villages have seen them emigrating to find employment. It is a damning indictment of the Government that after 18 months in office it has seen a doubling of unemployment and the national debt. What a legacy.

**Senator Mary M. White:** I welcome the Minister of State. I was honoured to be nominated to Seanad Éireann by the Irish Exporters Association. The company I co-founded with Connie Doody exports 75% of its product to the United Kingdom and now employs 200 people in Navan, County Meath. I draw the attention of the House to an innovative proposal made recently to the Government by Mr. John Whelan, chief executive officer of the association, and Mr. Padraig Walshe of the IFA on behalf of the Irish agriculture and food companies exporting to the United Kingdom. Companies which traditionally have exported to the United Kingdom, including in the agriculture and food industries, are being undermined by the 30% depreciation in the value of sterling since January 2008. The innovative proposal made by the Irish Exporters Association and the IFA is that the Government should introduce a sterling equalisation fund. It is estimated that 13,500 jobs in companies exporting to the United Kingdom will be lost and that the recession will be more protracted if action is not taken to

[Senator Mary M. White.]

support such companies. The aim of the Irish Exporters Association and IFA's proposal is to give exporters an opportunity to smooth out the current cycle of weakness in the value of the currency until it reverts to a more normal and acceptable level.

I will describe how the scheme works. Exporters to the United Kingdom have sterling goods to sell each month. At the same time, Government agencies have sterling assets to purchase throughout the year. It is proposed that an option be underwritten by banks with two counter parties, one being the approved exporting company and the other a Government agency such as the National Treasury Management Agency. The proposal would give the exporter the right to sell sterling goods at 80 cent for a set amount of sterling at set dates for the lifetime of the scheme which would be for a limited period. For example, if the rate at the end of March is 90 cent, the exporter would exercise the option and sell an approved amount at 80 cent to the bank. The National Treasury Management Agency would buy sterling at 80 cent from the bank. If the rate at the end of April is 75 cent, the option would simply not be exercised and the exporter would sell sterling at the prevailing market rate. The National Treasury Management Agency would buy sterling at the rate of 80 cent rather than 90 cent. This is an opportunity cost but the agency would have the ability to spread it in the long term. This opportunity cost has to be weighed against the potential cost to the Exchequer of doing nothing. Mr. Padraig Walshe quoted the Government's own figure that for every 1,000 people made redundant, the cost to the Exchequer was €11 million. Therefore, the loss of 13,500 jobs in companies exporting to the United Kingdom would result in a cost to the Exchequer of almost €150 million.

We should support this innovative proposal. This is a time of national crisis and we must be innovative and imaginative. These are challenging times but there are also opportunities.

**Senator David Norris:** I welcome the Minister of State to the House, with which he is not entirely unfamiliar, as his elevation is comparatively recent. He is also somebody who has considerable distinguished expertise from within the bureaucratic branch of government. I have no doubt that his view on this matter will be of interest to all Members of the House.

While I have mixed feelings about the motion, I will probably vote with Fine Gael Members, although my inclination is to remain neutral. The first number of sections are unarguable, as they are matters of fact. I refer to the increase in unemployment and the fact that this is among the first countries in Europe to enter officially into the category of recessionary economy. The blame game is also applied, which in a way is unfortunate because the situation is so critical that we have to pull together.

The Minister of State is a churchgoer; he is a member of the same Anglican denomination as I am. Perhaps he was in church on Sunday and heard the lesson from the Old Testament to which I referred on the Order of Business — Jonah, chapter three — in which Jonah was instructed by God to go to the citizens of Nineveh, not just to rebuke them but to tell them that their city would be flattened and raised to the ground because of their luxurious way of life, greed, selfishness and neglect of spiritual and ethical values. They were so terrified by the imminent catastrophe that they instantly — all of them, high and low, rich and poor, aristocrat and commoner — put on their sackcloth and ashes and made obeisance and acknowledged their fault. As a result, God withdrew the interdiction against them. There is a lesson for us. We have to put the country on a war footing. I am horrified when I hear people say, "We are not going to give up our wage increase." For God's sake, it is an obscenity when people are losing their jobs all over the country that anybody should start to say, "I am not giving up my wage increase." We should be thinking in terms of cuts, particularly those of us who, like myself and many of my colleagues in the House, are fortunate. I have paid my mortgage, which is

partly a function of my age because I am nearly 65 years, and have very little in the way of debt. I even have a couple of thousand euro in prize bonds. We should be helping others out.

**Deputy Martin Mansergh:** The best of luck.

**Senator David Norris:** I win once every three weeks on average but it is always the same amount, €75, which is not worth a damn. It is just a provocation and a tease. I would prefer to get nothing until I win the big one. The serious point I am making is that we must all pull together and that those of us who are in a better position must not be looking to see what others have got; we must all try to get something done.

I wish to read some heartbreakng letters which I received today and to which I replied immediately. One is from a decent young man living in a provincial town who writes:

I am one of the many people who after being involved in construction is in dire financial straits. However, I am not a big developer. The company I had has ceased trading and I have gone back since to work as a PAYE worker although I do not know how long I will be able to hold onto my job. The situation I am in has left me paralysed with anxiety, not knowing if I will ever get out of the mess I am in. MABS is a big help. [Thank God for the Money Advice and Budgeting Service but it is very limited in what it can do.] Unfortunately, I did not conduct all my business through my limited company and, thus, am liable for personal debt as well. I have had to get the help of the Society of St. Vincent de Paul on two occasions but when you have young kids, you have to do what you have to do. I am owed money and, in turn, I owe money. Hard work always got me places and I worked for other people. I felt if I worked hard enough for myself everything would come right but sometimes work is not enough.

His letter continues to state he is starting a law course and has already passed four of its elements. It takes some of the strain and anxiety off him but he does not know where to turn. He is a young man with a young family who has worked hard. These are the kind of people we cannot, for shame, abandon. Those of us who have something must be prepared to make sacrifices. I will support the Government if it proposes 10%, 15% or 20% cuts in our wages and for everyone else in the country. We must give decent hard-working people the opportunity to get back to work.

A young builder I know, one of the finest men I have ever encountered, with a lovely young family put all his money into Bank of Ireland shares. Everything he worked for is now all gone. How disillusioning is such a removal of incentive? This is what we must address and not for any mean-minded party advantage, although I do not accuse Fine Gael of that.

Will Senator John Paul Phelan explain the clause in the motion which calls for the Government to exempt employers from paying PRSI on any additional staff that they take on in 2009? I would not like to disadvantage workers. If this clause removes their entitlements or diminishes them in any way, I will be against the motion.

**Senator John Paul Phelan:** It does not.

**Senator David Norris:** In that case I will be voting for the motion. We cannot take on yellow pack workers at whatever level we reach.

I agree with overhauling FÁS. Yes, it always did wonderful work. It got mired in scandal and people jumped on the bandwagon looking for heads. I must add that they cost the Exchequer a hell of a lot of money in doing so. From €500,000 to €50,000 a year was not much of a saving. FÁS has done wonderful work but it needs to be overhauled. Today, I received correspondence

[Senator David Norris.]

from an individual telling me how helpful FÁS was to them in the back to education allowance. This scheme, along with ones such as the research and design one, are excellent.

Why can we not introduce for one year a quarantine period from rules and regulations for start-up companies? The quagmire of red tape already in place stops innovative people from setting up businesses. I heard an individual the other day on the wireless explaining how it only takes seven hours to set up a company in some South American countries. It takes a hell of a lot longer in Ireland. I understand the difficulties because of the phoenix syndrome that have to be addressed. However, we must give initiative a kick-start. Let us relax regulations to get innovative people into setting up businesses. Lateral thinking is needed.

Every Adjournment debate in the Seanad is taken up with unbuilt schools throughout the country and students in portakabins. It is not just this side of the House that raises these matters but the Government side too. Recently, a person on the wireless pointed out we are paying more on the rent of the portakabins than we would pay on mortgages to build the schools. Give the schools the mortgages and get the builders back to work. Cut their wages but get the people working. We need to get the metro and the interconnector built. In *The Irish Times* today the Dublin city manager said this is a moment in which our courage must not falter. We must invest.

I will support the Government in any action it takes on the economy that is decent. I am not going to rake up all the stuff about the past. There was squandering and so forth but we must face into the future on behalf of those young people I referred to earlier. My heart bleeds for the first, a builder whom I know personally and a finer man I have never met in my life, to think of him losing all his savings. The other fellow I referred to, who has two young children, does not know what to do. He was earning money and was at the top of his youth and profession, yet he had to go to the Society of St. Vincent de Paul. He did it all the same, for his children's welfare, and that took balls. These are the children of our nation about which they were bleating in the Mansion House last week. We must get something done for these people.

**Senator John Paul Phelan:** That was a stirring contribution.

**Senator Ann Ormonde:** Senator Norris's contribution was a breath of fresh air and has put me off my own contribution.

**Senator John Paul Phelan:** That was its purpose.

**Senator Ann Ormonde:** I welcome the Minister of State, Deputy Mansergh, to the House. We have been provided with another opportunity to debate the economic downturn and increase in unemployment. The main question is where we go from here. I want to address the two areas of overhauling FÁS and the back to education schemes. I know many who have lost their jobs. While we are having this debate, many families are discussing how they will find information on back to education schemes.

