

SEANAD ÉIREANN

Déardaoin, 10 Nollaig 2009.
Thursday, 10 December 2009.

Chuaigh an Cathaoirleach i gceannas ar 10.30 a.m.

Paidir.
Prayer.

Business of Seanad.

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

The need for the Minister for Agriculture, Fisheries and Food to clarify if he intends to establish a new docking station for IT equipment at the Government building in Kilkenny to facilitate Kilkenny based Department of Agriculture, Fisheries and Food staff following the closure of the Kilkenny district veterinary office.

I regard the matter raised by the Senator as suitable for discussion on the Adjournment and it will be taken at the conclusion of business.

Order of Business.

Senator Donie Cassidy: The Order of Business is No. 1, motion re joint report on *Implementation of the Lisbon Treaty: Interim arrangement on enhanced role of Houses of the Oireachtas*, to be taken, without debate, at the conclusion of the Order of Business; No. 2, Statute Law Revision Bill 2009 — All Stages, with Second Stage to be taken at the conclusion of No. 1, on which spokespersons may speak for ten minutes and all other Senators for seven minutes and Senators may share time, by agreement of the House, and Committee and Remaining Stages to be taken at the conclusion of Second Stage; No. 3, statements on climate change, to be taken at the conclusion of No. 2 and conclude not later than 2 p.m., on which spokespersons may speak for ten minutes and all other Senators for seven minutes and Senators may share time, by agreement of the House, and with the Minister to be called upon ten minutes from the close of the debate for concluding comments and to take questions from spokespersons and leaders; and No. 4, statements on budget 2010, to be taken at the conclusion of No. 3 but not before 3 p.m. and conclude not later than 6 p.m., on which spokespersons may speak for 12 minutes and all other Senators for seven minutes and Senators may share time, by agreement of the House, and with the Minister to be called upon ten minutes from the close of the debate for concluding comments and to take questions from leaders and spokespersons. The House shall then adjourn until 2.30 p.m. on Tuesday, 15 December 2009. There will be a sos from 2 p.m. to 3 p.m.

Senator Frances Fitzgerald: The Leader suggests we take No. 1 on the Order Paper, a report from the Joint Committee on European Affairs and the Joint Committee on European Scrutiny

[Senator Frances Fitzgerald.]

on the role of the Houses of the Oireachtas in the implementation of the Lisbon treaty. It seems that would be a perfect issue to discuss in the House and the Leader might consider having a debate on it at another time, rather than merely noting it.

Senator Donie Cassidy: Okay.

Senator Joe O'Toole: On a point of order, the Leader announced that the House would meet again next Tuesday. How could it be a matter on the Order of Business for today that we determine when the House will meet?

An Cathaoirleach: That is a matter for the House to decide. Normally, it would not be part of the Order of Business.

Senator Joe O'Toole: I have never seen this done before.

An Cathaoirleach: It should not be part of the Order of Business.

Senator Joe O'Toole: I thank the Cathaoirleach. The matter has been cleared up.

Senator Donie Cassidy: I am adopting the procedure used in the other House.

Senator Joe O'Toole: I think I know what the Leader is trying to avoid. I understand his problem.

Senator Donie Cassidy: Senators know from where I am coming.

Senator Joe O'Toole: I do not disagree but the Leader must solve the problem in a different way.

An Cathaoirleach: Senator Fitzgerald to continue, without interruption.

Senator Joe O'Toole: I apologise to Senator Fitzgerald.

Senator Frances Fitzgerald: Yesterday I stated it was critical that the budget pass the test of fairness to families and the test of competitiveness and creating jobs, as well as protect children. On each of these three criteria, it failed. Families will not forget how much this budget failed them. We in this country took a decision to invest in children over a long period of time and a budget that cuts that investment cuts to the core of our value system. To cut child benefit and to tax and take money from poor families in the way the budget has is to cut to the core of families and hit at their children. Child benefit aims to support families and supports the decisions they have made on child care. However, it has been attacked in the budget which has failed families most in need. Carer's allowance, disability allowance, illness benefit, the guardianship payment, blind person's pension and the one parent family payment have been reduced. When my party suggested in its pre-budget announcements that families earning under €30,000 should be protected from cuts, it meant it. The Government should have taken that policy on board. It is galling to see the amount that is being taken from families most in need, while money is being thrown at the banks, including Anglo Irish Bank. The contrast is striking.

The other issue that jumps out from yesterday's budget is the lack of reform. I note, for example, that there is absolutely no reform of FÁS. That body's administrative costs have been left exactly as they were despite the litany of revelations about waste and the misuse of public money. What message does that send out to public sector workers who were told they must tighten their belts and accept reduced income levels, yet the Government will not deal with

such reform issues? The budget did not deal with reforming the way the Government does its business. It did not suggest any initiatives on reform, so business will continue in the same old way with the same waste. FÁS is the most startling example of that. I look forward to the budget statements in this House this afternoon.

Senator Joe O'Toole: I agree with Senator Fitzgerald that it is a great day to be rich in Ireland. I just do not know how people can square the circle because seriously rich people have not been asked to put their hands in their pockets. They have made no contributions from their wallets, yet those earning €25,000 in the public sector are being asked to make a contribution. Members of the Seanad are reasonably paid, and I do not think any of us can complain about what we are being asked to pay. I cannot complain and I do not have a problem with that. I cannot reconcile, however, how people earning less than €30,000 a year should be made to make a contribution with no attempt whatever to talk about those earning over €200,000 in the private sector. One can see what is happening. The reason this is being done has nothing to do with the budget, it is about strategy. Once one hits those earning under €30,000 one can say "We have buried that crowd, now let's look at the minimum wage in the private sector; after all, we could not allow the minimum wage to be that high while we are cutting public sector pay". That will be the next thing the Government will hit. It is as clear as day, but it is grossly unfair. We deserve to be hit and we must pay the price of the sins committed by others. I have to live with that, but I cannot reconcile or explain why people at the bottom of the pile had to be pulled into this, as well. They are struggling hard enough as things are. I will say more about that this evening.

We heard on the news this morning that the Emerald Star cruiser company is to reduce its operations in Ireland. I am not sure if I have raised this matter on the Order of Business before, but I have certainly written to the Minister on a number of occasions over the last six months. I have also raised it with Emerald Star as well as with the union representing workers in that company. For the past six months I have been trying to find out what is the impact of the transfer of assets from Ireland to the UK or France for creditors and the pension fund. I do not know if there is such a fund. I do know, however, that Emerald Star was established by Government grant, which is taxpayers' money. The Cathaoirleach will share my view on this because he lives beside the River Shannon and knows what a significant part of the tourism industry Emerald Star is. An investment was made in Emerald Star to create employment in the Shannon basin area and help tourism there. This is a backward step, however. I want to know if all creditors are secure and if the pension fund is secure, if there is one. Is it legal to transfer assets abroad from a company that was set up by a State grant? Is it acceptable to the Government? We need answers to these questions before we get into the emotional issues of the impact of today's news on local communities.

Senator Dominic Hannigan: Yesterday's budget has been a disappointment to many people, both inside this House and outside it. Time has been arranged for a debate on the budget later today, so I will focus my attention on a few particular areas. The Labour Party considers that the budget is unfair and potentially socially divisive. It fails the fairness test in that it fails to protect those who are worst off, not just in our own society but overseas also. There is no doubt but that the cuts in children's allowances will drive more children into poverty. What the Government will save in child benefit payments is little more than it is losing on the alcohol levy. I agree with Professor Carl Whelan that reduced alcohol levies will not make an iota of difference to cross-Border shopping. It is just a sop to Fianna Fáil backbenchers. The cuts in child benefit will lead to more children falling into poverty.

I am also disappointed with the proposed cuts to the overseas development aid programme. Let us be under no illusion because it will have a real impact on the ground. For instance,

[Senator Dominic Hannigan.]

children will not be able to access primary school education as a result, and AIDS sufferers will not be able to access anti-retroviral therapy. In addition, people will not be able to feed their families because they cannot grow food as a result of cuts in our overseas aid programme. Once again the aid programme has suffered disproportionate cuts, but we cannot continue to do this without realising that it has a significant negative impact on the world's poor.

The Labour Party did not vote against the proposed carbon tax in the Dáil last night. My personal view is that as long as the revenues raised go towards fuel efficiency measures and do not impact on the poor in terms of fuel poverty, it is potentially a good step forward. I will be attending the Copenhagen summit and I expect that such measures will feature prominently in the debates there.

I wish to clarify what the Leader means by saying he intends to take statements on climate change after the Statute Law Revision Bill. Given the time allocations, that may mean that some parties will not be able to participate. Consequently, will he accept a change to the Order of Business to remove the sos so we can continue with the statements on climate change until every party in the House has had a chance to make a contribution?

Senator Dan Boyle: We will have an opportunity later today to discuss the budget, as well as discussing the social welfare provisions next week. There is an air of predictability that whatever was decided yesterday would provoke a reaction. Indeed, it is the Opposition's job and responsibility to do so.

Senator Nicky McFadden: We note the impact on the poor.

Senator Dan Boyle: It is important that we have a proper context, however. In accepting an adjustment of €4 billion and that public sector costs should be reduced by €1.3 billion, there is also an onus on the Opposition to say how that can be done without making the type of changes that were done yesterday.

Senator Fidelma Healy Eames: We have done it. It has been published.

Senator Frances Fitzgerald: That is outrageous. It is unfair.

An Cathaoirleach: All Senators will have an opportunity to speak, so I want no interruptions. There is space outside for anyone who is going to interrupt.

Senator Dan Boyle: We will have an opportunity to debate the budget later. Buoyancy and competitive tendering have already been factored in to the figures presented to the Oireachtas for decision, so it is not being honest to those we represent to say otherwise. We will not avoid difficult decisions in this or subsequent budgets. It is not as if anyone wants to make these decisions, but it is the Government's responsibility to ensure we have, or are working towards, a balanced budget in the coming years. Every effort was made to do so in yesterday's Budget Statement, particularly in areas such as child benefit where those on social welfare and family income supplement will continue to receive the same level of support. Pensioners have been protected also. The level of cuts has been minimised.

I support what Senator Fitzgerald said about No. 1 on today's Order Paper. We do have a busy agenda up to the Christmas recess. We must discuss the report on how national parliaments should interact with the European Parliament. That is central to how this House should regard the reform of its own activities. I ask that such a debate be held as soon as possible.

Senator Maurice Cummins: The faith and trust that people put in this Government have been misused and abused, given what we saw yesterday. We saw a savage attack on young people. It is a budget for emigration, telling young people that they are not wanted in this country. It is an attack on the most vulnerable, including cutting rates to blind people by €8.30.

Carer's allowance has been cut. These are the people who are saving the country millions by looking after their loved ones instead of putting them into nursing homes. They are the ones we tackled yesterday. If the Minister for Social and Family Affairs had tackled fraud, we would not have had the cuts imposed on carers yesterday.

It tends to be forgotten that public service workers have families too. They have made plans based on a certain level of income which has been decimated. Attacking those in the public service on an income of less than €30,000 is an absolute disgrace. Members on the other side of the House should be ashamed of themselves for making such an attack. My party had made plans without any mention of buoyancy. There was no rising tide to lift all boats, as mentioned by Senator Boyle of the Green Party. We had proposed tackling those on higher incomes, whether in the private or public sector.

Seven weeks ago I asked for the Minister for Justice, Equality and Law Reform to come to the Seanad for a debate on law and order. I did so again five weeks ago. Senator Bacik and others also asked for a debate, but we have been treated with contempt. We have not had a debate on law and order or the prisons for a considerable length of time. I, therefore, propose an amendment to the Order of Business that the Minister for Justice, Equality and Law Reform be asked to come to the House to debate matters of law and order.

Senator James Carroll: In the light of yesterday's budget, I ask the Leader to facilitate a debate on commuting. The carbon tax introduced yesterday will only be effective if alternative arrangements are made in densely populated areas such as the one I represent in Drogheda, Laytown, Gormanston and Dundalk. The stick was introduced yesterday of increased petrol and diesel prices for commuters, but unless alternative arrangements are made by Iarnród Éireann, we will not be able to take full advantage of the carbon tax as a catalyst for change. I ask this, mindful of the Minister for Transport, Deputy Dempsey's push to encourage more people to cycle to work and use bicycles for various reasons.

During the three-month period following the collapse of the Malahide viaduct between August and November I actively represented commuters as a councillor and will now do so as a new Senator. As such, I am appealing directly to Iarnród Éireann to examine what it is doing, given that it has diminished the service on the Drogheda to Dublin line. People have been forced to get to the station earlier, yet arrive in Dublin later than they used to prior to the collapse of the viaduct, which totally defeats the whole purpose. I ask the Leader to facilitate a debate on the matter, if possible, before Christmas, but, if not, early in the new year. We should invite the Minister for Transport to the Seanad to deal with these issues and ask him to impress these points on senior management in Iarnród Éireann. Most commuters finish work between 5 p.m. and 7 p.m., yet there is no express service to take them home in the evenings. Since the service was reintroduced three weeks ago, the train stops at virtually every station, prolonging the journey home for commuters. These simple steps need to be taken if the carbon tax is to be effective.

Following the reopening of the railway line on 16 November, I conducted a survey among commuters, the findings of which were reported in the *Drogheda Independent* three weeks ago. I asked commuters whether the previous arrangements were better, worse or no different from the alternative ones when they had to take the bus. Some 70% said it was better to take the bus because they were at least guaranteed a seat, that there were quality of life issues and that they could plan their time, whereas now they have to rush to catch a train, have

[Senator James Carroll.]

to park at the station earlier, fight to get a seat and then return home in the evening distressed and hassled. I urge the Leader to deal with this issue. While I welcome the reopening of the railway line, numerous problems have arisen since. I ask management of Iarnród Éireann to take these points on board and the Leader to facilitate a debate with the Minister for Transport as soon as possible.