We must examine the areas where the largest job losses have occurred. The retail sector has been the hardest hit. Many of the young girls and men who worked in the retail sector may have dropped out of school because the money was more attractive. Now they realise that with no job, they also have no qualifications. We must look at the positives in this and create opportunities in the second-chance and third-chance education sector to help those who find themselves in this position. We need front-line staff in FÁS such as placement officers to reach out to these young people and give them the information on back to education schemes. The vocational education committees know the pulses of their local communities and should also be involved. These and the county and city managers must put their heads together to decide

how best they can help locally. We are not into the larger global analysis yet. We need to help people with the opportunities in their localities.

We cannot allow people to become gloomy and depressed. Confidence must be motivated. We must examine how best we can integrate a system between the front-line Ministers for Education and Science and Enterprise, Trade and Employment and FÁS in identifying the jobs in the future and ensuring the skills are in place to attract them. The courses we have had in the past may not be relevant to the future. We must have a change of outlook and philosophy in this area. Within the next few weeks we should begin asking chief executive officers, who have great power within their communities, and city and county managers how they can provide opportunities for local people in their areas. FÁS must be made leave its cosy setting to help people change their outlook and to build confidence. We have to motivate people so that they have confidence in the future. I want to help those most in need.

We rose to similar challenges in the past and we will get it right again as long as we change our gloom and doom attitude. I am weary of that attitude which is a rehearsal of the old mantra that everything is other people's fault. We have to look at the global picture. I am proud to be Irish and to do what I can to promote prosperity in the future. Let us give confidence to the young and the not so young. I am not interested in big developers or the bankers because they are doomed in my book. I want to restore confidence to the ordinary people who have worked hard to build up this country by giving them opportunities for placements and further education. They need our help in this because they cannot manage it alone. Professional support is needed in terms of placement officers, guidance counsellors and educators. We need to flood the market with these professionals so that the people who are sitting in their armchairs and wondering where they will go next will be given opportunities and information. All I ask is that we motivate people. We have the capacity and the knowledge and we will have the resources to do so.

Capital investment is important in terms of helping small businessmen and builders to develop employment opportunities in their local communities. Small is beautiful at this point in time. I ask the Minister of State to consider some of the suggestions I and other speakers have made this evening. We are all singing the same tune to motivate people for the future.

**Senator Nicky McFadden:** I begin by denouncing the Government's amendment to this motion because I cannot imagine how it can unashamedly commend itself on the doubling of unemployment and our national debt since it took power 18 months ago. The plain people of Ireland will certainly not thank it for its outrageous pomposity and arrogance.

Yesterday, I met in my clinic a building contractor who has been out of work since November. He formerly employed four people, for whom he paid PRSI and taxes, but he has not received a penny since last November because he owns property. He is up to his eyes in debt with the banks but they will not take back his house. What is he supposed to do? He has worked his butt off since the 1980s and has never taken a penny from the State but now he is absolutely penniless. I do not think he will be commanding the Government on its mismanagement of the boom.

I commend Senator John Paul Phelan on this thought provoking and positive motion. Ireland was the first country officially to enter recession thanks to our dependence on the construction industry. This is having knock-on effects on all other sectors of the economy. The Construction Industry Federation estimates that as many as 55,000 jobs will be lost by 2010, which is extremely worrying. Yesterday, First Active announced the loss of 750 jobs. I do not see how the policies outlined in the Government amendment will stimulate the economy. We must tread carefully when we introduce stimulus packages rather than follow Senator MacSharry's example of speaking about another great depression. Leadership must be shown in the short

[Senator Nicky McFadden.]

and medium term and our central focus must be on the future if we are to return to a sustainable and growing economy. We have to end the see-saw nature of the economy and get it going again rather than tell a different story every day.

The car industry, which is in serious trouble, would benefit from the introduction of a scrappage scheme that bridges the huge gap between trade-in and new cars. Every euro generated for the Government means it has to borrow less. This would be a way of preserving jobs in a struggling sector. Similar schemes have worked in the past and they could work again.

We should examine underperforming areas of the economy because there is wide scope for lasting and profitable improvements. Green initiatives could provide a large number of jobs in all industries. The construction of energy efficient cars, for example, would create jobs and decrease carbon emissions. We should work with FÁS to help those who have lost jobs in the construction industry to return to work. Our motion advocates back-to-education schemes so that people do not have to sign on for one year before they can claim grants. Volunteering should be encouraged because many of the highly trained people, such as architects, who are now unemployed are prepared to give their time to help the less educated.

Attention should be given to the science-based sector which currently employs 30,000 people in Ireland. The incentives for cultivating and expanding this sector are significant. Thousands of young students will graduate in the coming years, many of whom will have to emigrate. Abbey Travel has reported that it received 80,000 applications for 50,000 emigration packages for Australia. I worry for these young people. Pharmaceutical companies continue to maintain a significant presence in Ireland with 16 of the world's top 20 firms operating in this country. One of these companies, Elan, is based in Athlone. We need to encourage the growth of this sector. Fantastic courses are being offered in our colleges, including biology, zoology and environmental studies, to name but a few. By strengthening this under-utilised sector, the Government could achieve significant gains. Athlone Institute of Technology is a gateway to the midlands and if there had not been political interference, Athlone might have been the main gateway town to the region. The institute has established an innovation centre which attracts significant investment and produces a large number of quality people. Sadly, owing to political interference and a lack of leadership, the centre has been diluted. I ask the Minister of State to consider the development of a rail transport link between Athlone and Mullingar as a way to incentivise people to return to work.

Senator MacSharry stated the Government was moving very slowly but it is at a fecking snail's pace. That is unparliamentary language and I apologise for using it. We are acting at a snail's pace so the Government should try to get some spring into its step to get going again.

We are a resilient people who have been through worse. The Minister of State knows we will be able to fight and continue with our lives. There are still many opportunities available if we can just look beyond the construction industry. There are many service industries such as, for example, the tourism sector, which will be a significant contributor to this economy's recovery. We should be able to provide good value packages to people and encourage them to come to Ireland to avail of the very good services here.

This Government seems to be dealing mainly with the unions and has isolated itself from the Houses of the Oireachtas.

**Senator Fidelma Healy Eames:** Hear, hear.

**Senator Nicky McFadden:** It seems that the unions are the people the Government wants to negotiate with but there are very good ideas in the Seanad.

A fifth of milk is now imported and yet 35 jobs are to be lost in Glanbia. If we could produce and use our own milk, we could stop importing milk from Northern Ireland.

**Senator John Paul Phelan:** Hear, hear.

**Senator Nicky McFadden:** It is simple.

**Senator Fidelma Healy Eames:** Hear, hear.

**Senator Nicky McFadden:** There would be more jobs as a result. Young farmers who had part-time work in the construction industry will now be even more dependent on their farms so we should encourage them and start depending on our home-grown industry.

I thank the Minister of State for his time and ask him to consider my comments. The Government should provide the leadership the people are hoping for.

**Minister of State at the Department of Finance (Deputy Martin Mansergh):** I am glad to have this opportunity to speak in this debate in support of the Government's counter-motion on the management of the economy and the public finances in the current global crisis. Although we are dealing with a very difficult issue, Ireland, unlike in the past, is facing into the present serious economic challenges against a backdrop of strong sustained growth in recent years and relatively low levels of public debt. The policies now being pursued to restore sustainability and confidence in the public finances will help us take full advantage of global recovery when it emerges and bring growth back up to a sustainable level.

We discussed the banking sector yesterday, and all I would like to say today is we must not lose sight of the fact that a healthy and sustainable banking system is vital for all of us in society and a *sine qua non* of our recovery to sustainable future growth.

I would like to address some of the real and practical steps being adopted by the Government to achieve these objectives. Intensive dialogue is taking place with the social partners to establish an established framework which will enable us to tackle the issue with the maximum degree of social consensus.

In the 2009 budget the Minister, Deputy Brian Lenihan, emphasised the need to bring spending in line with resources while safeguarding key public services and protecting the vulnerable in our society. The Estimates allowed for a 3.6% rise in voted current expenditure this year, representing a large reduction from the 11% increase over last year. This was achieved while allowing for spending on social welfare to grow by 8.4% to €19.6 billion; education to increase by 2.7% to €8.7 billion; and health to increase by 2% to €15.8 billion.

To accommodate these increases which focus on maintaining services for the vulnerable in our society, spending in other areas had to be curtailed. As I stated yesterday, the Office of Public Works has, for example, reduced spending since the summer by 30% in real terms. In addition, the Government announced a major streamlining of State agencies with further rationalisation to come.

The Government will not allow our country revert to becoming dependent on large-scale, persistent borrowing to meet day-to-day spending. We owe that much to generations to come. Accordingly, the Government is undertaking stringent examination of public expenditure with a view to managing expenditure in 2009, taking into account the additional pressures and the further weakening of the tax base. As Senators will be aware, the recently published addendum to the Stability and Growth Pact sets out a framework for the restoration of sustainability in the Exchequer finances over the medium term, commencing with immediate action to secure a further downward shift in expenditure adjustment in the public finances of the order of €2

[Deputy Martin Mansergh.]

billion in 2009. We must ensure more than ever that the taxpayer obtains optimal value for money from all investment in capital projects and current day-to-day expenditure.