Senator Shane Ross: I assume the Leader is able to indicate whether the Minister for Finance will be in the House this afternoon for the debate on the budget.

An Cathaoirleach: The Leader will reply to questions raised on the Order of Business later.

Senator Donie Cassidy: The Minister is on the “Today with Pat Kenny” at the moment but I shall talk to him.

Senator David Norris: That is much more important. We quite understand.

(Interruptions).

An Cathaoirleach: Senator Ross to continue, without interruption.

Senator Shane Ross: Appearing on the “Today with Pat Kenny” is one thing, but the Seanad is a different place. The Leader might be interested in knowing that.

Senator Donie Cassidy: It is a more serious form of entertainment.

Senator Shane Ross: I genuinely do not see much point in having debates on issues of such importance if some political poodle is to be sent to listen to what we have to say and not even bother to convey that message to the Minister for Finance who is elsewhere. We should certainly accommodate the Minister by having a debate at a time that suits him, which is perfectly reasonable. However, I do not believe it is reasonable that we should have a debate when somebody is just shoved in to listen and then goes away. That has no impact and there is no point in pretending it does. It would be a waste of time. I, therefore, ask the Leader to assure the House that the Minister will be present this afternoon because Members of this House have some very important, heartfelt and genuine things to say to him and carry a message from constituents. I say this without great hostility to him.

Although I shall be voting against it, the budget at least passes the forensic test. The test of meeting figures and the targets which they set has been met, for which the Minister must be given a certain amount of credit. It is not easy; he is going to get the budget through and will deliver on it. However, it does not pass the tests which everybody on this side of the House has highlighted. Senator Fitzgerald is right — it is extraordinary to see the budgets of monsters such as FÁS being increased, in so far as I can see, while the amount of money made available through child benefit is being decreased. What is going on?

Senator Mary M. White: It is about employment.

Senator Shane Ross: I thank the Senator for her interruption. This is a budget which apparently gives oxygen to the quangos. What happened to the attack on semi-State bodies and State agencies we were expecting? What happened to the attack on public expenditure waste? That is what is so important. I should like the Leader to answer these points, specifically the one about whether the Minister for Finance, Deputy Brian Lenihan, is coming to the House.

Senator Terry Leyden: No other party in the State has such a record on social welfare as Fianna Fáil.

Senator Fidelma Healy Eames: It did — past tense.

Senator Jerry Buttimer: It is taxing the blind——

Senator Fidelma Healy Eames: And widows.

An Cathaoirleach: No interruptions, please.

Senator Terry Leyden: No other party has provided for an increase of more than 100% as it has in the last five years

Senator Fidelma Healy Eames: It is pushing people towards poverty.

Senator Terry Leyden: Let us be clear: it was about giving but now it is time to take a certain amount back. About 1 million people will be affected by the budget.

An Cathaoirleach: The Senator must address questions to the Leader.

Senator Terry Leyden: It is only fair to say that; let us be clear about it.

(Interruptions).

An Cathaoirleach: I am looking for questions to the Leader.

Senator Terry Leyden: It is very difficult for the Fianna Fáil Party to go through this process, but we have no choice if we are to avoid the International Monetary Fund stepping in.

Senator Fidelma Healy Eames: That is right. Fianna Fáil got us into this mess.

Senator Terry Leyden: I made a statement in the House on 5 November 2008 in which I noted that many of us had benefited from the special savings account arrangements. I proposed the introduction of a reconstruction bond to the value of at least €10 billion. I repeated this proposal in January and in announcing the budget the Minister for Finance said he had received a number of proposals to establish a medium-term national savings fund as an additional source of funding for capital investment. I welcome this and believe the amount should be approximately €10 billion to be administered by the National Asset Management Agency and the An Post savings schemes. I recommend that everyone contribute to this bond, which is a reconstruction bond, which I proposed in this House early in 2009 and is being supported by the Irish Congress of Trade Unions, ICTU.

11 o'clock

Senator Shane Ross: A bond supported by ICTU. That is a first.

Senator Nicky McFadden: They really represent the people.

An Cathaoirleach: Members, please.

Senator Terry Leyden: I have great respect for the Irish Congress of Trade Unions. I do not know why the Senator should be so dismissive.

Senator Shane Ross: They are experts in the field.

Senator Terry Leyden: They put forward good proposals.

Senator Shane Ross: They did not do so last week.

Senator Frances Fitzgerald: They were walked up the hill last week.

Senator Terry Leyden: This is a positive measure. I want those in this State who have money to invest in this bond, which investment will be confidential. I strongly recommend this proposal.

Senator Fidelma Healy Eames: Confidentiality and Fianna Fáil——

An Cathaoirleach: The Senator's time has expired.

Senator Terry Leyden: All of us in this House who have money should invest it as quickly as possible.

Senator Frances Fitzgerald: Pay the €6 billion to Anglo Irish Bank.

Senator Fidelma Healy Eames: I would particularly appreciate if the Leader could clarify in his reply exactly what is in this budget for young people. I believe the people should be mad as hell with this budget. I see no future for young people in terms of this budget. It lacks a job stimulus package and provides no graduate opportunities or internships. I point out to Senator Boyle that by contrast Fine Gael had identified 38,700 places between graduate opportunities, internships and apprenticeships.

Social welfare benefits have been slashed to €100. A graduate said to me last night that the Government's solution is that young people should live at home or emigrate.

An Cathaoirleach: Time has been provided later this evening for a debate on the budget.

Senator Terry Leyden: Fine Gael reduced old age pensions at the time.

Senator Fidelma Healy Eames: They are being told to live at home or emigrate.

An Cathaoirleach: Senator Leyden, please do not interrupt Senator Healy Eames.

(Interruptions).

An Cathaoirleach: I will have to ask the Senator to leave the House if he continues to interrupt other speakers. Senator Healy Eames should put questions to the Leader. We will have a debate later this evening on the budget.

Senator Fidelma Healy Eames: I want to hear what this Government's policy is for young people.

Senator Frances Fitzgerald: Hear, hear.

Senator Fidelma Healy Eames: How does the Government plan to keep young people in this country? As I parent, I do not want to educate to emigrate. As a nation, we need to retain our young people at home. The Government is getting rid of them, in effect. What it has done is a scandal. Young people are our future. They are the hope generation and they are leaving this country.

Senator Donie Cassidy: The Senator is making a Second Stage speech.

An Cathaoirleach: The Senator has not put any questions to the Leader. Members can debate the budget this evening. I ask that there be no further interruptions and that Senator Healy Eames put a question to the Leader.

Senator Fidelma Healy Eames: What is the Government's policy to keep young people, graduates in particular, in this country?

Senator Frances Fitzgerald: Hear, hear.

Senator Fidelma Healy Eames: I would appreciate if the Leader could specify this in his reply.

Senator John Hanafin: I again ask the Leader to arrange for a debate on genetic modification. It appears that the green debate is in many ways being taken over by people who sometimes go against their own aims. The reality is that, through genetic modification, the use of nitrates for plants could be greatly reduced. Many who support the green agenda are against genetic modification. However, there would be less nitrate toxic waste in our oceans, rivers and lakes if plants were genetically modified to use less nitrates. In other words, it is of huge benefit to the green agenda to consider genetic modification.

Often in this House people use inflammatory language during debates. I ask the Leader to encourage Members to refrain from using words such as "attack" in this House. There is no question of there being an attack on anybody in the context of the budget measures. Great care was taken to ensure that nobody was attacked and that there was a fair and even distribution of the weight. Similarly, people often make statements to the effect that they hope there will be no riots on the streets and so on. There is absolutely no real question of this happening. From where is this coming?

Senator Fidelma Healy Eames: It happened this time last year.

Senator John Hanafin: When will people act responsibly in this Chamber and refrain from using inflammatory comments and words such as "attack?"

Senator Fidelma Healy Eames: It happened with older people last year.

Senator David Norris: I listened yesterday evening to the budget debate and this morning to some extensive discussions in that regard. I also heard many people complaining, which is natural, given some have been badly hit. It was harrowing to listen to people document how much they have lost and how little they will have to live on. I believe Members on all sides empathise with this. I was struck to hear people such as Mr. Colm McCarthy and a number of international commentators, give a guarded welcome to this budget. They suggested that although it was tough and cruel and something nobody wanted to do it was a move in the right direction. This country is almost bankrupt and these strong measures were necessary.

While I welcome much of that contained in the Budget I do not welcome the reduction in tax on alcohol. I believe this is a disastrous measure. I listened to a Minister suggest there is no correlation between the price of alcohol and the diseases provoked by it, which goes completely against all known scientific evidence in this regard.

Senator Frances Fitzgerald: Absolutely.

Senator David Norris: I believe it is a mistake for the Government at this stage to give misinformation in this regard. I respectfully disagree with my colleague and distinguished commentator, Senator Ross. I believe we must invest in FÁS at this time. We must try to ensure a return to work for people—

Senator Mary M. White: Hear, hear.

Senator David Norris: —and that we do not cripple those agencies that can retrain people. Yes, we must make them more efficient but they must have investment.

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

Senator David Norris: I strongly support that. I regret the cut in overseas development aid. Many people have suggested that if it had been left expressed as a percentage it would decline naturally anyway. In 2010, we will be giving less than that which we gave three solemn commitments to provide, which is disastrous.

We are in difficult times and should row together to support not the Government but the country. Everything in this country appears to be in tatters, including the banks, the Church, politics and the law. The only area in which there appears to be hope is that which Ms Mary Robinson called the fifth province, the artists of this country. We can still be proud of them whether popular musicians or writers, of whom we have many. The Calatrava bridge, which is a glorious addition to Dublin, was opened today and is named in honour of Samuel Beckett.

I was sad to hear the other day of the passing of Liam Clancy who was an extraordinary, wonderful and magisterial figure. I know much about James Joyce but Liam Clancy knew more about and had a deeper love of James Joyce than most academic professors put together. I had the pleasure of listening to him recite from memory page after page with love and understanding. Thank God there is still one of our five legs of State in which we can glory and celebrate.

Senator Labhrás Ó Murchú: I commend Senator Norris on his balanced contribution. I genuinely believe we should all be speaking in that tone given the difficult times we are experiencing in this country. We have all spoken in this House about vulnerable people and the need to help them. While they may not have been assisted in the budget there are many other ways vulnerable people can be helped.

I ask the Leader to arrange for a debate on FÁS, an issue on which I have spoken on several occasions. We should differentiate between the controversial issues that arose at management level and what is happening on the ground in FÁS.

Senator Mary M. White: Hear, hear.

Senator Labhrás Ó Murchú: The two are different situations.

Senator Shane Ross: Senator Ó Murchú is correct.

Senator Labhrás Ó Murchú: Currently there are waiting lists for places on training schemes. The question has been asked what we are doing for young people. FÁS can help young people by retraining them and assisting them in getting back into the workplace. FÁS is assisting the most vulnerable too. There are many people who will never enter mainstream employment and for whom FÁS services are vital. It is important these people have a reason to get out of bed every morning. It is through providing opportunities that we can lift the depression of communities.

Many of our training schemes have had a 95% success rate in terms of job placements. I have not pulled this information out of the air and can show where this has happened. In the past we were able to train people, give them confidence and return them to the workplace. Surely, this is what we should be seeking to do now. I expect the cut and thrust during the next couple of days in regard to the budget but when that passes, we will still have to deal with the real world.

It is important the Government has set in place a strong, realistic, economic foundation on which we can build. It seems to meet all the necessary criteria for maintaining our credibility not just internally but also internationally. I am delighted that FÁS will continue to play a central role in solving the problem of unemployment.

Senator Joe O'Reilly: We must have a debate in the House soon about the very real divisions that are emerging in our society and the disconnect between what happens in here and the experience of people in the general public and how they think. The huge mistake and injustice in yesterday's budget is the reduction of pay for people earning under €30,000 per annum. That is very wrong. It is wrong as an incentive to employment as these people are close to the same income as those on social welfare. That issue is worthy of debate in the context of a debate on unemployment. There is huge unfairness, injustice and discrimination in that decision. I believe it is the grenade that will explode. It is equivalent to the decision on medical cards for the over 70s last year.

Senator Fidelma Healy Eames: Hear, hear.

Senator Joe O'Reilly: Its impact has not yet filtered through but when the reality hits pockets, that will be the grenade.

The reduction in child benefit is wrong. Children are unable to determine their own income and cannot organise themselves. Furthermore, not all homes are good. The benefit is a direct payment to children and should have been left intact. These two decisions are the huge issues that must be addressed.

I refer to the important point raised by Senator O'Toole regarding Emerald Star and ask the Leader to arrange a debate on it. It is an important issue for County Cavan and particularly Belturbet, which has suffered a great deal owing to the recent loss of the social welfare office in the town as well as other infrastructure and the closure of shops. I appeal for a debate on Emerald Star and how its restructuring will affect towns such as Belturbet in County Cavan.

Senator Feargal Quinn: Senator Hanafin asked us to be careful about the words we use and referred in particular to suggestions of riots and protests in response to the budget. One of the Government's objectives in the budget, an objective all of us should have, is securing international recognition from the financial markets. It will be interesting to see if we achieve that. It appears that steps being taken in the pre-budget report in Britain yesterday have not been helpful with regard to the interest the UK is likely to have to pay on its borrowings. It will be interesting to see if the international financiers regard yesterday's budget as a success or failure. The threat of strikes by the public sector unions still hangs over us. Mr. David Begg of ICTU is on the board of the Central Bank. He has the figures before him and is clearly aware of the concerns that exist. My hope is that he will be able to use his influence to ensure that whatever protests or actions take place to argue the unions' case will not damage the country's economy.

Will the Leader draw the Tánaiste's attention to a decision taken by the American authorities last year regarding the introduction of 100% container scanning from 1 July 2012? It is a couple of years away but it involves container scanning of all imports to the United States at the point of export. There will be no cost for the United States but it will mean huge costs for a country such as Ireland. It means that in every port from which we export it will cost tens of millions of euro to ensure every container bound for the United States is scanned. We have been given a couple of years' notice. The Americans are introducing this system to avoid acts of terrorism but it places a huge onus of responsibility on us, is a threat to our exports and will involve huge costs before we implement it. I do not know if the Tánaiste has done anything about it but it certainly requires a discussion with the US authorities which should take place right away.

Senator Paschal Donohoe: I second Senator Cummins's amendment to the Order of Business. I have three questions for the Leader to which I would appreciate answers this morning. The first relates to the honesty of the budget and the Estimates——

Senator Donie Cassidy: The Senator's mobile telephone is interfering with the sound system.

Senator Paschal Donohoe: It is not mine.

Senator Donie Cassidy: Perhaps the word "three" triggered it.

Senator Paschal Donohoe: I am prone to putting groups of questions to the Leader in the hope that one of them will be answered.

An Cathaoirleach: The Senator only has two minutes.

Senator Paschal Donohoe: I will return to my three questions. If I get an answer to one of them, I will be doing well this morning. The first question relates to the honesty of the budget and the plans for next year. The budget does not include provision for funding for further recapitalisation of Irish banks. A discussion is currently taking place about the National Asset Management Agency, NAMA. It is already becoming apparent that the assumptions in the NAMA business plan for property valuation were too optimistic, that the capital base of Irish banks will be further undermined and that at some point next year they will either have to go to the markets or to the taxpayer for more money. That is not included in the budget assumptions for next year. Will the Leader guarantee that we will not be watching the budget unravel again next year because the same banks that were responsible for ruining our country are looking for more money from the taxpayer?

My second question relates to the jobs test the budget must pass. The Government has spoken repeatedly about the smart economy but the only proposal it has in the budget relating to job creation is a cut in the price of drink. Is this what the Government has been talking about with regard to the smart economy over recent years? What else is in the budget apart from that?

My final question is actually a proposal to the Leader. The most important test the budget had to pass yesterday was whether we will be able to maintain our economic——

An Cathaoirleach: The Senator must conclude.

Senator Paschal Donohoe: I was interrupted and I wish to finish my third question.

An Cathaoirleach: The Senator is out of time.

Senator Paschal Donohoe: Can our country maintain its economic independence? That is the most important question the budget had to answer yesterday. The Leader must invite the Minister for Finance to the House every second month of the new year to confirm that the budget assumptions are being met. That issue, honesty, is what concerns all of us.

Senator Rónán Mullen: There is no point whingeing about aspects of the budget. It is like trying to change the weather in this country. However, it must be said that there are aspects of the budget that are profoundly regrettable. We knew what would happen with child benefit but that is no consolation. The cut in child benefit is inappropriate and redolent of the attack on families by the Government through the introduction of tax individualisation a number of years ago. Child benefit is the way in which the State recognises the contribution made to society by families with children. It is regrettable that it was targeted in this way. However, I

am glad the Minister has, in general, stuck to his guns and stayed with the project of making the necessary cuts in expenditure to get the economy back on track.

It used to be the case that stroke was a death sentence. It is now one of the most treatable events, although unfortunately not in Ireland. Stroke care in Ireland is very poor and people are dying or being incapacitated needlessly. In an ideal world approximately 20% of people would receive thrombolysis after a stroke but the figure in Ireland is as low as 2%. It is 1% in Cork. This is not a matter for yesterday's budget but for the HSE. It must take this issue seriously. I am concerned that, since strokes bring about disability and it is often the elderly who are affected by them, they are the lobby least able to voice their concerns. It is important we re-engage with the issue of stroke care and that the HSE does the necessary work to structure properly equipped, furnished, resourced and manned units to ensure adequate stroke care.

An Cathaoirleach: Point made.

Senator Rónán Mullen: Will the Leader arrange a debate at the earliest opportunity on the need to enhance the treatment of stroke, so that it can become as treatable a condition in Ireland as it is elsewhere?

Senator Ivor Callely: Like others, I welcome the courageous, brave and correct Government decisions taken yesterday in the budget for 2010. I look forward to——

Senator Paschal Donohoe: The Senator is the first to welcome it.

Senator Nicky McFadden: He is the only one.

An Cathaoirleach: Senator Callely, without interruption. He did not interrupt anyone else.

Senator Ivor Callely: I look forward to the necessary correction and recovery in the months and years ahead.

I wish to refer to Senator Mullen's comments on health. According to the Department of Health and Children's publication entitled *Health in Ireland: Key Trends 2009*", population growth and population ageing will have clear implications for service planning. Would it be possible to arrange a debate on this issue to ensure we have the appropriate services to meet the demands? I support Senator Mullen's call for appropriate stroke services. The report noted a major improvement in the health of the nation and its people's life expectancy, which is welcome.

Senator Nicky McFadden: I am usually a positive person, so I will start by welcoming the mortgage relief provided in the budget for people in negative equity and the fact that the moratorium is to be extended to 12 months. I hope the banks will apply this provision and I look forward to it being put into action.

When I was canvassing for my friend, Senator Paschal Donohoe, in the by-election earlier this year, I met a lady in the heart of his constituency who told me that she could never vote for us because we had added a shilling to the old age pension, an act referred to by Senator Leyden. It struck me this morning——

Senator Maurice Cummins: We took it off, but that was many years ago.

Senator Donie Cassidy: Fine Gael took a shilling off the pension. That is what Senator McFadden meant to say.

Senator Nicky McFadden: Yes. I thank the Leader for the correction.

Senator Donie Cassidy: As always.

Senator Nicky McFadden: I continued the thought this morning. When I googled the situation, I read Alfie Byrne's striking contribution in the Dáil. The elderly, the so-called grey brigade, stood up against the Government about the medical card. For this reason, the Government was afraid to touch them yesterday. However, I remind the Leader that each old age pensioner the Government has not touched has children and grandchildren who will be affected by the cuts in child benefit, a 5% reduction in salaries of €30,000 and an extra 5 cent on a bale of briquettes and €2.40 on a bag of coal. There will be children who will be cold and hungry this winter because of this heartless budget. I will not use emotive words.

An Cathaoirleach: We can have that debate this evening.

Senator Nicky McFadden: The Taoiseach recently stated in the Dáil that Fianna Fáil parliamentarians supported him and his legislation unconditionally.

Senator Frances Fitzgerald: His budget decisions.

Senator Nicky McFadden: Does the Leader support cuts of €8.20 in the widow's and widower's pension and €16 in child benefit? I do not believe he does, as he is a decent person.

An Cathaoirleach: Time, please.

Senator Nicky McFadden: It is time that Senators on the Government side stopped talking from both sides of their mouths.

Senator Larry Butler: I wish to correct Senator Donohoe, who mentioned job creation. Some €130 million has been invested in the retrofit. It is important to point out that this will create a further 5,000 jobs. Were this a multinational entering the country——

Senator Michael McCarthy: Is Senator Butler replying to the Order of Business?

An Cathaoirleach: No interruptions. We will have a debate on the budget this evening, but too many people are moving in on it.

Senator Camillus Glynn: The Cathaoirleach will not budge. That is the problem.

Senator Larry Butler: I just wanted to mention it in passing, but my main comment is on potential solutions for mortgage holders. EBS has drawn up proposals via the Joint Committee on Social and Family Affairs, in particular Deputies Thomas Byrne and Olwyn Enright. I became involved in terms of the banking angle. We decided not to make suggestions, but to see what proposals the societies would make. Of the number generated, one was to the effect that two years without penalties rather than the current period of 12 months would be afforded to defaulters and added on to their mortgages at the end. Another suggestion from the report is on a new insurance policy guarantee scheme to create a bond for people who default on their mortgages at some stage. It would also support banking and other institutions to have less capital on hand. I will not have time to outline these proposals.

An Cathaoirleach: The Senator can discuss them this evening.

Senator Larry Butler: I will make a copy available to all Senators. It is important that everyone has it. The Minister has provided in the budget for the introduction of new legislation on mortgages. Some 35,000 people are affected, so it is important that something be done.

Senator Ivana Bacik: I second Senator Hannigan's proposed amendment to the Order of Business to allow more time for the debate on climate change to ensure representatives from each party get to speak. It is especially important, since Senator Hannigan is going to Copenhagen to attend this week's climate change talks.

It is extraordinary to hear Government Senators defending the budget or describing its measures as being courageous. It must stick in the throats of even those Senators with brass necks, if that is not mixing a metaphor.

Senator Donie Cassidy: That is an appalling statement.

An Cathaoirleach: I did not pick up that Senator Hannigan moved an amendment. He asked a question of the Leader, but he did not move an amendment to the Order of Business.

Senator Ivana Bacik: He was asking the Leader to amend the Order of Business.

An Cathaoirleach: To clarify something.

Senator Ivana Bacik: I am seconding the request in case there is a procedural issue.

An Cathaoirleach: He asked an informal question.

Senator Michael McCarthy: He proposed an amendment.

Senator Donie Cassidy: He received an assurance in the meantime.

Senator Ivana Bacik: I am proposing that the Leader amend the Order of Business.

An Cathaoirleach: Before Senator Bacik goes any further, I want to ask Senator Hannigan whether he was formally asking for an amendment.

Senator Dominic Hannigan: I believed I did, but I might have got the wording wrong. I meant to move an amendment.

An Cathaoirleach: I will give Senator Hannigan the benefit of the doubt. It has been seconded.

Senator Ivana Bacik: Yes. I heard Senator Hannigan. He phrased it as a question, but he was clearly proposing an amendment to the Order of Business.

An Cathaoirleach: I did not hear an amendment, but continue.

Senator Ivana Bacik: The Labour Party views the budget as being deeply regressive, anti-family, anti-children and, in particular, anti-young people. The Minister for Finance has picked on the softest targets by slashing benefits for the young unemployed and child benefit, as well as making across-the-board cuts in welfare payments that will drive many families deeper into poverty.

An Cathaoirleach: We will debate the budget this evening, so the Senator can make her comments then. Questions to the Leader. The debate can be later.

Senator Ivana Bacik: Will the Leader arrange for a specific debate on another day, as today's is general? In light of budget cuts, we need a specific date on third level funding and the budget's impact on students attending third level.

Senator Fidelma Healy Eames: Hear, hear.

Senator Ivana Bacik: I was concerned by the proposed cuts in student grants, particularly the back-to-education allowance for people currently attending college. These cuts will have a severe impact on education, integration therein and ensuring access to education for the most vulnerable.

Senator Fidelma Healy Eames: Emigration.

Senator Ivana Bacik: That the Minister honoured the Kennedy family while attacking Irish families in this way was ironic.

Senator Mary M. White: I support the call by Senators Mullen and Callely for an urgent debate on health provisions and services for older people. On the island of Ireland there are 1 million people over the age of 60 years. The collective ageing of the population is one of the great triumphs of our era. Most of us can look forward to being reasonably healthy in our old age. Older people are an enormous good for our society. Sadly, although ageing brings both gains and losses, ageism means old age is often represented in negative terms such as there being a health care burden and a pensions time bomb rather than in a balanced way.

I totally concur with Senator Mullen. Service provision is often poor, not only in cases of illness. There is free screening for breast cancer up to the age of 64 years, whereupon it stops, although women are seven times more likely to develop breast cancer after 65. For other age-related illnesses such as stroke and dementia, service provision lags considerably behind that provided in the treatment of cancer or cardiac disease. Dementia and stroke are illnesses that hit older people, yet service provision is appallingly poor. As Fianna Fáil spokesperson on older people, I totally support the call for a serious discussion on health provision for this section of the population. I am also delighted that the old age pension was left as it was.

An Cathaoirleach: Time is up. There are two Senators remaining and I ask them to be brief.

Senator Pearse Doherty: I ask the Leader to arrange a debate as soon as possible on the implications of the budget for young people. Listening to the speeches yesterday, I could not understand what young people had done to the Government but its treatment of them yesterday was appalling.

Senator Fidelma Healy Eames: Hear, hear.

Senator Pearse Doherty: There is talk about having a knowledge economy and getting people back into education but those in receipt of the back to education allowance will no longer receive a maintenance grant. That does not make sense. There is a 27% cut in the primary school building programme at a time when there are more than 1,200 schools on a waiting list, with others on a waiting list to get onto the waiting list. Child benefit was cut across the board. There is meltdown in dealing with maintenance grant applications, a matter about which I spoke last night when I pointed out that 22,000 grant applications remained to be processed. What was the focus of the Minister for Finance? It was on cutting the maintenance grant.

The worst decision made in the budget was the one to attack the under-25s who have now taken more than a 50% cut in social welfare payments. We are all supposed to cry crocodile

tears for the Taoiseach who has taken a 20% cut, but in real terms, after tax, this represents a cut of less than 10% net on a salary of over €280,000. A person aged under 25 years——

An Cathaoirleach: We can have these points made later in the debate on the budget.

Senator Pearse Doherty: ——is expected to take a 50% cut. It is absolutely shameful and will lead to emigration. It is about sending a new generation of young people abroad. Is a disgraceful act on the part of the Government and I ask for an urgent debate on the matter.

Senator Michael McCarthy: I appreciate the Cathaoirleach's indulgence at this late stage on the Order of Business. I have a question for the Leader on the budget but before going further, there is one myth I wish to correct. It has been said consistently since the budget was announced yesterday that pensioners have not been touched. That is a lie. In April the Christmas bonus was abolished. This equates to a 2% reduction in the rate of the State pension. Pensioners were the first vulnerable group victimised and targeted by the Government.