The Government has established a special group to conduct a focused review of public sector numbers in all branches of Government to identify where major savings can be made across the range of expenditure programmes. The group's work will help the Government in our task of putting the public finances back in order over the medium term. This special advisory group has now begun its work and is chaired by Mr. Colm McCarthy and assisted by a panel of advisers with experience from both the public and private sectors. The group will report regularly to the Minister for Finance and submit a final report to him by the end of June 2009.

An area for which I have been given special responsibility is the reform of public procurement. The Government is acutely conscious of the need to improve continually the various processes involved in State procurement. In recent years, a significant effort has gone into devising new forms of public works contracts with the objective of bringing a far greater degree of certainty to the costs of public works and eliminating very sizeable overruns which used to be endemic in the system.

The Government has turned its attention to the supply of goods and services. Last July, as part of its decisions on savings, it decided that a national operations unit for procurement should be established in the Office of Public Works. It directed that a joint Department of Finance and Office of Public Works implementation group, under my chairmanship, should progress the development of this unit. The group has completed its deliberations and has recommended that the duties of the national operations unit should include the organisation of the procurement of common goods and services across the public service, the provision of professional procurement advice to the public sector, the establishment of appropriate links with public procurement structures in Northern Ireland and the further development of the e-procurement systems already in place in the public service. The establishment of the unit is proceeding apace with the objective of commencing its operations by the middle of the current year.

Although some scaling back of capital investment is unavoidable in the current budgetary climate, the Government is determined that Ireland must continue to deliver the core productive economic infrastructure that will support our future economic development. It was with this imperative in mind that the budget provided for Exchequer capital investment in 2009 of some €8.2 billion. This amounts to more than 5% of estimated gross national product.

In times of scarcer resources, we must be very targeted in the way we invest taxpayers' money. We must concentrate on investment in core economic areas which increase Ireland's productive capacity, promote employment and position us to recover quickly from the current downturn. Today, the Minister for Transport announced a €1.4 billion allocation for the national roads programme, which shows the great progress being made. It also complements a great deal of public transport investment that is equally taking place. I am especially pleased that one of the serious bottlenecks, around Tipperary town, is being tackled with funding of €550,000 to complete planning on the bypass on the N24.

**Senator Fidelma Healy Eames:** That is parochial politics.

**Deputy Martin Mansergh:** The framework for economic renewal launched by the Taoiseach last December sets out our agenda over the next few years for how we will re-orientate and reprioritise the business of Government to achieve the goal of building a smart economy, which will help underpin our future.

An improvement in national competitiveness, which was mentioned by several Senators, is crucial if we are successfully to pursue a sustainable, export-led recovery over the next few years and maintain our position as an attractive destination for inward investment. In this regard I am pleased to note the statement from Intel today on its continuing commitment to locating in this country. This objective will be difficult to achieve in the current international economic situation, but it is all the more important nonetheless. As a member of the eurozone, changing our exchange rate is not an option. However, this does not negate the need to control the factors that we can influence, such as wages, the domestic cost base and lessening the regulatory burden on businesses. We must also take steps to improve productivity. This will obviously have a longer-term benefit to our competitive position.

The Government will continue to take steps to support competitiveness, including the maintenance of pro-enterprise systems of taxation. In the budget for 2009, the Minister for Finance reaffirmed the Government's commitment to the 12.5% rate of corporation tax and to maintaining and enhancing our pro-business tax policies. The Finance (No. 2) Act includes a number of very significant changes to the research and development tax credit scheme. A strong commitment to scientific research will be retained.

National competitiveness is a shared responsibility, not only of Government but also of all members of society and the social partners. We must each play our parts and work together to this end. It will be essential, now and in the coming years, to ensure that wage developments are sensible, linked to improvements in productivity and firmly aligned to the aim of regaining international competitiveness. A realistic approach will be needed to ensure that we are better equipped to deal with current challenges so that we can take advantage of the global recovery when it occurs. In addition, there will be a need to insist that where there are improvements in external factors — such as falling oil prices, interest rate decreases or a strong euro — these are passed on to consumers and business alike. This is no time to pursue narrow sectional interests or allow profit-taking at the expense of the consumer.

The Government recognises the cost that regulation places on business and has already made a strong, meaningful commitment to tackling the issue. The European Commission is conducting a programme to reduce the administrative burden imposed on business by EU regulations by 25% by 2012. The Government has established a three-pronged approach to identifying and reducing the cost of red tape on Irish business.

In 2007, the high level group on business regulation was established to act as a standing dialogue between business and Government and to consider how business costs arising from regulation can be reduced. The group's first report, published in August 2008, identifies €20 million in savings for business already achieved through streamlining the companies' annual return, raising the audit exemption threshold and a number of other simplification measures. The group will, through its work programme for 2009, pursue a further range of cross-governmental initiatives to simplify administrative requirements for business by reducing duplication, encouraging greater co-operation across different branches of Government and making greater use of technology and electronic solutions.

In March 2008 the Government agreed a 25% target to reduce the administrative burden on business by 2012, with a particular focus on small and medium-sized enterprises. All Departments are engaged in a process that involves the identification of information obligations imposed on businesses and arising from regulation. These obligations are being prioritised in consultation with the business sector and Departments are preparing simplification plans that will set out the ways in which these costs will be reduced by 25%.

The third prong of our approach deals with new regulation. The Government has decided to revise the approach to regulator impact analysis to include administrative burden measurement. The regulatory impact analysis guidelines are being revised to take this into account.

[Deputy Martin Mansergh.]

In recent years Ireland has undergone a transformation from a low wage-low cost economy towards a high value and knowledge-based one. The nature of manufacturing has changed and, accordingly, basic manufacturing functions are moving away from the country. Increased competition from emerging economies and the global economic downturn are having an impact on companies operating here. Unfortunately, we are all only too well aware of the sad human dimension to redundancies and factory closures of which several Senators referred.

Despite the stark deterioration in the global economic situation, there was a strong foreign direct investment performance last year and the number of investments from IDA Ireland-supported companies was up 14% on 2007. In excess of 8,800 associated new jobs were created. I accept, however, that there was a small net loss in employment. There was a 22% increase in research, development and innovation projects, while the number of new companies investing in Ireland for the first time was up 16% on the previous year. In all, investments in the region of €2 billion were secured.

IDA Ireland has developed a strong base of existing clients which make a vital contribution to wealth generation and the development of the economy. These companies have had a positive effect in Ireland and provide a solid basis for future growth. IDA Ireland is working strategically with its existing clients to deepen and further embed their investments in Ireland. It has an active programme of engagement with these clients which is aimed at identifying and targeting new investment opportunities.

The pipeline for future investments is good. IDA Ireland is confident that a number of high value investments can be secured for Ireland in the coming months and that there are further opportunities in existing key sectors. The latter will be augmented in the future by a number of emerging technologies and new business models. I will not go into further detail in this regard because I want to reply to a number of specific points raised by Senators.

IDA Ireland is expanding the number of its representatives based in the US and is opening new offices in Boston and southern California. It is keen to diversify the source of foreign direct investment and recently established offices in Mumbai in India and Beijing in China and expanded its operations in London. It continues to explore opportunities to market Ireland in other emerging economies such as China, the Russian Federation and Brazil.

It is obvious that we face an extremely difficult economic environment, both here and abroad. Difficult decisions will be taken. With the exception of the least well off, we will all be obliged to adjust to some fall in living standards. However, we must not lose sight of the need to plan our way out of the downturn. This is what we are doing.

Out of courtesy to the House, I wish to reply to some of the points raised by Senators. None of us — Ministers or the Government as a whole — is master of anyone; we are public servants. During the past 15 years we have not had a boom-bust economy; we have enjoyed one of the most prolonged periods of expansion in our history.

**Senator John Paul Phelan:** We had a boom and now the economy is bust.

**Senator Fidelma Healy Eames:** We had a construction boom.

**Deputy Martin Mansergh:** If there is any cause for surprise, it is perhaps how long the period of growth to which I refer lasted. It is true the Opposition warned us about the end of the boom. However, it also demanded that we do even more than we were doing. The recession was acknowledged when the figures confirmed that it existed.

**Senator John Paul Phelan:** Nonsense.

**Senator Fidelma Healy Eames:** The recession was acknowledged two years after it began.

**An Leas-Chathaoirleach:** The Minister of State, without interruption.

**Deputy Martin Mansergh:** Employment has increased by 600,000 since 1997. At that stage, the rate of unemployment was more than 10%.

**Senator John Paul Phelan:** The Government will be damn glad if the rate of unemployment only stands at 10% by the end of this year.

**Deputy Martin Mansergh:** There has been a great deal of discussion in respect of FÁS. It must be recognised that many people other than the managing director and one or two other directors work for FÁS. The latter does a great deal of valuable work, particularly through the medium of community employment schemes.

**Senator John Paul Phelan:** We all agree.

**Deputy Martin Mansergh:** We should not be entirely negative with regard to our level of competitiveness. For example, we have an extremely competitive tax system. If Senators doubt that, they should ask people in Northern Ireland about the system which applies there.

**Senator John Paul Phelan:** We will ask the people who travel north of the Border to do their shopping about it.

**Deputy Martin Mansergh:** Within the next year or two we will establish a national motorway network. Our public transport system has greatly improved, although there is a great deal more to be done.

**Senator John Paul Phelan:** What about broadband?

**Deputy Martin Mansergh:** I agree with Senator Donohoe that the retention of jobs is extremely important. Essentially, it is on this aspect that the discussions taking place between the Government and the social partners are focused. The decisions relating to the Estimates and this year's budget also centred on the retention of employment.

The Fine Gael motion contains a number of suggestions and proposals in respect of PRSI, freezing charges and reversing the recent VAT increase. The difficulty is that all of these would give rise to additional costs at a time when the Government is operating with an extremely large deficit. Their likely impact would have to be carefully examined.

The Government is engaged in developing a strategy to extricate us from the difficult position in which we find ourselves. I acknowledge the problem that has arisen in the context of the depreciation of sterling. The IFA and the IEA have put forward proposals which I have no doubt will be examined carefully in the partnership talks.

I must have been in a different church from Senator David Norris. I do not recall listening to the Book of Job but I quoted from a psalm yesterday — “Though wealth increase, set not your heart upon it”.

The problem with abolishing rules and regulations for 12 months relates to conditions of employment. I do not believe we can simply scrap conditions of employment. We would very quickly create many problems for ourselves if we went down that road. There is a devolved small works scheme for small schools.

**Senator Fidelma Healy Eames:** It has been suspended. The Minister of State should tell the truth.

**Deputy Martin Mansergh:** It is being provided for again this year.

**Senator Fidelma Healy Eames:** Sorry.

**Deputy Martin Mansergh:** The summer works scheme is coming back this year.

**Senator Fidelma Healy Eames:** That is different from the devolved scheme.

**Deputy Martin Mansergh:** All right. Senator Nicky McFadden talked about stopping imported goods. I am not quite sure how that could be done consistent with our EU obligations. I do not believe we should go down a protectionist route. We must make ourselves competitive.

**Senator Nicky McFadden:** I was speaking about initiatives to make farmers competitive.

**Senator Alex White:** My party supports the very thoughtful motion tabled by the Fine Gael Members. Despite the Government amendment, supported by the Minister of State, I was struck by the fact that another day has gone by without the Government tabling any real proposals in respect of the crisis we face. It has told us over and over how bad things are. Of course, it is important that it makes clear the position but it has come across with precious little in terms of what it proposes to do.

The Minister of State departed from his script to tell us that today an announcement was made in regard to the roads programme, which is important. I have not had the opportunity to look at the detail of that announcement but it comes only days after the Minister for Transport announced severe cuts in Dublin Bus and public transport provision in the Dublin area. Despite what some people might think, I do not wait for opportunities to have a go at the Green Party but I cannot let this pass. In the lead-up to the last general election, representatives of the Green Party said repeatedly that public transport provision should take priority over the roads programme, and I agreed with them. I paraphrase the manner in which that was argued throughout the election but I always agreed with it. I thought it was something of a core value that when we looked at the expansion and provision of transport, public transport would take centre stage and would be prioritised by any Government of which the Green Party was a member. I regret it appears it has not been able to persuade the Minister for Transport to refrain from making these types of cuts in Dublin Bus.

I was amazed to hear a further announcement by the Minister for Transport in the past day or two of a study into the efficiency of Dublin Bus. Everybody is in favour of efficiency in public transport but it seems extraordinary that a Government which has been in power for 11 or 12 years now decides to engage in a study on the efficiency of Dublin Bus. It seems that the cuts are being proposed under cover of a suggestion that there is not efficiency in that service when clearly what we need, and what the Green Party always agreed, are more buses on the streets of Dublin in particular, the city I know best. Perhaps the same applies in Cork and Senator Dan Boyle can tell us about that when he gets an opportunity.

**Senator Nicky McFadden:** And other urban areas.

**Senator Alex White:** Indeed. Are we seriously being asked to commend the Government on its management of the economy and the public finances? How could anybody in his or her right mind do that? What policies are being pursued to restore credibility and sustainability to the public finances? There was not much sign of them in the Minister of State's speech, nor has there been much sign of them from the Government in recent days. Of course, we are awaiting the outcome of negotiations taking place outside these Houses.

The Minister for Finance was reported in *The Irish Times* as having told the Dáil on 10 July last that he was not prepared to bring the Republic back to the days of unsustainable borrowing, lower growth rates and a heavy tax burden. It seems that he is well on the way to doing those three things — he has certainly done two of them — in circumstances where our borrowing requirement is jumping. We clearly have lower growth rates and we have an emerging heavier tax burden with a heavier one to follow. That is precisely what the Minister for Finance and the Government are doing in regard to the economy.

I agree with the Minister of State and other Ministers that, as Opposition politicians, part of our job is to point to the deficiencies in what the Government says. However, as Opposition parties, we must be forthright in what we advocate and what we believe should happen in regard to the economy. The economy belongs to all of us and is not the property of the Government.

The Fine Gael Party can speak for itself, but in recent months my party has repeatedly brought forward clear and credible proposals in regard to a stimulus programme for the economy. When I referred to it in the House previously, I heard Senator Dan Boyle almost pooh-pooh it as Keynesian.

**Senator Dan Boyle:** I did not.

**Senator Alex White:** I believe that is what he said in a reasonably friendly manner. We were not engaging in debate with each other but he was dismissing it as constituting Keynesianism. If we look at any of the countries addressing these questions, including the United States and many other comparable countries, and even at the European Union's approach and conclusions in the autumn of last year, it is clear that there is a division in politics in the world, and in this country, between those who want to shrink the economy and those who want to stimulate it. I do not believe that is too simplistic a characterisation.

The Government has said its number one priority is the public finances and, of course, they have to be brought to order. However, the number one priority is jobs. Jobs will not simply fall out of the sky without the Government intervening seriously in the economy, but that does not seem to be what it proposes to do.

My party has said we need a national plan and strategy. We have said it can be based on three Cs, namely, confidence among consumers, credibility among investors and competitiveness on world markets. In regard to credibility, I repeat something advocated by Senator Dan Boyle in a debate yesterday in regard to the banks. There is a manifest need for these Houses to set up a committee to look at the banks, finance and how the banking system has reached near collapse in this country. I would support him in the proposal he made yesterday. It is clearly something that is needed to restore credibility among investors. The flaws, and worse, in the banking system have undermined enormously the manner in which Ireland is viewed internationally. We must take steps to restore credibility. Members in these Houses, since we are not being involved in much else by the Government in respect of the economy, economic planning and so forth, to have a serious role to play in that regard.

**Senator Dan Boyle:** The Private Members' motion was introduced in what appeared to be a spirit of inviting co-operation in regard to the Opposition's—

<sup>7</sup> **Senator Nicky McFadden:** Not when the Senator is commending the Government for its great management.

**An Leas-Chathaoirleach:** Senator Boyle, without interruption.

**Senator Dan Boyle:** I said seven words.

**Senator Jerry Buttiner:** Senator Boyle has forgotten where he was a few years ago. He was better off a Deputy.

**An Leas-Chathaoirleach:** Senator Buttiner, allow Senator Boyle continue.

**Senator Jerry Buttiner:** He has lost his soul since he lost his seat.

**Senator Dan Boyle:** I find my speeches read better in the arguments I make when they are constantly interrupted by Senator Buttiner. I constantly tell my constituents to read the Official Report on foot of that.

In moving the motion the main Opposition party appeared to be saying that a contribution must be made in acknowledging and contributing to the type of decisions that have to be made in the midst of what is the most serious economic crisis we have had in our history. I have stated that previously in this House. The motion does not go particularly far but it does go in the right direction. The sense I got in the opening contribution was that the economic position we find ourselves in is not all the Government's fault. We need a deeper analysis than that and more proactive approaches.

There are several proposals in the motion as to the changes that could be achieved. They all involve tax expenditures and we are in a position where we are trying to balance books. We have had a huge shortage in tax receipts. We have kept spending at the levels they have been elevated to for the past three years, and difficult decisions must be made as to how we redress that imbalance. I would welcome positive proposals in that regard.

We are also borrowing to a large extent not only to meet that shortfall but to engage in a capital stimulus to the same extent that exists in other countries. We spend more on capital programmes than any other European country.

**Senator John Paul Phelan:** There is no stimulus. The capital budget was cut.

**An Leas-Chathaoirleach:** Senator Boyle, without interruption please.

**Senator Dan Boyle:** We are already engaging in an exercise that is Keynesian in its impact.

**Senator Alex White:** It is catch up.

**Senator Dan Boyle:** It will have——

**Senator Jerry Buttiner:** He cannot cope being in Government.

**An Leas-Chathaoirleach:** Please allow Senator Boyle to continue without interruption.

**Senator Dan Boyle:** The capital stimulus, which is greater than in any other European country, even if it involves catch up in infrastructure, is an economic stimulus in its own right.