The Taoiseach and his Ministers have made much of the 20% and 15% reductions in their salaries. That is also untrue. They opted for a 10% voluntary reduction; therefore, in real terms, this time the cut is less than 5% and 10%. The difference in take-home pay is what some must exist on, or do not even have. The budget is draconian, unfair and will cause a revolt. Will all Government Members be subject to the imposition of a three-line whip when various instalments of the budget are being voted on in this House? Does the Leader have any sense of embarrassment or shame because of the injustice perpetrated on public service workers, those on social welfare and the unemployed?

Senator Nicky McFadden: Well done.

Senator Donie Cassidy: I assure Senator Hannigan that every Senator will be given an opportunity to speak on the topic of climate change. As I am spokesperson for the Department of the Taoiseach, I propose to take the Bill after the Order of Business in the presence of the Minister of State, Deputy Carey. I will be present to adjust matters, if required.

Senator Maurice Cummins: It is not acceptable to change the Order of Business in that way. This is one of the problems we have had during recent weeks.

Senator Donie Cassidy: Senators Fitzgerald, O'Toole, Hannigan, Boyle, Leyden, Healy Eames, Hanafin, Norris, Ó Murchú, O'Reilly, Donohoe, Callely, McFadden, Buttimer, Bacik, Doherty and McCarthy either welcomed or expressed constructive opposition to the budget. The budget debate will begin at 3 p.m. and conclude at 6 p.m. However, if other Senators wish to make a contribution, I propose to continue the debate on another day to ensure everybody will be given an opportunity to speak.

To put the matter in proper context, older people will continue to receive the old age pension. There should not be any confusion about this. They will also continue to receive a free television licence, a gas or electricity and be able to avail of free travel. It is important to state allowances such as the living alone and fuel allowances were not changed for senior citizens.

Regarding vulnerable children, low income families——

Senator Pearse Doherty: The cost of fuel went up following the introduction of the carbon tax.

Senator Donie Cassidy: I am correcting inaccuracies to give balance to the debate. I am sure all colleagues appreciate and welcome the fact that vulnerable children and low income families

[Senator Donie Cassidy.]

will be protected from the reductions in child benefit. The qualified child payment for those in receipt of social welfare payments will increase by €3.80 to €29.80 per week, a very welcome announcement. With regard to family income supplement, the weekly earnings thresholds have been increased by €6 per child to support working families on low incomes.

Nobody likes to see a reduction. As stated in the Chamber, the inflation rate was well exceeded by the Government in recent years. I hope that in the not too distant future the reduction of 4.1% from 1 January will be reversed. All sides of the House support everybody who needs to be supported, particularly those on lower incomes.

Senator Pearse Doherty: That is not true, as the Budget shows.

An Cathaoirleach: No interruptions, please, Senator Doherty.

Senator Nicky McFadden: The Leader is provoking them.

(Interruptions).

An Cathaoirleach: Senator Doherty will have a chance to speak again this evening.

Senator Donie Cassidy: I can honestly say everything in the budget was worked hard for——

Senator Fidelma Healy Eames: The Leader should be truthful.

Senator Donie Cassidy: ——by the men and women of Ireland, not by any other means.

Senator Fidelma Healy Eames: What does that mean?

Senator Donie Cassidy: I will do my very best to have the Minister for Finance, Deputy Brian Lenihan, present for the start of the debate, if his diary can facilitate it. I take the point expressed by Senator Ross, but in fairness to the Minister, he took Committee and Report Stages of the banking Bill in the House and I have always found him to be very supportive of Seanad Éireann.

Senator Mary M. White: The Leader should tell the Minister Senator Ross wants him here.

Senator Donie Cassidy: I will do my best to have the Minister present.

Senators O'Toole, O'Reilly, Wilson and others spoke about the decision of Emerald Star and said it was a considerable blow to the Shannon basin. Towns such as the Cathaoirleach's home town of Banagher, Portumna——

Senator Nicky McFadden: Athlone.

Senator Donie Cassidy: ——Athlone, at the other end of my constituency in the area of Senator McFadden and Deputy O'Rourke, and Belturbet will be affected seriously by this decision. I will have no difficulty in discussing this and seeking up-to-date information on the funding given by the Government to make the service available.

Senator Cummins called for a debate on law and order. I will arrange to have that take place at the earliest possible time. We must support our prison officers, our Garda Síochána, the Army and everyone in the services who put their lives on the line in terms of the challenges of their employment. I have no difficulty in this debate taking place early in the next session.

Senator James Carroll, in his maiden address to the House this morning — I can see this man will continue to work as hard as he possibly can, particularly in the area of transport —

welcomed the carbon tax and expressed serious concern for the quality of service from Drogheda to Dublin and the plight of those in the Laytown-Bettystown area. He also welcomed the reopening of the rail line from Malahide. The Senator made a proposal to the House on the express service at 5.30 p.m. There are challenges facing the train service, which should be more efficient. Trains should arrive on time. In terms of the customers using the bus service and the survey the Senator carried out, there is room for major improvement. I will agree to the new Senator's request for the debate he has called for in the first two or three weeks of the next session.

I agree with Senator Norris on the sad passing of Liam Clancy. Donovan said he was the greatest ballad singer he had ever heard.

Senator Michael McCarthy: No. Bob Dylan.

Senator Fidelma Healy Eames: It was Bob Dylan.

Senator Donie Cassidy: My apologies. Bob Dylan said he was the greatest ballad singer he had heard in his lifetime. On behalf of the House I offer our condolences to Liam's wife and family on his sad passing.

Senator Hanafin called for a debate on genetic modification and everything concerning that area. I can agree to that debate.

Senator Ó Murchú, Senator Ross and other colleagues mentioned FÁS.

Senator David Norris: And me.

Senator Donie Cassidy: I agree with Senator Ó Murchú in regard to the success of FÁS over the years. There have been other examples that Senator Ross has brought to our attention, which none of us could condone, but the extra allocation of funding for FÁS yesterday is because there are so many people unemployed.

Senator Mary M. White: Hear, hear.

Senator Donie Cassidy: We must upskill the next generation for when the upturn comes in the economy.

Senator Fidelma Healy Eames: The fact that he trusts FÁS is the issue.

Senator Mary M. White: That is ridiculous.

Senator Donie Cassidy: We have to upskill and train——

(Interruptions).

An Cathaoirleach: Please, no interruptions.

Senator Donie Cassidy: Senator Ó Murchú is speaking from wide practical experience in this area.

Senator David Norris: So am I.

Senator Donie Cassidy: A total of 95% of placement is an incredibly high success rate. We must continue to give hope to the young men and women who have no job. They must be given an opportunity to upskill, train and have some reason to get out of bed every day. Hope is crucially important at this difficult time.

[Senator Donie Cassidy.]

Senator Quinn asked me to raise with the Tánaiste and Minister for Enterprise, Trade and Employment, Deputy Coughlan, the container scanning system due to be put in place which will affect exports from here and all imports into the United States of America by 2012. This is an important issue and I have no difficulty in arranging time for this debate in the next session.

Senator Donohoe spoke about capital for the banks. The Finance Bill will be debated here in the first two weeks in February and issues not addressed in the budget can be discussed in that debate. I can inform the House that we will have a special debate before the Finance Bill on issues which Senators are of the opinion should be included in the Bill.

Senators Mullen, Callely and Mary White called for a debate on stroke care, the future of the Health Service Executive and the need for proper equipment in our hospitals, which was highlighted earlier. There are 1 million people over the age of 60 on the island of Ireland, as

12 o'clock Senator White correctly pointed out to the House. This is a debate that all colleagues will want to contribute to, particularly Senator White's proposal and the outlining of the high percentages regarding free breast cancer screening. That is an alarming statistic and this House should fight hard to ensure the age limit should not be 64 but increased, as a right. I agree with the Senator on that and we will have a debate on this issue in the early part of the next session.

Senator Callely spoke about the Department of Health and Children and the issues he has highlighted to the House. They can also be discussed in that debate.

Senators McFadden, Buttimer and Butler raised the issue of mortgage relief that was extended in the budget. Senator Butler has a report from the EBS which I believe most colleagues will be very interested to see implemented. The Senator outlined the details to the House and said he would put a copy of this report in every colleague's pigeon hole later today. I welcome his initiative and his hard work in this area. We have no difficulty in putting aside time for that debate.

Senator Bacik spoke about third level funding. We can certainly discuss that issue, with the Minister present, during the statements on the budget this afternoon.

An Cathaoirleach: Senator Dominic Hannigan moved an amendment to the Order of Business: "That the time allowed for No. 3 be extended to 3 p.m." Is the amendment being pressed?

Senator Dominic Hannigan: No. I am prepared to accept the Leader's assurances that we will have an opportunity to speak.

An Cathaoirleach: Senator Cummins has proposed an amendment to the Order of Business: "That statements be taken today, with the Minister for Justice, Equality and Law Reform, on matters of law and order." Is the amendment being pressed?

Senator Maurice Cummins: Yes.

Amendment put.

The Seanad divided: Tá, 21; Níl, 26.

Tá

Bacik, Ivana.
Bradford, Paul.
Burke, Paddy.
Buttimer, Jerry.
Cannon, Ciaran.

Coffey, Paudie.
Cummins, Maurice.
Doherty, Pearse.
Donohoe, Paschal.
Fitzgerald, Frances.

Tá—*continued*

Hannigan, Dominic.
 Healy Eames, Fidelma.
 McCarthy, Michael.
 McFadden, Nicky.
 Mullen, Rónán.
 Norris, David.

O'Reilly, Joe.
 O'Toole, Joe.
 Ross, Shane.
 Ryan, Brendan.
 Twomey, Liam.

Níl

Boyle, Dan.
 Brady, Martin.
 Butler, Larry.
 Callely, Ivor.
 Carroll, James.
 Carty, John.
 Cassidy, Donie.
 Daly, Mark.
 de Búrca, Déirdre.
 Ellis, John.
 Feeney, Geraldine.
 Glynn, Camillus.
 Hanafin, John.

Keaveney, Cecilia.
 Leyden, Terry.
 MacSharry, Marc.
 Ó Domhnaill, Brian.
 Ó Murchú, Labhrás.
 O'Donovan, Denis.
 O'Malley, Fiona.
 O'Sullivan, Ned.
 Ormonde, Ann.
 Phelan, Kieran.
 Quinn, Feargal.
 White, Mary M.
 Wilson, Diarmuid.

Tellers: Tá, Senators Maurice Cummins and Nicky McFadden; Níl, Senators Camillus Glynn and Diarmuid Wilson.

Amendment declared lost.

Order of Business agreed to.

Report on Implementation of the Lisbon Treaty: Motion.

Senator Donie Cassidy: I move:

That Seanad Éireann

— having regard to—

(a) the provisions of the European Union Act, 2009 (“the Act”), and

(b) the Joint Report of the Joint Committees on European Affairs and European Scrutiny on *Implementation of the Lisbon Treaty: Interim arrangements on the enhanced role of the Houses of the Oireachtas*,

— pending the outcome of the review referred to in paragraph (f) of this Resolution, and

— notwithstanding anything contained in the Orders of the Seanad of 24th October, 2007, establishing the Joint Committees on European Affairs, European Scrutiny and Justice, Equality, Defence and Women’s Rights,

hereby resolves that the following arrangements shall apply until the adjournment of the Seanad for the summer recess 2010:

(a) the detailed work to support the role of Seanad Éireann under section 7 of the Act shall be undertaken by the appropriate Select Committees appointed by Seanad Éireann, as outlined in paragraphs (b) to (e) of this Resolution, which shall, in the interests of efficiency, work jointly with their Dáil counterparts in carrying out their responsibilities

[Senator Donie Cassidy.]

under this Resolution, subject to the sole discretion of the Select Committees appointed by each House to resolve to act independently;

(b) all draft legislative acts transmitted to the Seanad shall stand referred to the Select Committee on European Scrutiny, which shall have responsibility for considering whether draft legislative acts are in compliance with the principle of subsidiarity under section 7(3) of the Act, subject to the following:

(i) in forming a reasoned opinion on whether a draft legislative act complies with the principle of subsidiarity, the Committee shall consult with the Joint Committee on European Affairs, and such other Committee(s) and stakeholders as the Committee sees fit;

(ii) where the Committee is of the opinion that a draft legislative act is in breach of the principle of subsidiarity, it shall submit a reasoned opinion to this effect by way of report which shall be laid before the Seanad;

(iii) where a report has been laid by the Committee under paragraph (b)(ii), the Chairman shall forthwith table a motion thereon under section 7(3) of the Act, which shall be given priority on the Order Paper; and

(iv) where the Seanad approves the motion referred to in paragraph (b) (iii), the Cathaoirleach shall send a copy of the Resolution, together with a copy of the report referred to in paragraph (b)(ii), to the Presidents of the European Parliament, the Council and the Commission;

(c) the Select Committee on European Affairs shall have responsibility for considering such notifications as may be referred to it by Seanad Éireann under section 7(1) of the Act, subject to the following:

(i) in considering such notifications, the Committee shall consult with such other Committee(s) and stakeholders as the Committee sees fit;

(ii) where the Committee is opposed to the decision to which the notification refers, the Committee shall lay a report to this effect before the Seanad;

(iii) where a report has been laid by the Committee under paragraph (c)(ii), the Chairman shall forthwith table a motion thereon under section 7(1) of the Act, which shall be given priority on the Order Paper;

(iv) where the Seanad approves the motion referred to in paragraph (c) (iii), the Cathaoirleach shall send a copy of the Resolution, together with a copy of the report referred to in paragraph (c)(ii), to the President of the European Council; and

(v) where the Committee is not opposed to the decision to which the notification refers, the Committee shall send a Message to this effect to the Seanad;

(d) the Select Committee on Justice, Equality, Defence and Women's Rights shall have responsibility for considering such notifications as may be referred to it by Seanad Éireann under section 7(2) of the Act, subject to the following:

(i) in considering such notifications, the Committee shall consult with the Joint Committees on European Affairs and European Scrutiny, such other Committee(s) and stakeholders as the Committee sees fit;

(ii) where the Committee is opposed to the decision to which the notification refers, the Committee shall lay a report to this effect before the Seanad;

(iii) where a report has been laid by the Committee under paragraph (d)(ii), the Chairman shall forthwith table a motion thereon under section 7(2) of the Act, which shall be given priority on the Order Paper;

(iv) where the Seanad approves the motion referred to in paragraph (d)(iii), the Cathaoirleach shall send a copy of the Resolution, together with a copy of the report referred to in paragraph (d)(ii), to the Council; and

(v) where the Committee is not opposed to the decision to which the notification refers, the Committee shall send a Message to this effect to the Seanad;

(e) the Select Committees on European Affairs and European Scrutiny shall each have power to consider whether an act of an institution of the European Union infringes the principle of subsidiarity under section 7(4) of the Act, subject to the following:

(i) in considering whether an act of an institution of the European Union infringes the principle of subsidiarity, the Committee shall consult with such other Committee(s) and stakeholders as the Committee sees fit;

(ii) where either Committee is of the opinion that an act of an institution of the European Union infringes the principle of subsidiarity and wishes that proceedings seeking a review of the act concerned be brought to the Court of Justice of the European Union, the Committee shall lay a report to this effect before the Seanad;

(iii) where a report has been laid by the Committee under paragraph (e)(ii), the Chairman shall forthwith table a motion thereon under section 7(4) of the Act, which shall be given priority on the Order Paper;

(iv) where the Seanad approves the motion referred to in paragraph (e)(iii), the Cathaoirleach shall send a copy of the Resolution, together with a copy of the report referred to in paragraph (e)(ii), to the Minister for Foreign Affairs;

(f) the Joint Committee on European Affairs and the Joint Committee on European Scrutiny shall review the operation of the interim arrangements at paragraphs (a) to (e) of this Resolution and shall jointly report thereon (and on such related matters as the Committees think fit) to Seanad Éireann within six months, whereupon the Committee on Procedure and Privileges shall recommend to the Seanad such amendments to the Standing Orders of Seanad Éireann and the Orders of Reference of Committees as may be required;

(g) the Select Committees referred to in paragraphs (b) and (d) shall each consist of six members, and three shall constitute a quorum; and in accordance with Standing Order 78, each Select Committee shall previous to the commencement of its business, elect one of its members to be Chairman; and

(h) the Select Committee referred to in paragraph (c) shall consist of nine members, and four shall constitute a quorum; and in accordance with Standing Order 78, each Select Committee shall previous to the commencement of its business, elect one of its members to be Chairman.

An Cathaoirleach: Is that agreed?

Senator Maurice Cummins: Not unless Members are given an assurance that a debate will be held on it.

Senator Donie Cassidy: I give such an assurance.

Question put and agreed to.

Statute Law Revision Bill 2009: Second and Subsequent Stages.

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

An Leas-Chathaoirleach: I welcome the Minister of State at the Department of the Taoiseach, Deputy Pat Carey.

Minister of State at the Department of the Taoiseach (Deputy Pat Carey): I am pleased to introduce the Statute Law Revision Bill 2009 to this House, it having already had the benefit of an interesting debate in the Dáil.

This Bill is being brought forward within the context of broader work on better regulation in Ireland as articulated in the 2004 White Paper, *Regulating Better*. At the centre of the better regulation programme is the belief that both the flow of new legislation and the stock of existing legislation must be addressed. The Statute Law Revision Bill 2009 addresses the stock of legislation on the Statute Book and seeks to repeal all local and personal Acts prior to 1851 and private Acts prior to 1751, which have become obsolete or spent. It is a key element of the statute law revision programme which has been established in the Office of the Attorney General under the ambit of the Department of the Taoiseach, to remove obsolete legislation from the Statute Book, reducing regulatory burden on both business and the citizen and moving towards the modernisation of Irish law.

The term "Statute Book" is neither a technical nor a legal term but simply refers to all primary legislation, such as statutes or Acts, as they may be called, and secondary legislation, such as orders, regulations, rules, schemes and by-laws, that have not been repealed or revoked. In terms of primary legislation, there are three categories, namely, public general Acts, which were dealt with by the Statute Law Revision Act 2007, and local and personal Acts and private Acts, which form the subject matter of the present Bill. In respect of all three categories, much material remains on the Statute Book merely because of inertia. While the Acts may contain a wealth of historical information, they have long since served their intended purpose and have become obsolete. However, until express removal, the obsolete Act retains its place on the Statute Book.

There are a number of reasons it is wholly undesirable for such obsolete pre-1922 legislation to remain on the Statute Book. First, it is misleading for users who may believe by virtue of an Act simply remaining on the Statute Book that it retains some modern effect or relevance. At present, for a user of the Statute Book to determine whether a statute may be of relevance, they may be obliged to undertake the time-consuming task of carefully analysing a statute only to come to the conclusion that it is obsolete or spent. Accordingly, the removal of legislation which has lost any practical utility or is obsolete provides valuable assistance in modernising the Statute Book and renders it clearer, shorter and more accessible for all users and facilitates the process of regulatory reform. Second, this initiative is an expression of this country's independent, democratic outlook. It is not appropriate that laws from the pre-independence era should remain in force here indefinitely. This Bill is a further step in a process which ultimately will see pre-independence legislation removed from the Statute Book.

The Statute Law Revision Bill 2009 is the third Bill brought forward in the current phase of statute law revision. The Statute Law Revision (Pre-1922) Act 2005, which repealed 207 Acts,

was the first such measure and paved the way for the Statute Law Revision Act 2007. As Members will recall, that Bill, which expressly repealed more than 3,000 statutes, was the largest repealing Act applying in Ireland either before or after independence and was one of the most innovative pieces of legislation to be enacted in recent years. It has brought clarity for the first time regarding the public general Acts enacted prior to independence, by listing all public general Acts in Schedule 1 that were not repealed. This central feature of a scheduled “white list” of Acts which were not repealed has again been adopted in the present Bill.

The Statute Law Revision Bill 2009 is the third Bill brought forward in the current phase of statute law revision and deals with private Acts enacted prior to 1751 and local and personal Acts enacted prior to 1851. While the 2007 Act dealt with public and general Acts, a large number of local and personal Acts and private Acts remain on the Statute Book. This is part of the general body of statute law, which was enacted by various different Parliaments legislating for Ireland prior to 1922. These include Anglo-Irish Parliaments and English and British Parliaments, legislating for the whole of Ireland prior to 1800, and United Kingdom Parliaments legislating for Ireland and Britain after the Act of Union of 1800. These Acts continued in force by virtue of Article 73 of the Constitution of Saorstát Éireann and Article 50 of the Constitution of Ireland. The 2009 Bill will do for private Acts enacted before 1751 and for local and personal Acts enacted before 1851, what the 2007 Act did for the public general Acts enacted before independence.

Private Acts are those which are concerned with the affairs of a single individual or body. They are enacted under a different procedure entirely from that for public and general Acts. The private Acts listed in the Bill include many naturalisations, denizations, approvals of marriage settlements and divorces. The Bill contains a number of private Acts enacted by the Irish Parliament between 1534 and 1750. Unfortunately the original texts for these Acts did not survive the destruction of the Public Records Office in 1922. Extensive efforts have been made to track down copies of the texts of these Acts but despite that, it has become apparent that for a number of them, no text remains in existence in any form. Records of the subject matter of many of those private Irish Acts indicate they are now spent or obsolete. However, because of section 27 of the Interpretation Act 2005, any rights, privileges or obligations etc. that there might be under those Acts would be saved when those Acts are repealed. Consequently, it is proposed to repeal those private Irish Acts up to 1750 for which no surviving copy can be traced.

Local and personal Acts are concerned with matters affecting a very limited section of the community such as a single local authority, local area or company. Local and personal Acts were published in a separate series between 1797 and 1922. Prior to the enactment of company registration law in 1844 and of limited liability for companies in 1855, most commercial companies were incorporated by an Act of Parliament.

The statute law revision project under the ambit of the Office of the Attorney General embarked on a process of extensive analysis, research and consultation prior to publication of this Bill. While local and personal Acts and private Acts are not of general applicability as the public general Acts are, they still require careful analysis to identify those with ongoing relevance. There are 3,182 pre-1750 private Acts, including 175 private Irish Acts, and 7,543 pre-1850 local and personal Acts making a total of 10,725 Acts potentially coming within its scope. Of these, 8,957 Acts were assessed as not being applicable to Ireland. Of the applicable Acts, 139 have been identified as being not suitable for repeal as they contain provisions which may have ongoing relevance. The remaining 1,347 Acts have been assessed as suitable for repeal on the basis that they are spent or obsolete. As with the pre-1922 public and general Acts dealt with by the Statute Law Revision Act 2007, it is intended that the private Acts and local and

[Deputy Pat Carey.]

personal Acts that did not apply to Ireland will be implicitly repealed by their not being saved and referred to in Schedule 1 to the Bill.

Each of the 10,725 Acts within the scope of this Bill were individually assessed, first, except for the Irish Acts, in respect their applicability to Ireland, second, as to whether they had already been repealed and finally those that were deemed applicable to Ireland and unrepealed were analysed with regard to their suitability for repeal. An Act was deemed to apply if it had a tangible connection to Ireland. As a result of this cautious approach, some Acts appear in the Bill which, on a reading of their Short Title or subject matter alone, do not appear relevant to Ireland. These Acts were deemed to be applicable if they contained provisions relating to Ireland. For example, some Acts applied to Irish ships, to all ports in the United Kingdom or contain a provision which allows the Act to be enforced in the Irish courts of the time.

Other Acts related to the status of persons who were formerly foreigners and concerned denizations and naturalisations which would have been automatically recognised and applicable in Ireland. After the initial assessment was made, there was detailed consultation with all Government Departments and relevant State agencies, semi-State bodies and local authorities. Each Department was given the opportunity specifically to approve or reject the repeal of an Act or statute listed for repeal. In addition, public notices were placed on the website of the Office of the Attorney General and in a number of newspapers. The complete list of the Short Titles or subject matter of all pre-independence private Acts and local and personal Acts is also available on that website.

At all times, a cautious approach was taken in regard to the decision as to whether an Act was suitable for repeal or not. Acts are only listed for repeal where they are wholly obsolete or spent. If it became apparent that any of the provisions of an Act may have some ongoing relevance or effect, the Act has been retained for the present. Among the Acts retained by this Bill are Acts relating to Maynooth College, certain harbours and ports, various railways and a number of specific hospitals. As I have already indicated, Irish private Acts for which no copy can be found are proposed for repeal but this will not affect the saving provisions for rights, privileges and obligations etc. contained in section 27 of the Interpretation Act 2005.

For the benefit of the young students in the Gallery, if they have time it would be an interesting exercise to go through the fascinating document which is available on the website of the Attorney General. If they want to talk to the person who did a lot of work, Mr. Richard Humphreys, is sitting beside them in the Gallery.

Senator Donie Cassidy: Hear, hear.

Deputy Pat Carey: The Bill lists many Acts for repeal which, although now obsolete, have an enduring interest from a historical or sociological perspective and provide a fascinating insight into life at the time and the measures adopted by Parliament to deal with issues which arose. For example, the Bill contains an Act of 1825 which aimed to facilitate steam navigation between the United Kingdom and the continent and islands of America and the West Indies. The American and Colonial Steam Navigation Company was established and the purpose of the Act was to facilitate the beneficial removal of the surplus population of Ireland to a healthy and thinly-populated country.

The Bill contains many private Acts relating to divorces and naturalisations. Until 1844 a resident born outside of the United Kingdom could only become a British citizen by means of an Act of Parliament. This process was known as naturalisation and required individuals to take the oaths of supremacy and allegiance. From 1609 the individual concerned had to produce a certificate testifying that holy communion according to Anglican rites had been received.

Contained in this Bill is an Act of 1726 which provides for the naturalization of George Frederick Handel, whose naturalization coincided with him being commissioned to write a piece for the coronation of George II. The resulting piece, one of his most famous, has been used in every coronation since.

I will now discuss the sections of the Bill. Section 1 provides definitions of “local and personal Act”, “private Act” and “relevant statute”. The definitions of the series of statutes are necessary to distinguish them from statutes of a public general nature which are not affected by this Bill. It can be noted that the definitions relate only to statutes and therefore do not include charters of a local and personal or private nature, and thus such charters are not revoked by the Bill.

Section 2 is the central feature of this Bill. It will provide for a fundamental clarification and simplification of the Statute Book by expressly repealing all local and personal Acts up to and including 1850 and all private Acts up to and including 1750, with only two exceptions. These exceptions are the Acts listed in Schedule 1, that is, the local and personal Acts and private Acts which are still relevant, and the pre-1922 Acts which have already been saved by Schedule 1 to the Statute Law Revision Act 2007 and which are still in force. It is necessary to include reference to the public Acts in order to ensure the scope of this Bill dovetails with that of the Statute Law Revision Act 2007. This is because some of the Acts in the 2007 Act were published or listed both as public and private Acts.

For reference purposes, section 3 provides for the list in Schedule 2 of statutes repealed by section 2 which, wholly or to some extent, were applicable to Ireland. Section 4 will assign Short Titles to any Act which is saved by section 2 and which does not already have a Short Title. Section 5 makes provision for the amendment of any unconventional or inappropriate Short Titles in respect of Acts saved by section 2, in order to facilitate the citation of those Acts in the future.

Section 6 provides for standard savings clauses. For clarity, as with the Statute Law Revision Act 2007, reference has also been inserted to the application of statutes to the State, in order to ensure that the saver clause is wide enough to preserve statutes which have been applied to Ireland by statutes repealed by this Bill. Subsection (2) of section 6 is designed to preserve the status of bodies which may have been established by a charter made consequent on a statute which is being repealed by this Act. Section 7 provides for a Short Title and collective citations. These are standard form provisions.

Schedule 1 provides a list of pre-independence statutes for each period concerned which are not being repealed. Again, those periods are before 1 January 1751 for private Acts and before 1 January 1851 for local and personal Acts. Schedule 2 lists the Acts specifically repealed by the Bill. These are the Acts which, while applicable to Ireland, have been identified in the course of the review as appropriate for repeal because they are spent, have become obsolete or are otherwise unnecessary.

Other local and personal Acts and private Acts for the periods concerned which do not relate to Ireland or have only a tenuous and indirect connection with Ireland will not be included in Schedule 2 but will be impliedly repealed by virtue of the general repeal provision in section 2. Accordingly, this approach, which was also adopted in the Statute Law Revision Act 2007, will improve clarity as to the repeals relevant to Ireland and provide greater transparency with respect to relevant repeals.

This Bill, in tandem with the Statute Law Revision Act 2007, constitutes one of the most extensive statute law revision programmes ever undertaken anywhere in the world. This Bill when enacted will for the first time provide a complete list of all private Acts up to 1750 and local and personal Acts up to 1850 which have not been repealed. I am quite satisfied, from

[Deputy Pat Carey.]

the work undertaken by the statute law revision project, that the Acts specified in Schedule 2 to this Bill are no longer necessary as their purpose has ceased. The time has come to remove them from our Statute Book and with it to take a step closer to our ultimate aim of a clear, concise, coherent and accessible Statute Book.

As of last Sunday, it is 87 years since Ireland gained independence. This Bill is a step in a process which will ultimately see pre-independence legislation removed from the Statute Book. While some of it will be reproduced in a modern form, it will be a form which more appropriately reflects the conditions of a sovereign, independent Ireland, as we begin the approach to 100 years of independence. I commend the Bill to the House.

Senator Paul Bradford: I welcome the Minister of State. It is a calmer place for him than the other House was yesterday. I apologise for my learned colleague, Senator Regan, who would have brought a great deal of legal precision to the debate. I am an inadequate substitute for him today.

I listened with interest to the contribution of the Minister of State. I was unaware that we were being observed by one of the authors of the Bill. It is fascinating to examine the old laws, and their Titles and details. In our country we have had a very interesting history and engagement with our neighbouring island. There has been a great deal of conflict down through the generations. We must also recognise that much of our current law stems from another jurisdiction and is part of the thread of history which intertwines the two nations.

Some of the Titles of the old Acts, statutes and provisions are fascinating, such as the Town of Fermoy Act, the Mallow Railway Bridge Act and the Youghal Bridge Act. It brings the issue closer to all of us. In the copy I received from Senator Regan he had noted some of the Bills that related to his area, Dún Laoghaire, which is referred to as Kingstown on some occasions. The Bill is necessary and welcome. The staff of the Office of the Attorney General and all those who have been involved must be thanked. I am advised that the cost of the project to date is minimal and that very good value has been obtained. It is a necessary project. Presumably the former Taoiseach, Deputy Bertie Ahern, initiated this statute revision. For modern Ireland it is a necessary tidying up exercise. Some 87 years since gaining independence it is better that our body of law more fully reflects the Republic of Ireland and its legislation.

It is difficult to raise any issues with the legislation. As the Bill passes through the House, we can simply reflect that with so much legislation now being passed by the Oireachtas, particularly in the justice area, we must be cognisant that our primary role in this House as elected Members is to pass legislation. Obviously, as politicians, we have various duties, sometimes very far removed from the legislative side of the equation. However, our primary duty, as legislators, is to reflect on, amend, if necessary, and propose legislation. Probably the task of Oireachtas Members in coming decades, as we tackle the big economic challenges of our time, will be to take their legislative role more seriously and engage more fully in the process. Outside the House there is considerable debate on Oireachtas reform, the role of politicians and how we are elected. However, it should be all about legislation. The number of Acts, statutes and Bills introduced through the generations shows that there has always been and always will be the concept of legislation which must be at the core of our work.

The title of the Bill refers to the citation of Bills. As we plough through Bills of all kinds in the House, I am often struck by how they are named in a cumbersome way with very distant phraseology removed from reality. Legislation in the United States is generally termed in user-friendly language. In particular, I recall the proposal of former President Bush on education policy in allowing access and guaranteed delivery of education. The Bill was called the No Child Left Behind Bill. If we were doing something similar here, we would probably call it the

“Education (No. 7) (Amendment)(Guarantee of Rights to Education) Bill 2011”. By using such language we remove law from the public. If we were to use more user-friendly titles for legislation, it might help the public to understand what we are about and the legislation we were passing. It is a moot point, probably one for another day. However, as we look through so many titles in this legislation, it is a matter on which we might reflect.

I welcome the legislation and thank all of those involved. As reported to me by Senator Regan, the cost has been very modest and the money well spent. I ask the Minister of State to indicate the rate of progress and when it might be finished. As we have now started the process, I hope we can finish the job and put the new proposal in place. I thank the Minister of State for his interesting contribution which, like my own, strayed slightly from the Bill; otherwise we might have had little more than a sentence to say. It is fascinating reading. While the parliamentarians of yore might have had more comfortable and safer seats than we have, it appears they were quite active. Long may that continue with us.

Senator Donie Cassidy: I also welcome the Minister of State at this busy time with the budget in the Dáil. The Bill lists some fascinating legislation. Over the 258 years, how many parliamentarians have passed through all parliaments? Dealing with the 10,725 Bills which are all interconnected is a mammoth task for Dr. Richard Humphreys and the eminent individuals in the Office of the Attorney General with whom I have worked so closely during the years. I propose a vote of congratulations to them. It is hard to imagine the Parliaments in existence in 1751. However, it is interesting to look at some of the Bills and consider how they might be relevant to the country. I picked out one relating to the Liverpool East India Warehouse Company. The project needed to be undertaken. I congratulate everyone concerned on their commitment and dedication. The previous speaker mentioned that the former Taoiseach, Deputy Bertie Ahern, had played a role in initiating the project. If that is the case, I congratulate him and everyone involved in bringing it to the House for our approval today. I support the passage of the Bill.

Senator Dominic Hannigan: I welcome the Minister of State. I also welcome this rather curious legislation which essentially clears out many thousands of private statutes and local and personal Acts that have fallen into obsolescence and irrelevance during the years. It is an extraordinarily diligent piece of work to have to go through in excess of 10,700 Acts. I compliment the Attorney General and his staff on the work done. I also congratulate Dr. Richard Humphreys who is present in the Visitors Gallery on the effort he has put in and what he has achieved in the legislation.

As the Minister of State pointed out, this is another stage in the work that began with the Statute Law Revision Act 2007, dealing with public Acts. The body of legislation before us today includes private, local or personal Acts, which are not really a feature of our system nowadays. It is a reflection of the evolution of our parliamentary system and governance generally that a great deal of regulation that used to be engaged in directly by Parliament in earlier times is now exercised by a host of other agencies. This is the case with, for example, company registration and the naturalisation of foreigners. I note that one such Act dating from 1726 dealt with the naturalisation of a certain George Frederick Handel. Even the marriage of certain citizens and making children legitimate are matters included in previous Acts.

The statutes being repealed relate to a period well before we attained our independence. It is interesting to look at the long list involved because it gives a sense of the social and economic life at the time the measures were enacted. For example, one Act relates to “Weirs upon the Boyne”, which was passed in 1537. Another Act dating from 1569 deals with “Uniting of the See of Clonvicknoishe with the See of Meath”. Another Act from 1747 dissolved the marriage of Georges Lowther, Esq., of County Meath with Judith Usher to enable them to marry again.

[Senator Dominic Hannigan.]

I spotted also an intriguing enactment from 1662 providing for the raising of £30,000 for the use of the Duke of Ormond. We would never imagine now that a politician or public figure would have a Bill drawn up specifically to allow him or her to raise a bit of money. That would never happen these days, or perhaps it is best not to go there.

Our Cork colleagues will note with interest a 1703 enactment which provided for cleaning of the channel of the harbour of Cork, and may wonder why the Attorney General feels so confident in repealing a measure for which there may after all be some continuing necessity. Perhaps Senator Boyle will address that.

Colleagues may amuse themselves by looking down through the lists set out in the Schedules, which really give one a flavour of the times and a sense of what preoccupied people in times past. However, it does occur to one while reading the material that the laws were largely for one class, the landed gentry. Presumably these were people who could afford to have laws introduced in Parliament to address their concerns and problems. We have moved on somewhat from those times and most people would be surprised at the notion of a person's private issues appearing on the Order Paper for any Parliament in a modern democracy. It would be anathema to our idea of what a Parliament should be.

One could also argue that the rich and powerful nowadays have a more sophisticated way of achieving their objectives. They do not need private Acts of Parliament to get their way. Events of recent years in which some public representatives allowed themselves to be used and corrupted by private interests spring to mind. It could be argued that yesterday's budget, or the NAMA bailout, while ostensibly being in the common good, are in reality measures in the interests of a relatively small but highly influential section of our society.

I have no difficulty in welcoming this Bill on behalf of the Labour Party. It will make life much easier for people who are unsure whether certain rather ancient Acts still have legal effect. It will simplify things for lawyers and may even mean we need fewer of them. I commend the people involved for going through all the relevant material in such a careful and scholarly manner. I will be supporting this Bill.

Senator Dan Boyle: I will not detain the House long. This Bill, which is the third in a series of similar Bills to come to the House, is to be welcomed. The aim is to clean up our Statute Book and remove superfluous legislation. The introduction of the Bill is an important action for the Government to take and part of a valuable process. While detailed in its scope, the Bill is mainly a listing of all Acts to be excised as a result of its passage.

Most of the interest is in the historical nature of the Bill and the activities of predecessor Parliaments. I note that the Irish Parliament, before the Act of Union, engaged in much citizenship work, naturalising quite a number of citizens. There even seems to have been a version of NAMA in 1748, when Viscount Dillon's estates in Mayo and Roscommon were sold for the payment of debts, which seemed to exercise people greatly at the time. Many of the Acts instituted after the Act of Union in 1801 affect this country only indirectly, and those have been superseded by other, more detailed Acts.

I note Senator Hannigan's comments about the cleaning of Cork Harbour. I am not sure whether that would solve any of the current difficulties. In view of the fact that we have just had a meeting with the ESB about Inniscarra dam and how we can prevent future incidents of flooding, it would be more in order for this and our sister House to consider what legislative means, as well as appropriate resources, are required to prevent events such as have occurred in recent weeks.

I welcome the Bill and look forward to the completion of the process. We are doing the country a service in creating a canon of law that is more logically structured and reflective of the needs of our current citizens. I thank the Minister of State for introducing the Bill to the House.

Minister of State at the Department of the Taoiseach (Deputy Pat Carey): I thank Members for their contributions. The Bill, if nothing else, is an interesting and absorbing study of past legislation, but it does encompass an important principle: that we establish our own statute law here.

A question was asked about the continuation of the project. We are committed to doing that but, like everything else, it must be done within the available resources. We will see how it can be done.

With regard to the Bill pertaining to the cleaning of Cork Harbour, I understand it was one of those that was lost in the conflagration of 1922.

Senator Paul Bradford: Nice terminology.

Deputy Pat Carey: I suppose it is a case of getting rid of the evidence. Like others, I thank the team in the Office of the Attorney General and the Taoiseach's office for the work they have done. This process was initiated under the previous Attorney General, Rory Brady. He and Richard Humphreys, who is in the Visitors Gallery, did an extraordinary amount of work and I thank them for their commitment, dedication and scholarly endeavour which will stand the test of time. If ever a Member needs really interesting information for his or her constituents, it is worth looking at the website of the Attorney General which details matters pertaining to every county. I thank the House for supporting for the Bill.

Question put and agreed to.

Bill reported without amendment, received for final consideration and passed.

Climate Change: Statements.

An Leas-Chathaoirleach: I welcome the Minister of State, Deputy Áine Brady.

Minister of State at the Department of the Environment, Heritage and Local Government (Deputy Áine Brady): Last week the Minister for the Environment, Heritage and Local Government, Deputy John Gormley, briefed the Dáil on final preparations for the 15th conference of the parties to the UN Framework Convention on Climate Change and the fifth meeting of the parties to the Kyoto Protocol. The meeting has begun since in Copenhagen and will continue until 18 December. The eyes of the world are on Copenhagen and anticipation of a successful outcome will mount next week when Heads of State and Government meet for the final day of the summit. I am pleased to have the opportunity to make this statement in the Seanad today.

As the Minister stated in the Dáil last week, it is important to acknowledge that Ireland has consistently and fully supported EU proactivity and leadership in the international climate change process under the UN convention. That position stands and is underpinned by the strength of the scientific advice on the potential impact of climate change and the urgency of a comprehensive and effective global response. EU policy on what constitutes a comprehensive and effective global response to climate change is reflected in the substantial body of conclusions which the Council has adopted over a number of years, most recently at its meetings last month. They set out a clear and strong EU mandate for the Copenhagen conference, based

[Deputy Áine Brady.]

on the fundamental objective of keeping the increase in average global temperature to within 2 degrees Celsius of pre-industrial levels in order to prevent the worst impacts of climate change.

The European Union recognises the process established under the UN convention as the appropriate forum through which to develop and implement an effective global response to the threat of climate change. The ultimate objective of the convention is clear — greenhouse gas concentrations in the atmosphere must be stabilised at a safe level. The 2 degrees Celsius goal adopted by the Union responds to that objective.

The scientific advice from the Intergovernmental Panel on Climate Change is also clear on the need for early and effective action. A significant milestone towards achieving this objective is the absolute priority for the Copenhagen conference; the case for action is not a option, particularly when we reflect on the plight of people in developing countries who are living on the climate front line.