Major risks are being taken by other economies. The €800 billion stimulus being taken in the United States is in an economy that is already in debt to the tune of \$1 trillion. We must ensure we do not get into a difficulty in terms of current expenditure and the type of burden we will place on our children. A debate on those grounds must take that into account also.

While the debate so far has hung on the difficulties regarding employment and increasing unemployment, we must ask ourselves serious questions as a society as to what that will entail. I am of a generation that grew up in the 1980s. I know the meaning of unemployment. It is about long periods of unemployment and the soullessness of unemployment. The Minister for

Finance has been honest enough to admit that in the coming year an additional 100,000 people will be out of work.

**Senator John Paul Phelan:** They are already out of work.

**Senator Dan Boyle:** That is an unused resource in our society. We must put in place measures that not only deal with their immediate income needs but ones that will keep such people enthused in terms of seeking further employment and using their genuine abilities to work towards the betterment of society and the economy.

We must examine our social welfare system in terms of education and training opportunities and recognition of voluntary work. That is an area on which we must have a deeper debate as the position has a greater impact on our society. I would like people to abandon partisan politics and address those policies on a more honest basis.

**Senator Nicky McFadden:** That was my suggestion. The Senator was not listening.

**Senator Jerry Buttiner:** Ask Chris O'Leary.

**Senator Dan Boyle:** I will ask people of a certain type in terms of the challenges of Government at this difficult time.

**Senator Nicky McFadden:** That was my suggestion.

**Senator Dan Boyle:** One approach is not to walk away. We must face the problems——

**Senator Nicky McFadden:** We can do that.

**Senator Dan Boyle:** We must meet the challenges head on and overcome them.

**Senator Fidelma Healy Eames:** Let us deal with it.

**An Leas-Chathaoirleach:** Allow Senator Boyle continue.

**Senator Dan Boyle:** I will briefly address some of the points that were made. I agree we face a challenge in terms of energy costs but it is a challenge that is being met by the Minister for Communications, Energy and Natural Resources.

**Senator Fidelma Healy Eames:** Not at all. The regulator is not effective.

**An Leas-Chathaoirleach:** Senator Healy Eames, allow Senator Boyle continue.

**Senator Fidelma Healy Eames:** He is not effective. Let us call a spade a spade.

**An Leas-Chathaoirleach:** Senator Healy Eames, please allow Senator Boyle continue.

**Senator Fidelma Healy Eames:** Let us call a spade a spade. I am sick and tired listening to this rubbish.

**An Leas-Chathaoirleach:** Senator Healy Eames, please allow Senator Boyle to continue.

**Senator John Paul Phelan:** She is right.

**Senator Fidelma Healy Eames:** It is rubbish.

**An Leas-Chathaoirleach:** Senator Healy Eames cannot ignore the Chair.

**Senator Fidelma Healy Eames:** I am sorry.

**Senator Dan Boyle:** I notice the Chair gets an apology. I am not saying the issue is being addressed. It is in the process of being addressed. The position with regard to high energy prices is something that must be tackled——

**Senator Fidelma Healy Eames:** Precisely.

**Senator Dan Boyle:** —but in the medium term energy prices will increase. We must avoid situations where an energy provider like ESB can give a 3.5% wage increase when everyone else in society is not getting that. We must ask questions when average pay in an organisation like that is €76,000 per person. It is worth asking those questions and getting answers to them.

It is clear there has been an increase in the number of people using public transport in the Dublin area, particularly through the successful implementation of Luas and the extension of Luas that will take place in the short term. Dublin Bus has failed to address that. I refute the idea that there have been cuts in public transport. The State subvention to public transport is what it was always allocated to be. The cuts are within Dublin Bus itself because of declining income and a failure to manage effectively.

**Senator John Paul Phelan:** That is a cut.

**Senator Dan Boyle:** It does not mean the Government has taken money from the company.

**Senator John Paul Phelan:** It is a cut. The Senator said there were not cuts.

**Senator Dan Boyle:** It does not mean the Government is any less committed to public transport. The debate must be conducted on those terms. The Deloitte & Touche report refers to the need for greater investment in public transport. I believe such investment is forthcoming. One of the capital priorities of this Government is to prioritise public transport. That will have an economic and a social protection effect because many people in our society rely on public transport. That is something this Government will give priority to and it will have a successful effect.

**Senator Fidelma Healy Eames:** I would like to give two minutes of my time to Senator Buttmer.

**An Cathaoirleach:** Is that agreed? Agreed.

**Senator Fidelma Healy Eames:** I welcome the Minister of State to the House and I want to comment on his contribution. I commend Senators Phelan and Donohoe for bringing this motion before the House. It is a timely motion and indicates they are on the ball regarding this issue.

Senator Boyle has left the Chamber but the way the amendment to the motion has been framed——

**An Cathaoirleach:** I do not want any Member to comment on a Member who is not present in the House.

**Senator Fidelma Healy Eames:** I wanted to respond to something he said but I realised he had left the Chamber. The amendment commends the Government for its management of the economy and the public finances, which means that Ireland faces the current global economic crisis from a position of strength. That must be a joke. We were the first country in Europe to go into recession and we are now rated second to Latvia in that regard after 35 years of

Cohesion and Structural Funds. How can the Government say we are now facing the current global economic crisis from a position of strength? A Minister told me privately that this country may be facing the collapse of the economy in six months' time. On reading the amendment, I asked myself whether we are reading the same script. I am concerned about the arrogance shown in the amendment because it demonstrates the Government has the wrong attitude. It is this approach which has brought us to where we are.

While I will focus on trying to be positive, I must acknowledge that a job is being lost every three minutes, unemployment stands at almost 300,000 and job opportunities appear to be confined to working in social welfare offices. In addition, unemployment and the national debt have doubled in 18 months. I noted in my Christmas newsletter that a surplus of €6 billion at the end of 2006 had turned into a €13 billion deficit by the end of 2008. This is a swing of €19 billion in the national finances and the position has become much worse in the meantime. With employment declining, everything is now at risk.

Senator Boyle stated we should discuss the effects of the economic downturn. These include that people will be unable to meet their commitments and may lose their homes and that there is a risk of social unrest and emigration. I am concerned about whether, as Senator McFadden stated, anything we say in the House matters. Are the social partners the new elect? Can the Minister of State answer that question?

**Deputy Martin Mansergh:** Yes.

**Senator Fidelma Healy Eames:** They are the new elect.

**Deputy Martin Mansergh:** No, I was answering the Senator's final question.

**Senator Fidelma Healy Eames:** I am not convinced of the Minister of State's argument that the social partners are seeking to hold on to jobs. They appear to want to hold on to pay at a time when we all realise we must take our medicine as a consequence of the Government's mismanagement of the public finances. While I accept the economy operates in the global context and global events have impacted on the banking crisis, the Government must take responsibility for what it has done nationally. It would serve it well to issue an apology to the people.

I will focus on some proposals for what could be done. My colleagues alluded to taxation policy. Having been an employer for five years, I support the proposal to remove employers' PRSI, a penal tax, for additional staff. We should incentivise rather than penalise employers. As the generators and multipliers in the community, let us celebrate and appreciate them, especially at this time.

On VAT rates, the Government must watch and follow emerging patterns in the population. At present, people are moving North. The other day, a father of a family said to me: "How dare the Government tell me not to go North when I have had only six weeks' work since last August?" Today, we read in newspaper reports that shoppers in the South pay 51% more for non-grocery goods such as clothing, homeware and electrical goods. We will lose employment because retailers here will be unable to remain open.

We must tax from the top down, which means taxing the tax exiles. It is also time that high earning artists who earn in excess of hundreds of thousands of euro, for example, Bono and Cecilia Ahern, paid their dues.

The banks have much to answer for and it is time we gave them a mandate to extend credit lines to perfectly sound businesses which need credit to pay wages. These businesses are letting

[Senator Fidelma Healy Eames.]

people go because they cannot pay wages owing to a lack of credit rather than work. Last week, we heard Deputy Richard Bruton relate a number of stories in Galway.

**An Cathaoirleach:** The Senator is using up her colleague's time.

**Senator Fidelma Healy Eames:** Our two main banks inform us they are extending credit lines. This is not true. Last week in my office I heard about a young fashion start-up group that enjoys significant sales and is seeking a loan of just €25,000 from Bank of Ireland to go on-line. The funding has not been made available to it.

The sterling crisis is placing manufacturing businesses under major pressure. I am aware of one business with an annual turnover of €6 million where 70 jobs are at risk. The company is faced with buying products in the United Kingdom, as a result of which it will lose turnover of €1.5 million in this economy. While Ireland may be one country, it is not an all-island economy. This is an issue for the euro area.