At the end of the penultimate round of international negotiations in advance of COP 15 the European Union restated its firm commitment to reaching a comprehensive, fair and legally binding treaty in Copenhagen. To be effective, the treaty must cover all countries and reflect a level of ambition consistent with the objective of keeping the increase in global temperature within 2 degrees Celsius of pre-industrial levels.

More specifically, the successor treaty to the Kyoto Protocol must respond to the four key elements of the Bali action plan — mitigation, adaptation, technology transfer and finance. It must also provide a clear and strong context for action in the form of an overarching long-term goal — a shared vision which responds to the 2 degrees Celsius objective by aiming to ensure global emissions peak by 2020 at the latest, reduce by at least 50% by 2050 compared to 1990 levels and continue on a downward trend thereafter.

In the international negotiations questions have been raised recently about the EU commitment to the Kyoto Protocol — questions suggesting the European Union is somehow trying to walk away from the protocol. Nothing could be further from reality; the Union has always been and remains firmly committed to the Kyoto Protocol, its structure and objectives.

To be absolutely clear on the issue, the EU preference for the post-2012 commitment period is a single, legally binding instrument under the convention that would enhance implementation and ensure consistency in the application of the post-2012 international climate regime, in other words, a new protocol that would build on the Kyoto Protocol and incorporate its fundamental structure, particularly its provisions on key issues such as legally binding quantified emission reduction commitments for all developed countries, robust reporting, monitoring and compliance requirements, flexible mechanisms, and requirements on land use, land use change and forestry. In summary, the EU objective is to broaden the scope and effectiveness of the international response to climate change in the post-2012 period without compromising on the principles or structure of the Kyoto Protocol.

A clear case for broadening the scope and effectiveness of the international climate change regime is made by the need to address ecosystem emissions. While attention to date has focused on fossil fuel emissions, greenhouse gases from ecosystems, including agriculture, natural forests and plantations, and wetlands, are a major contributor to the problem. In addition, the potential for these ecosystems to absorb carbon is an essential element of an integrated response to climate change. The Kyoto Protocol addresses some, but not all, of these carbon emissions and sinks.

The worst potential consequences of a policy framework which addresses fossil fuels but mostly does not address ecosystem emissions are increased pressure on these natural ecosystems. We have seen an example of how this would work in the destruction of peatland rain-

forests to facilitate the production of palm oil. We must ensure the new agreement does not create any such perverse incentives. The scope of the successor treaty to the Kyoto Protocol must cover all aspects of ecosystem emissions, including all forests, and soil carbon associated with forest management, cropland and grazing land management, wetlands and deforestation.

In seeking to influence an ambitious new global agreement the European Union has provided a clear signal on a mid-term goal. It has adopted a 20% greenhouse gas emission reduction target by 2020 compared to 1990 levels and committed to step up to a 30% target, subject to two conditions, that other developed countries commit themselves to comparable reductions and that developing countries contribute adequately according to their responsibilities and respective capabilities. However, that level of global action by 2020 may not be enough. Since publication of the intergovernmental panel's fourth assessment report in 2007, scientific studies have suggested consistently that the warming process is happening more rapidly than anticipated and that, therefore, the emission reductions proposed in the 2007 report may be insufficient. A consensus is emerging among leading climate scientists that we may need to not only reduce our emissions but also have net reductions in greenhouse gas concentrations in the atmosphere. They are suggesting a target level of 350 ppm, parts per million, while current concentrations are over 380 ppm. The next report from the intergovernmental panel is due in 2014 and a priority in the negotiations is ensuring a new global agreement includes a review of targets and objectives by the end of 2016.

Turning to finance, a new treaty on climate change simply will not happen unless it includes a comprehensive financial package to assist developing countries in key areas such as capacity building, mitigation, adaptation, technology and protection of their forests. Based on figures developed by the European Commission, the European Union has strengthened the focus in the international negotiations on finance by setting out estimates of short and long-term needs. In summary, the cost of mitigation and adaptation action in developing countries could amount to around €100 billion annually by 2020. Of that amount, the international public support element could be in the range of €22 billion to €50 billion annually. That is the longer term position, beginning in 2013. There is also the more immediate need for fast-start international public support for developing countries which the Commission estimates could be in the range of €5 billion to €7 billion per year in the three-year period 2010 to 2013.

The EU is committed to paying its fair share at an international level and Ireland is committed to paying its fair share of the EU contribution. One point to make absolutely clear is that we see the international climate change agenda and the millennium development goals as parallel priorities. They are not competing priorities and any suggestion to that effect is entirely unacceptable.

Before I conclude on finance, I know that there are people who believe that, in view of the economic downturn, action on climate change should be deferred or given a lower priority in the shorter term. Such views are both misguided and damaging. Within the EU, the Council is perfectly clear on this point. The Minister welcomes and fully supports its decision to underline the opportunity and the need to build on the synergies between action on climate change and economic recovery. We agree with its view on the need to seek a long-term financial and economic architecture that will integrate our approach to climate change with our goal of transition to a sustainable economy. Only a sustainable economy is compatible with avoiding dangerous climate change and addressing the inevitable impacts of existing concentrations of greenhouse gas in the atmosphere.

I refer to the changed outlook for the Copenhagen conference which has become evident and is being widely reported in the media. We now know that a new, fully fledged treaty is most unlikely to be achieved in Copenhagen. In spite of the clear commitment by the parties

[Deputy Áine Brady.]

at their 13th conference in Bali in 2007 to finalise a new treaty in 2009, we have run out of time to complete the task in Copenhagen. At best we are now looking at the possibility of a politically binding agreement rather than a legally binding treaty. That is disappointing. As the Minister said last week, it flies in the face of the fact that we are all too quickly approaching a point where the impact of climate change will become significantly more challenging and more costly to address.

Responding to this setback for the international process, the European Commission has said that the minimum outcome in Copenhagen must be a framework agreement on the essential building blocks of the new treaty and a deadline for completing it. The agreement must include ambitious emissions reduction commitments by developed countries, adequate action to curb emissions growth by developing countries, and a financial deal to assist developing countries both in mitigating their emissions and adapting to climate change.

The Minister's immediate reaction, in addition to his disappointment, is that the framework agreement will have to be convincing on the commitment of all parties and the timeframe for finalising the treaty will have to be short. We welcome the fact that a number of key players in the international negotiations, including Brazil, Mexico, the United States, Indonesia, China and, in recent days, India and South Africa, have announced pledges. This momentum in the process is encouraging. However, as Connie Hedegaard, the Danish environment minister, said at the opening of the meeting this week, "We are not there yet".

As regards the international agenda, it is difficult to predict what the outcome of COP-15 will be. I can say with certainty, however, that the EU's commitment and determination to reaching a new legally binding treaty to succeed the Kyoto Protocol is undiminished. The Minister for the Environment, Heritage and Local Government, Deputy John Gormley, was at the first COP in Berlin 15 years ago, but it is certain that this 15th meeting of the parties in Copenhagen will be the most defining gathering of a generation. The importance of this meeting is recognised globally, with more than 100 world leaders, including the Taoiseach, Deputy Brian Cowen, attending for the final days.

Turning briefly to national policy, tomorrow, the Minister, Deputy Gormley, will publish the country's annual carbon budget which will include details of the Government's proposed climate change legislation. It will enshrine in law the key climate change policies and principles that will be essential if we are to reduce our emissions and move to a sustainable, low-carbon economy and society. We have already made that start through massive investment in renewable energy and new regulations and incentives to encourage low-emission housing and transport. Transition to a low-carbon world economy will happen quickly and we have two choices: to move with it or be left behind. There is quite simply no alternative to transition and we know it can be done. It is both technically feasible, economically affordable and eminently sensible. It will present both challenges and opportunities. Getting our policy right is about minimising the challenges and maximising the opportunities for people and the environment.

Senator Joe O'Reilly: I welcome the Minister of State, Deputy Áine Brady. I listened to her introductory statement with interest. The disastrous flooding that has affected so many parts of the country reminds us of the important consequences of climate change. Scientists tell us that such flooding could occur every two to three years in future. This year has been the warmest on record according to the World Meteorological Organization. Addressing the climate change conference in Copenhagen, the WMO's secretary general, Michel Jarraud, said that China has had the worst drought for years, while Kenya has had food shortages, and there have been heatwaves in India and Australia. Those are just some examples of the international impact of climate change.

As the Minister of State said, it is accepted that a comprehensive and legally binding treaty will not emerge from Copenhagen. That is the expectation as of now and it is disappointing. The Government, however, must push for a resolution that is closest to such a treaty.

President Obama and the Chinese Prime Minister have both made pledges on climate change while the EU has offered to reduce emissions by 20% on 1990 levels. Under certain conditions, the EU will increase that figure to 30%. We in the EU are setting a standard and giving leadership in this area. We need a Kyoto-style agreement to emerge from Copenhagen which will be legally binding. Meanwhile, it is expected that President Obama will improve the American offer during the Copenhagen negotiations. The American authorities have already offered to cut emissions by 17% by 2020, relative to 2005 figures, which equates to a cut of only 5% on the 1990 levels.

Some 80% of energy consumed in the United States arises from fossil fuels, which makes the American contribution very important. We are all conscious of the radical change that has occurred since the Bush era when it was thought unnecessary to take any action on climate change. The current US position does represent progress and it is to be hoped there will be further progress from the Americans at the Copenhagen conference.

China has the world's second largest emissions of greenhouse gases after the United States. In that context, it is important that China should follow suit in tackling climate change. A comprehensive package, including loans and direct aid, is needed to support China's efforts in this regard. The American negotiators have indicated that they will take that route and the EU is also open to such a proposition. We must hope that China can be urged along in that direction. While Ireland's moral leadership role is crucial, the big two are the US and China. We need to bring them to the level of commitment that is apparent within the EU through an agreement at Copenhagen.

Ireland must play a pivotal role in Copenhagen and, to be fair, there is no indication that the Government will do otherwise. I urge the Minister of State to tell her colleagues that Ireland should not be a supporting actor at Copenhagen and neither should we be daunted by our size. Ireland has the moral authority and capacity to make a strong contribution to the climate change conference rather than being a fringe player there.

1 o'clock

While we support all the EU commitments and will work within those Ireland should, independently, make its own stance. Our Dáil spokesman, Deputy Simon Coveney, has made reference in the other House to the fact that Ireland could show leadership in pushing for greater financial commitment for the developing countries because of our record on overseas development aid and in so many ways on the international stage. We have bona fides and good credentials with developing countries and as such could give proper moral leadership in that regard.

We should also be pushing the idea of wind as an important alternative form of energy. Ireland should major on that in the Copenhagen context and in the domestic context. I certainly believe we have a pivotal role to play. I am privileged to be a member of the Council of Europe for my party as well as a member of a sub-committee of its Committee on the Environment, Agriculture and Local and Regional Affairs, the chairman of which is an Englishman, Mr. Alan Meale MP, who will be representing the committee at Copenhagen. I contributed at a recent meeting where many issues arose. That committee will be making a submission on behalf of the Council of Europe and lobbying at Copenhagen.

I welcome the fact a climate change Bill is pending, something Fine Gael has been urging for some time. The response has been somewhat tardy, but the fact it is coming is good news. Before I deal with the specifics of the Irish situation, it is worthy of repetition that Fine Gael's bona fides as regards climate change are extraordinarily strong. In the NewERA document

[Senator Joe O'Reilly.]

dealing with the economic recovery agency and job creation which we published recently, there is a particular focus on jobs relating to green energy and posts arising from alternative energy. Our entire job creation policy platform is focused in this area, and we are proud of this. It is part, thankfully, of a developing consensus on this issue and we need to promote that to encourage it to continue.

We must regret the fact that we have not met our Kyoto targets and our ambition for the future must be to improve in that regard. There is a commitment in the programme for Government for the planting of 10,000 hectares per annum, but with the reduced forestry premiums the industry believes it will not be possible to achieve that target. I ask the Minister of State to address that question and to re-examine the premium and incentive situation in that regard. It would be a pity if it was not achievable, given that we have a considerable amount of land suitable for afforestation. In any event, we should deal with this. It is not enough to have a platitudinous commitment in the programme for Government, if this cannot happen. The information we are getting from the industry is to the effect that it cannot.

Teagasc says there are 100,000 hectares suitable for the growing of bio-fuel crops. This is important in the context of the 4% target of bio-fuels within diesel etc. as regards transport and heating fuels. It is important that we are not just importing bio-fuels since that would create a carbon footprint in itself. As the Minister of State indicated in her opening statement, bio-fuels cannot be developed nationally or internationally at the expense of natural habitat such as would happen with the cutting down of rain forests or the removal of land for food. We cannot contribute to food shortages or indirectly increase carbon problems by developing bio-fuel. Bio-fuel can only be developed in a controlled fashion, at home and abroad. It cannot infringe on primary food production and that has to be an article of faith. Given that Ireland is an agricultural country the Government should enjoy good bona fides in this regard and we should be willing to say, in effect, that we cannot displace people or cause starvation under any policy that might emerge as regards greenhouse emissions or arising from Copenhagen.

We have had difficulties in the past with the waste issue and the proliferation of nuclear plants on the west coast of England, the nuclear coast, on the Irish Sea. New technology is emerging, I understand, in the nuclear area and over a number of years there may be safe nuclear power. In the event, it will have to be looked at again.

There should be a special focus in Ireland on wind energy production. There should be micro-generators on all houses, where possible, and businesses, so we may produce enough energy for ourselves and sell surplus to the grid. Hydro power should be harnessed, which has been addressed often in the Seanad. Senator Martin Brady and I have raised this on a number of occasions regarding the potential in County Cavan for hydro energy powered by rivers and streams to create energy locally. Wave energy is important, but we must keep the emphasis on domestic effort to give Ireland the international credentials it needs on this issue at Copenhagen because it is the right thing to do.