I ask the Government to call on the banks to pass on falling European Central Bank rates to home owners faster. The Government can do much if it puts people first. Home owners should be allowed to renegotiate fixed rate mortgages to new, lower fixed rates or variable rates. The Government must act. Young couples and single people——

**An Cathaoirleach:** The Senator has used up Senator Buttimer's time.

**Senator Fidelma Healy Eames:** Did the Cathaoirleach give me notice?

**An Cathaoirleach:** I informed the Senator when she started to encroach on Senator Buttimer's time.

**Senator Fidelma Healy Eames:** I did not hear the Cathaoirleach.

**Senator Jerry Buttmer:** I will waive my time.

**Senator Fidelma Healy Eames:** On education and the need to develop the knowledge and innovation economy, during a downturn one of the best activities in which one can engage is to invest in one's education. While I support the extension of the back to education allowance and the Skillnets programme, Ireland has large gaps in the area of high-end graduates. Google had to hire 20 high-end graduates abroad because the skills it required were lacking here. We need to have more students studying higher level mathematics in order that we can increase high level jobs. We are failing, in particular, in the area of innovation.

**An Cathaoirleach:** The Senator's speaking time has concluded. Senator Hanafin has less than one and a half minutes of speaking time.

**Senator Fidelma Healy Eames:** One of the reasons the potential for innovation remains untapped is that options in creative subjects are not available to students at second level. I thank the Cathaoirleach and apologise to Senator Buttmer.

**Senator John Hanafin:** We get the world as it is rather than as we would like it to be. Conditions in the economy have deteriorated. Gross national product declined by 2.5% last year and will fall by 4.5% and 1% this year and next year, respectively. Notwithstanding these figures, the Government is taking the correct course of action to ensure the economy remains on a sound fiscal footing. The Taoiseach is engaged with the social partners and has stated he wants everyone to be involved. He also wants to ensure those who can afford to pay do so,

while those who are less well off are not asked to make any sacrifices or bear any of the burden. This is the correct policy.

It is wrong to state we have not made achievements in recent years. Major achievements have been made, including in the construction industry. We have a motorway system which will soon extend from all major cities to the capital, a rail system which is working well and an excellent housing stock in terms of heat retention and the standard and quality of living.

**Senator John Paul Phelan:** The Senator should tell that to some of those living in boxes.

**Senator John Hanafin:** The Government is taking the appropriate action, including on the banking crisis. The Opposition has recommended the Government take courses of action on which it has already embarked. The Taoiseach and Government are taking the correct approach by ensuring everyone is involved through social partnership.

**Senator John Paul Phelan:** I thank Senators who contributed to the debate. On Senator Hanafin's point, part of the problem is that we do not know what approach the Government is taking. There is a distinct lack of information and whoever the Government is choosing to involve, it has not involved the Oireachtas in any shape or form.

I have spoken previously about Government amendments to motions. This amendment does not make sense. I do not know if those who drafted it read the first sentence of the first two points. The first point "commends the Government on its management of the economy and public finances", while the second point "acknowledges ... the policies now being pursued to restore credibility and sustainability to the public finances". The amendment suggests, at least in the second point, that the Government has removed credibility and sustainability from the public finances. The first point, that the Government should be commended on its management of the economy and public finances, does not stand. I wish to make many more points in that regard.

Previous speakers on this side noted that unemployment and the national debt have doubled in slightly more than 12 months. I am old enough to remember the mantra one often heard from Government parties that the Labour Party and Fine Gael doubled unemployment and the national debt in the 1980s. We did so in a difficult period for the economy and country after appalling financial management by the Lynch Government following the 1977 election and, more important, Mr. Haughey's Government in 1982. If one looks at the figures and statistics, the economy had turned around by 1985. During the last two years of the FitzGerald-Spring Government things were starting to move in the right direction. Subsequently, Mr. MacSharry came in and took some draconian measures which it took a long time for the public sector recover from and from which certain areas such as health have not yet recovered. I do not want hear any more of that kind of talk from the Government, Fianna Fáil in particular, regarding our role in the public finances in the 1980s.

Ireland was the first country in the European Union officially to enter into recession. As previous speakers have mentioned, it is projected that, after Latvia, we will have the largest economic contraction in the European Union next year. The Minister of State is completely wrong in his assertion that this Government has not fostered boom and bust policies.

There were two distinct parts to the Celtic tiger economy. The first seven or eight years, from 1992 to 2001 or 2002, centred on foreign direct investment and promoting job creation from within indigenous industry. The second part, from 2002 onwards, was solely promoted on building houses and selling them to ourselves. That policy is largely responsible for where we find ourselves in terms of our current economic condition.

**Senator Nicky McFadden:** Hear, hear.

**Senator John Paul Phelan:** There can be no doubt that in this country we suffer from weak regulation in a number of areas and I am glad this has been acknowledged by the Tánaiste tonight regarding energy prices. Obviously, there has been weak regulation of the banks, as we have seen from what has been exposed in recent months and what has happened over recent years. The Minister of State spoke of our advances in infrastructure. Outside of spending on roads, which I welcome and have always supported, if one looks at the rail network or, in particular, at broadband, it is clear we are lagging behind virtually all our friends in the European Union.

Consumer confidence in Ireland is at a 13 year low, if one reads the recent research produced by the ESRI. It is also clear that the projections for the next 12 months are quite stark. We will see the return of emigration, which I mentioned in my opening comments, something we never thought we would see again. It will become a reality, based on the projections of the ESRI this year.

A leading economist, Mr. Jim Power, said recently that the unemployment rate could reach 15% at the end of the year. The Minister of State said in his comments that in 1987 it was 10%. He would be glad of that figure at the end of this year were the figure of 15% to come to pass. FÁS has already projected that unemployment at the end of the year could be as high as 12%.

I ask the Government to support my motion. I acknowledged that there are outside forces at play but there also needs to be an acknowledgment from the Government that it has not put the correct policies in place heretofore. I ask Members on the Government side to support the motion.

Amendment put.

The Seanad divided: Tá, 26; Níl, 16.

#### Tá

Boyle, Dan.	Glynn, Camillus.
Brady, Martin.	Hanafin, John.
Butler, Larry.	MacSharry, Marc.
Callanan, Peter.	McDonald, Lisa.
Callely, Ivor.	Ó Domhnaill, Brian.
Cannon, Ciaran.	Ó Murchú, Labhrás.
Carty, John.	O'Brien, Francis.
Cassidy, Donie.	O'Donovan, Denis.
Corrigan, Maria.	O'Malley, Fiona.
Daly, Mark.	Ormonde, Ann.
de Búrca, Déirdre.	Phelan, Kieran.
Ellis, John.	Walsh, Jim.
Feeney, Geraldine.	Wilson, Diarmuid.

#### Níl

Bradford, Paul.	McFadden, Nicky.
Burke, Paddy.	Norris, David.
Buttimer, Jerry.	Phelan, John Paul.
Coghlan, Paul.	Regan, Eugene.
Cummins, Maurice.	Ross, Shane.
Fitzgerald, Frances.	Ryan, Brendan.
Hannigan, Dominic.	Twomey, Liam.
Healy Eames, Fidelma.	White, Alex.

Tellers: Tá, Senators Camillus Glynn and Diarmuid Wilson; Níl, Senators Maurice Cummins and John Paul Phelan.

Amendment declared carried.

Question put: "That the motion, as amended, be agreed to."

The Seanad divided: Tá, 26; Níl, 17.

### Tá

Boyle, Dan.	Glynn, Camillus.
Brady, Martin.	Hanafin, John.
Butler, Larry.	MacSharry, Marc.
Callanan, Peter.	McDonald, Lisa.
Callely, Ivor.	Ó Domhnaill, Brian.
Cannon, Ciaran.	Ó Murchú, Labhrás.
Carty, John.	O'Brien, Francis.
Cassidy, Donie.	O'Donovan, Denis.
Corrigan, Maria.	O'Malley, Fiona.
Daly, Mark.	Ormonde, Ann.
de Búrca, Déirdre.	Phelan, Kieran.
Ellis, John.	Walsh, Jim.
Feeney, Geraldine.	Wilson, Diarmuid.

### Níl

Bradford, Paul.	Norris, David.
Burke, Paddy.	O'Toole, Joe.
Buttimer, Jerry.	Phelan, John Paul.
Coghlan, Paul.	Regan, Eugene.
Cummins, Maurice.	Ross, Shane.
Fitzgerald, Frances.	Ryan, Brendan.
Hannigan, Dominic.	Twomey, Liam.
Healy Eames, Fidelma.	White, Alex.
McFadden, Nicky.	

Tellers: Tá, Senators Camillus Glynn and Diarmuid Wilson; Níl, Senators Maurice Cummins and John Paul Phelan.

Question declared carried.

### **Adjournment Matters.**

---

### **Local Authority Funding.**

**Senator Brian Ó Domhnaill:** I raise this issue on behalf of the farming community in County Donegal and, in particular, small farmers and business owners. It is European Union and Government policy to meter and, accordingly, charge businesses and individuals who use water for non-domestic purposes. Donegal County Council appointed consultants, Laing O'Rourke, to carry out countywide metering of non-domestic customers to give it an insight into the full cost of providing water and waste water services to the non-domestic sector. Following the survey, it was discovered approximately 7,500 non-domestic units had meters connected to the water supply and a further 500 are also being billed, bringing the total number of bills issued by the local authority to approximately 8,000.

Farming organisations, including in particular the IFA, have highlighted that many bills are issued to small farmers. Elderly small farmers come into my clinics who may have only one sheep or cow, yet they receive a bill with a standing charge of €350 and, in some instances, charges for water they have not used. There are huge discrepancies in the system. I acknowl-

[Senator Brian Ó Domhnaill.]

edge that Donegal County is willing to discuss issues on a one-to-one basis and it is accommodating. However, the issue is causing mayhem and panic nationwide. For example, I was contacted on Christmas Eve by two elderly farmers in their 80s who were crying because of this issue, which must be examined.

I call on the Department of the Environment, Heritage and Local Government to introduce a tiered system whereby smaller users incur a lower charge than larger users. A farmer with two or three sheep cannot be compared with a farmer with 200 or 300 sheep and incur the same charge. A tiered approach must be taken to this. Local authorities face budgetary constraints and they are under financial pressure. They must collect money, but departmental officials should discuss this issue with county mangers to bring about a resolution that would ease the burden on farmers and small businesses.

I also refer to the non-imposition of the property tax on holiday homes. It is estimated there are 9,000 such homes in Donegal. Many of the owners of these homes live in Northern Ireland and they have not received bills for the tax on their holiday homes. It is unfair when local retired farmers who contributed to the State through the years are being billed for water while holiday home owners from Northern Ireland are not being billed. The Minister should also examine the issue. Many of my council colleagues in Donegal have raised concerns about this issue. The Minister of State will understand and I hope she will relay my concerns to the Minister for the Environment, Heritage and Local Government. The issue must be examined on compassionate grounds. Scope must be given to local authorities to make discretionary decisions that are favourable to local small farmers in particular.

**Minister of State at the Department of the Environment, Heritage and Local Government (Deputy Máire Hoctor):** I am pleased to take this matter on behalf of my colleague, the Minister for the Environment, Heritage and Local Government, and I thank Senator O'Domhnaill and the Seanad for this opportunity.

The Government's policy on charging for water supply and waste water has been in place since 1998. The policy was developed to implement the polluter pays principle and to meet the requirements of the European Union water framework directive, which requires member states to apply suitable charges to recover fully the costs of providing water services by 2010. The directive also requires member states to ensure water pricing policies provide adequate incentives to use water resources efficiently. The Government's water pricing policy requires non-domestic users to pay for water services, including the cost of treating and supplying water, meter installations, the marginal capital costs of providing water services infrastructure and the ongoing operational and administrative costs associated with the provision of the services. The non-domestic sector includes the agricultural sector. The Exchequer funds the capital cost of water services infrastructure for domestic users and the operational cost of domestic water services provision is met from the Exchequer via the local government fund. Cost recovery from the non-domestic sector is to be achieved by way of a meter-based volumetric charge. Cost recovery is to be without profit, with charges based on actual metered consumption and no subsidisation of the domestic sector by non-domestic consumers is allowed. Where there is a mixture of domestic and non-domestic use, such as a farm, allowance is made for the domestic element, which is deducted from the overall charge.

In response to representations from the farming sector, billing guidance that issued to local authorities in December 2006 included a request that authorities consider the necessity for special discounting arrangements in the case of multiple water meters on fragmented small farm holdings. The guidance recommended that the total metering charge in such instances should not exceed 180% of the cost of the first connection, irrespective of the number of

meters. The December 2006 guidance also provided interim advice, based on a study by the County and City Managers Association, that a domestic allowance for mixed-use connections, including farm connections, of 225 cu. m. be applied by all local authorities. This was a significant increase on the allowances which had been allocated by most local authorities previously.

The 2008 water charges, as supplied by the local authorities, show an average combined charge for the supply of water and treatment of waste water of €2.07 per cubic metre. Charges for water in Ireland are considerably lower than the European average which was €3.25 in 2007 and which are as high as €5.09 in Germany and €5.63 in Denmark. It is not possible to make any further concessions for farmers as this would conflict with our legal obligations under the water framework directive.

**Senator Brian Ó Domhnaill:** I appreciate the response. However, it is not very positive on this occasion. I understand where the Department is coming from on the matter. It is making the assumption that it has given a dispensation through the local authorities by allowing the total metering charge to be a maximum of 180% of the first meter, which is €350. This means that a person can get two meters for €630. That is accepted and that is the charge being applied. However, where there is one connection for a small farmer who may be making almost nothing from farming, that farmer is being charged €350 annually, which is excessive.

**Senator John Paul Phelan:** Hear, hear.

**Senator Brian Ó Domhnaill:** I understand that under European legislation a dispensation was given for domestic users. We should go back to Europe and fight for our small farmers if possible.

**Senator David Norris:** Hear, hear.

**Senator Brian Ó Domhnaill:** I will be saying to the Minister for the Environment, Heritage and Local Government, Deputy Gormley, that we should do that.

**An Cathaoirleach:** Only a question is allowed.

**Senator Brian Ó Domhnaill:** We need to look again at a situation where an elderly farmer of 85 on the minimum wage or less is being charged €350. Such people have no income. I ask the Minister of State to raise the matter again with the Minister, Deputy Gormley. We need to take this issue on and protect the most vulnerable people in our society at this time. I again thank the Minister of State for her response.

#### Care of the Elderly.

**Senator John Paul Phelan:** With your permission, a Chathaoirligh, I would like to allow Senator Norris to ask a few questions at the end. He raised the issue of Bethany House on the Adjournment last month. Would that be in order?

**An Cathaoirleach:** The Senator can give him a minute of his time.

**Senator John Paul Phelan:** I will give him a minute or two. I am glad that the Minister of State, Deputy Hoctor, is in the House as the issue concerns care of the elderly and she is the Minister of State responsible. There has been a very serious and disturbing development in Carlow. Before Christmas Senator Norris raised the issue of speculation about the closure of Bethany House welfare home which is located in the middle of Carlow town on Barrack Street, the main street through the town. At the same time I received correspondence from a number of colleagues in County Carlow, including councillors Michael Abbey and Tom Kinsella, who

[Senator John Paul Phelan.]

raised with me the view circulating locally that the Health Service Executive was about to close this welfare home. Through the general channels provided by the HSE I sought reassurance as to what was to happen and Senator Norris raised the issue in the House. I was reassured through my contacts in the HSE that no decision had been made and Senator Norris was reassured in the House by the Minister of State, Deputy Hoctor, that no decision had been made at that time. That was in the middle of December. Lo and behold, on 15 January it was announced that Bethany House welfare home would close within the next few weeks.

This issue goes right to the heart of what our democracy is about. I never thought I would say it as a member of Fine Gael, but we need a revolution in how we deliver health services, particularly care of the elderly.

A level of hypocrisy has surrounded this issue for which I do not blame the Minister of State. She has been used by the HSE in the response she delivered to the House before Christmas when she was clearly given incorrect information. In that response the HSE claimed it had not made the decision and yet it was widely known in Carlow at the time that the decision had been made. The unit had been inspected in the middle of last year with a view to providing improved facilities for physiotherapy. The HSE would not agree to provide those facilities, obviously with the view at that stage that this unit would be closed.

Bethany House is approximately 30 years old and is in the middle of Carlow town. It is a 30-bed unit, 25 of which are occupied at present. I attended a public meeting the other night to hear the reasoning behind the HSE's decision. It claimed it was closing the home owing to

8 o'clock              health and safety issues and because all but two of the residents are high dependency. Of the 25 people who live there and whose home it is, 19 get themselves

up every morning for breakfast and five of them managed to attend the public meeting in a hotel in Carlow a number of days after the announcement of the closure. I am sure the Minister of State would agree this indicates they are far from being highly dependent.

In her remarks before Christmas, the Minister of State correctly acknowledged that the residential patient — the elderly person in this case — should be at the centre of any deliberations by the HSE. Bethany House is a fine facility and is home to these people. I am sure we have all experienced nursing homes, many of them privately owned, which in many cases are appalling places. I know Bethany House pretty well and it is a fantastic facility with a real sense of community between the staff — who are also appalled by this decision — and the residents who are deeply upset.

As Senator Norris said on the last occasion when he raised the issue, it is acknowledged that moving home is one of the most traumatic things people are asked to do. One of the residents is 98 years of age and he is being asked to move home. Bethany House is an extraordinary place where the patients look after the garden and run messages throughout the town for staff and other patients. Its location in the centre of Carlow allows them to do so.

The HSE proposes that the residents be moved to a number of facilities, principally the Sacred Heart Hospital in Carlow. There is already a significant waiting list of people wanting to get into that facility before the possibility of moving people from Bethany House arises. I ask the Minister of State to use whatever powers and offices she has to ensure this appalling and disgraceful decision is reversed.

**Senator David Norris:** I thank my friend and colleague, Senator John Paul Phelan, for so graciously allowing me to take part in this debate. He went right to the heart of the humanity of the matter and I am sure the Minister of State, who also has a warm heart and is a country-woman, will appreciate these issues. I raised this matter on 17 December and the Minister of

State undertook to get back to me. I have no record of her having done so, but perhaps she made an attempt to do so.

There is considerable disinformation about this issue, for which I do not blame the Minister of State. For example, more people have contacted me since I raised the matter, including a man from Scotland whose mother is in this facility. He consulted the website. On the website on 15 January 2009, along with the 2009 national service plan for the Health Service Executive south, there was a note from Gerry O'Dwyer, the network manager, stating: "The report is currently being discussed with a broad range of interested and affected parties and once dialogue is complete the report will be published in full at the end of February or early March this year." That was on the day when this man's mother was told by the matron that the home was closing. He did not even get a telephone call. The website was telling him something completely different. That is not acceptable or professional behaviour.

Imagine how confusing it is for these people. They are being thrown out of their homes because of bureaucratic concern about a building. It is a niggling bureaucratic matter. We are dealing with the lives of real people. Senator John Paul Phelan was absolutely correct when he referred to it as their home. He knows more about this than I do. It is in his patch, he has visited it but I have not had that privilege. He spoke about the way people behave, how all of them get up for their breakfast and several of them could attend the meeting in town, yet they are told they are all bedridden. They are not bedridden, yet they will be bedridden. They have independence in Bethany House but they are going to be put in a hospital where they will be made to go to bed, if they are able to get up, at 6 p.m. They are not given a choice of what they do or what television programs they watch. The Minister of State is a decent woman and this will go to her heart. This would kill them.

**Senator John Paul Phelan:** Yes.

**Senator David Norris:** This is not just the closure of a facility. A death sentence is being pronounced on elderly people who deserve better. Senator John Paul Phelan indicated there was a meeting in Carlow town. Was it last night?

**Senator John Paul Phelan:** Last week.

**Senator David Norris:** I received information on it. It seems to have been an energetic, positive and constructive meeting. I ask the Minister of State to work with those people. A committee has been formed to try to rescue Bethany House. The Minister of State should let it do it. If, as its membership believe, it is a matter of refurbishment, this could be done. The local community could be energised and the resources would not be wasted.

My original informant is a man with a degree in nursing. He is incandescent about this. It contradicts all good nursing practice. For goodness sake, the Minister of State should try to intervene. I know how difficult it is but I know the Minister of State is a woman of good will. She should try to see if this decision, which was denied, can at least be put in cold storage to allow the committee to get something done. In Carlow, with the goodwill and support of the community, they can rescue this facility. One of the residents is 97 years old and was streaming with tears. That is a terrible thing and the Minister of State should give them a chance to bring it back to life.

**Deputy Máire Hoctor:** I thank Senators Norris and John Paul Phelan for raising this issue. At no stage have I misled the House on this issue, nor on any other issue when I have delivered a response to an Adjournment debate.

**Senator John Paul Phelan:** I did not say the Minister of State misled the house.

**Deputy Máire Hoctor:** I want to make that absolutely clear. The Senator implied it or something of that nature. I am prepared to defend that.

**Senator John Paul Phelan:** I said that the Minister of State was used.

**Deputy Máire Hoctor:** I was not used at any stage to relay a response to the Adjournment.

**Senator John Paul Phelan:** Patently she was.

**Deputy Máire Hoctor:** I ask Senator Phelan to withdraw the comment because it is absolute rubbish.

**Senator John Paul Phelan:** It is correct.

**Deputy Máire Hoctor:** I deliver the truth to Senator Phelan, as I do to any other Senator in respect of information given to me. I stand by that.

**Senator John Paul Phelan:** I did not question that.

**Deputy Máire Hoctor:** I would like the opportunity to continue to give my answer. This Adjournment debate provides me with an opportunity to update the House on this matter and to outline the background to the current situation and the action taken by the Health Service Executive. I want to reassure the older people concerned and their families about the future.

The HSE has operational responsibility for the delivery of health and social services, including those at facilities such as Bethany House. Bethany House is a welfare home which opened in the 1970s. It is currently operating as a 30-bed unit, of which 28 beds are residential and two are respite. At present there are 25 long stay residents, with one long stay admission to the facility in the past six months.

In December 2008, I confirmed to this House that the HSE had commissioned a review of elderly services within the Carlow-Kilkenny region in 2006, which included Bethany House. The review was conducted in 2007. The report was received by the HSE in early 2008. Last December Bethany House was the subject of local and media speculation that it faced closure. At that time I confirmed that no such decision had been taken and that as soon as any decision was made in respect of the future of Bethany House, the HSE would inform residents and those directly affected by such a decision.

The HSE has now decided on the future of the facility. Following consultation with the general hospital manager and director of nursing, a decision was made on Tuesday, 13 Jan 2009 by the local health manager to relocate residents from Bethany House to alternative accommodation. This decision was put forward to the assistant national director of primary care and continuing services in the HSE south who approved it as part of 2009 HSE south service plan. On 15 January the HSE announced the service plan for the local health offices and hospitals in the southern area at the regional health forum. The plan identified a programme to address infrastructural deficits to meet new standards, health and safety and fire requirements.

The HSE advised the forum that the 30-bed Bethany House welfare home is no longer able to provide appropriate services owing to the increasing levels of dependencies of its patients. The independent review highlighted the lack of facilities to provide appropriate care and the home's inability to support high-dependency patients. This inadequacy increases demands in terms of maintenance, standards and health and safety issues, including infection control.

The HSE decided it was necessary to discontinue admitting patients to the home and to arrange for the current residents to be accommodated in facilities more appropriate to their needs. The director of nursing met all 25 residents on Thursday, 15 January. She explained the

situation to them and said that every effort will be made to ensure a comfortable move for residents to facilities that will meet their care needs. Family members were contacted by telephone to give assurances that a further meeting with each resident and their family will be arranged to discuss and agree the facility most suited to each resident. Options outlined include Sacred Heart Hospital, a modern setting which is purpose-built to cater for highly dependent patients, private nursing homes or other welfare homes in the Carlow area for the few more independent residents.

After consultation with residents and their families, all 25 will be relocated to better and safer facilities that are purpose built to cater for their health and well-being. The immediate next steps for the HSE are to consult each resident, the families or representatives to explain the options available with a view to agreeing preferences for relocation.

This is an unsettling time for all 25 residents. We owe them a duty of care and we must ensure our primary focus has to be each one of them. Each hospital, local health office, manager, clinician, etc. working in the health services has a responsibility to ensure they strive to provide the best possible service to patients and other clients of our health services.

I am sure this House will agree that the safety and well-being of older people living in nursing homes is of critical concern. Quality care and patient safety comes first and all patients should receive the same high standard of quality-assured care. Bethany House will continue to be used as a health care facility and preliminary discussions have commenced with the Alzheimer's Society with a view to day care services being provided from the facility.

**Senator John Paul Phelan:** I did not accuse the Minister of State. I quite like her and think she is very good at her job. To mislead the House, not only would incorrect information have to be delivered, she would have to have known the information was incorrect. I was trying to make the point that the Health Service Executive provided incorrect information regarding the closure of Bethany House. The Minister of State was not to know this information was incorrect.

I refer to the final paragraph of the reply concerning alternative uses of the building by the Alzheimer's Society. I have continually supported the work of the Alzheimer's Society but it is projected that it would cost €100,000 to upgrade Bethany House so that it would be suitable as a day care centre for the Alzheimer's Society. I suggest this sum would make Bethany House perfectly suitable for the needs of the 25 people who reside there and whose home it is currently. If the money were invested in the building, the residents could stay where they are.

In Ireland we have an attachment to our homes, which is understandable, and terrible dislike of the notion of eviction. The HSE is proposing to evict these people from what they consider their home. I attended the meeting, along with a few hundred people who were very angry. I do not see why that €100,000 could not be spent to provide the necessary equipment to make it safe for the 25 people who live there instead of upgrading it for the Alzheimer's Society.

**Deputy Máire Hoctor:** I forgot to acknowledge the questions of Senator Norris, which I recall clearly from December. I have not received a response but I will reactivate the matter for him because he raised specific matters at that time. I will raise the question of €100,000 exactly as suggested and will revert to Senator Phelan.

**Senator David Norris:** I thank the Minister of State for her gracious reply. Events have marched beyond what applied at that time so those questions are no longer relevant. Would the Minister of State or her representatives meet the committee to investigate the possibility of whether it is a better employment of money, with the assistance of the local committee which could fund raise, to preserve the building? I am just afraid that the shock of the move

[Senator David Norris.]

and the dependency that will be created in the hospital circumstance will kill off some of those patients. I know that is not what the Minister of State wants to happen. Perhaps either she or her officials would be prepared to meet the committee. I see the Minister of State is nodding in agreement.

**Deputy Máire Hoctor:** With the permission of the Cathaoirleach, on a point of clarification, is Senator Norris referring to the newly formed committee or the Health Service Executive committee?

**Senator David Norris:** I mean the newly formed committee of the supporters and relatives. I really would appreciate that. I did not say that the Minister of State had misled the House. All I would say is that the material on the website which the relatives of one of the patients read on-line in Scotland completely conflicted with the situation on the ground. The Minister of State is not directly responsible for that but it is an unfortunate situation. I thank the Minister of State very much.

**Deputy Máire Hoctor:** I will agree to do that.

**Senator David Norris:** I appreciate that.

The Seanad adjourned at 8.10 p.m. until 10.30 a.m. on Thursday, 29 January 2009.