I firmly believe that not only can we meet our targets in terms of climate change and as regards the prevention of meteorological disasters, but we can create jobs in Ireland by focusing on green energy. I thank the Cathaoirleach for his indulgence.

Senator Dan Boyle: I first became an elected public representative in 1991 in the local elections, when I was given the honour of representing people on what was then Cork Corporation, now Cork City Council. It was an interesting time for environmental politics because much of the world's media and international governments were exercised with many of the issues we have continued to talk about in nearly 20 intervening years.

Within a year there was a major international conference at Rio de Janeiro, which was meant to be the starting point for solving much of what was then identified as an impending difficult situation as regards life on this planet. While Rio was the largest gathering of world leaders and governments since the Second World War, it failed in many respects and no agreement was reached. Much of what could have been done was avoided. It was not until the Kyoto summit, unfortunately, that some form of international agreement was put in place. This introduced measurements on how to deal with the major problem affecting life on this planet, namely, the creation of high levels of carbon, which are affecting climate and questioning the viability of life itself. This should be treated as the most important issue on the planet today. In the difficult economic situation in which we find ourselves nationally and globally it is hard to put forward a political argument in this regard. Economies rise and fall but viability of life on this planet is something we tend to take for granted. The willingness of mankind as a species to believe nature can be disrupted and overcome is something from which we have continued to learn lessons, in particular in the past month.

The Kyoto summit put in place an international agreement and measurements, which while modest, were at least a signpost towards where we should be going. What was unfortunate about Kyoto was that agreement was not subsequently achieved by those who should have participated and agreed. The largest carbon polluters on this planet in the form of the United States and emerging countries such as China, India and others, including Australia and Japan which are large in their own right in terms of geographical size and often population, did not buy into what was an emerging international consensus.

The European Union prior to and since Kyoto has behaved honourably. As a country, we have had our own responsibilities to live up to in the context of a common European Union approach. It is fair to say that for most of the time since the Kyoto Agreement was signed and subsequently ratified by the EU, we have not played our role effectively. We were given a generous allowance for carbon that was over and above 1990 baseline figures but have regularly exceeded it, often by up to two and a half times that allowed. We have in recent years begun to pull this back, in part owing to an economic slowdown and, thankfully, a new Government approach towards dealing with many of these issues. We now have commitments in the programme for Government to try to average reductions during the lifetime of this Government and beyond and to climate change legislation. We have put in place measures across several Departments in terms of energy conservation, better insulation of homes and how we deal with transport that will have a long term effect in terms of how we in this country play our role.

A key measure in this regard was the introduction yesterday in the budget of a carbon levy. Its phased introduction will help it being an effective tax. Not alone does it put a proper price on carbon and how it affects our economy and environment, it also allows us to have a fund to assist us to invest appropriately to ensure we avoid a build up of carbon in our environment in the future. I look forward to it being implemented to a greater extent in the future. The difficulty we have is that nearly 20 years on expectations in terms of the Copenhagen gathering have been raised. The Green Party leader and Minister for the Environment, Heritage and Local Government, Deputy Gormley, will attend that summit as will many Irish NGOs. It appears political agreement will not be achieved by the time Copenhagen finishes in a number of weeks, which is a serious setback. At best, political agreement might be achieved within the next year. There needs to be political agreement within the next six months because of the two important summits that follow, the Bonn summit and Mexico summit in 2010. The longer we leave these decisions the harder they will be. The EU as an organisation has given a commitment that in the absence of international agreement we, collectively as a grouping of countries, will seek to reduce our carbon levels by 20%. If international agreement is achieved we will seek a reduction of 30% in this regard. The reaching of international agreement places upon

[Senator Dan Boyle.]

us a new onus to consider how we are reducing our carbon load and how this can be done in the quickest possible time to maximum environmental benefit.

An area in which the debate has not really taken off is in the context of the belief during the past number of decades that somehow the notion of environmental politics is esoteric in that it is beyond the people and has little impact on their everyday lives. The reality is different. If we do now what needs to be done a win-win situation for the planet and those people living on it in terms of how we structure local, national and international economies will result. We are looking at a fundamental way of doing things differently. We have lived through 200 years of industrialisation fuelled by a diminishing fuel source in the form of fossil fuels. If we want to continue to live life as we have lived it we must do so fundamentally differently. We must seek a better fuel source, one that is less polluting and more sustainable. We are fast coming to a time whereby the fuels upon which we have relied, oil and gas, are at peak levels. From here on we are on a downward slope in terms of the amount of oil and gas that will be available throughout the world. There will be a rising demand for these products in countries like China, India and Brazil. On those grounds, we should be concerned.

I am optimistic for Ireland and the role it can play. Also of concern in terms of the debate — this could perhaps have been predicted — is the counter arguments in the international press in terms of the validity of climate change and whether individuals are being conspiratorial in even arguing for its existence, which is unfortunate. The reality is that the international panel has verified that climate change is real and is most probably caused by human activity. Facts already mentioned in the debate are that this year has been the warmest on record and this decade has been the warmest on record in the history of this planet. On a local basis, in November we had three times the average rainfall we have ever experienced previously in November. These are extraordinary events and different from the nature of weather and climate we have ever experienced. If we do not recognise them as realities we will suffer the consequences.

In dealing with this problem, it is important we have empirical evidence and that this is taken on board. It was cheap and nasty of the leader of the Opposition in the Lower House to refer to the scant amount of money being spent on ecological measurements in terms of what types of plant and wildlife we have in this country when this is important information in terms of measuring the viability of life. When one considers that similar amounts of money, approximately €100,000, is often spent by town councils sending their entire membership to conferences on coastal erosion——

Senator Paudie Coffey: We are tired of listening to this type of comment. It is unfair.

Senator Dan Boyle: That is the reality.

An Cathaoirleach: The Senator's time has almost expired.

Senator Dan Boyle: This is the seriousness with which the issue is treated by some people.

Senator Paudie Coffey: Senator Boyle is trivialising it and we are tired of hearing that type of remark.

Senator Joe O'Reilly: Very few town councils——

Senator Dan Boyle: If people are making arguments about the nature of future life on this planet on the basis of whether frogs are counted or not, they are not grasping the issue. Unless we know how plant, animal and human life is affected, we will not be able to face the future.

Senator Paudie Coffey: The Senator should put humans first for a change.

Senator Dan Boyle: If the Senator and the Fine Gael Party leader raise this issue they must endure the consequences in terms of how they argue it, often in ignorance.

Senator Paudie Coffey: Put the humans not the frogs first.

Senator Dan Boyle: It is important that this House has had an opportunity to make statements that will I believe be of assistance to the Minister as he attends——

Senator Joe O'Reilly: On a point of order, I point out to Senator Boyle that our county councillors act with great probity in relation to what they do with public moneys. I am sure the Senator will accept that.

An Cathaoirleach: That is not a point of order. Senator Boyle's time has expired.

Senator Dan Boyle: No, I do not.

An Cathaoirleach: Senator Boyle's time has expired, I call Senator Quinn.

Senator Dan Boyle: It is important we have had an opportunity to make statements on climate change. They will assist the Minister as he goes to what will be an important conference. I know the House is at one in ensuring we obtain as positive a response as possible.

Senator Feargal Quinn: I am delighted this debate is taking place and to have the opportunity to contribute to it. Approximately three years ago I was on Ryan Tubridy's television show, "Tubridy Tonight". There was an interesting debate and towards the end of the show he asked me whether I would go back into the supermarket business if I was starting out in business now. I said "No" and that I believed there must be a huge future in renewable energy. I said it off-the-cuff but what surprised and delighted me in the following few weeks was the number of letters and contacts I received from people involved in various efforts to create renewable energy from wind, wave, solar and other sources. They were from all around Ireland. There was clearly an interest in it so I examined the issue of investing in renewable energy.

It is interesting to examine the attitude of the major multinationals who have invested in green energy and how they perceive the future of dealing with climate change. Perhaps the private sector's view of dealing with climate change should be taken account of as an indicator when considering the best ways to deal with the problem. BP's investment in renewable energy will fall from \$1.4 billion in 2008 to less than \$1 billion this year. It is reducing the amount of its investment. The company is selling some of its renewable energy assets, including three wind farms in India, and has cut its solar cell manufacturing capacity in Spain and America. The one renewable energy source it still appears to be serious about is bio-fuels. Royal Dutch Shell's strategy towards renewable energy has also changed. Earlier this year, the company, rated the largest corporation in the world by *Fortune* magazine in 2009, announced it would no longer invest in renewable energy projects such as wind, solar and hydro power projects because they were not economic.

The bottom line is that many investors seem to be scared off by the so-called "green future" and one must ask why that is so. The recession has had an effect and the start-up costs for such projects are higher than for conventional power projects. However, we must also realise that people are very sceptical about paying higher prices for so-called greener products. In my business I found there was always a core group of people who were willing to pay a higher price for certain products, be they free of genetic modification, organic or just greener.

[Senator Feargal Quinn.]

People in Ireland and throughout the world see governments pushing so-called carbon taxes. They know that for all the guilt pushed on them, they will end up paying higher energy costs. It is the last thing Ireland needs at present. Our electricity and heating costs are among the highest in the EU, although I am aware that Bord Gáis has announced that the price of gas will decrease. However, we must do our utmost to bring these costs down so we can become competitive again. The single challenge we face is making ourselves competitive and while people are worried about the environment, they do not wish to be taken for mugs.

There are many questions to be answered, especially with regard to carbon tax. An indication of the customer's sceptical outlook about the environment in the midst of a recession is offered by what happened in British Airways. That airline has offered carbon offsets with its flights for the past four years but has found that only 3% of customers buy them. *The Economist* has put it bluntly. It commented last week that: "Attempts to get a renewable-energy industry going have flopped." Mr. Richard Tol, who writes on Ireland for that newspaper, has said that "renewable energy is more expensive than non-renewable energy and stimulating renewable energy therefore reduces competitiveness and slows down economic growth and job creation".

Instead of following the Green Party mantra of creating jobs through a green revolution, perhaps we should examine more closely current ways of creating jobs, which is what we really need at present. There will be grave difficulties if we attempt to move so quickly in the green area that we become uncompetitive. Perhaps a tax credit should be introduced for those who create jobs in any industry, as the US is now considering. What is certain is that we must examine new ways to get private business to invest in green energy. I am not sure how that will be done. It is not as easy as some people claim, especially in the Green Party. The *New Scientist* magazine pointed out earlier this year that "the most advanced "renewable" technologies are too often based upon non-renewable resources". In other words, the green lobby could be robbing the planet of irreplaceable natural assets.

However, I am hopeful for the future of renewable energies. When we finalise the amount of emissions our economy will reduce over the coming years, the move to renewable energies will become more incentivised. I hope we can move further in that direction. There is much work to be done because this issue is not nearly as simple as I thought it might be.

With regard to the legitimacy of climate change, it is obvious that the climate is changing but there has been an interesting discussion prior to the Copenhagen summit about the major cause of this change. It is difficult to know. Whether it is mainly man-made or something else is still debated. James Lovelock, in his most recent book published earlier this year, *The Vanishing Face of Gaia*, says the Earth's system is so complex and interconnected that "we are like a 19th century physician trying to give a sensible prognosis to a patient with diabetes".

Anybody who is interested in this topic should look up Easter Island on the Internet. It is fascinating to see what happened there. When the island was discovered 3,000 km to the west of Chile in the 16th century, it was inhabited by approximately 10,000 people. There was a thriving civilisation but by 1900 there were 100 people left. The people kept cutting down the trees and ruined the environment. Whoever chopped down the last tree should have known it would be the end for their civilisation. They did not survive. If one looks up the subject on the Internet, it will take only ten minutes to read about Easter Island. I have never been there. My daughter went to Chile and convinced me of the island's interest when I visited her there but we never managed to visit it. I would love to visit it sometime and see the huge statues. It was the building of those statues that probably caused the end of the island's civilisation.

Perhaps humans do not react quickly enough or are not clever enough to handle what is approaching in the future. The Kyoto Agreement was reached 11 years ago and it is evident

that discussions at Copenhagen are experiencing difficulties. They have only started but, at this stage, it does not appear that anything will be achieved. What worries me is that dissenting voices about the cause of climate change are branded deniers, sceptics and so forth. I am glad the scandal at the University of East Anglia's climatic research unit has brought the subject into focus in recent weeks. There were many headlines about that and it is useful to see what happened there. There are many legitimate views which are, to a degree, stifled. We must not suppress scientific debate on this matter.

With regard to the Intergovernmental Panel on Climate Change, IPCC, it could be said that it had already arrived at an opinion before any debate occurred. It is a political rather than a scientific organisation. Many reputations are riding on climate change and the Copenhagen conference, be they academic or political. Nobody really knows how our climate works. Many of the so-called predictions are based on computer simulations. Should we trust these unreservedly? The best theories we have to explain climate change are based on past data, which many experts admit are limited in variance. We should be very wary of not questioning the method. We are never sure what is causing it but there is little doubt that we must take action soon. I recommend to anyone who is interested in the topic, as we all should be, to look up Easter Island on the Internet for ten minutes to discover how what is being discussed in Copenhagen must come about.

Senator Martin Brady: I welcome the Minister of State, Deputy Finneran. Senator Quinn made relevant points that members of the public also make. I do not like using the term "ordinary people", which is often used. I do not know what ordinary or extraordinary people are like, but people are asking questions about green energy. For example, if they want to get a wind charger or so on, they ask whether buying a charger for €20,000 or €30,000 would be worthwhile in terms of payback, efficiency and whether it will be obsolete within two years. We must give people direction.

We are doing the right things, given the use of electric cars, transport fleets running on natural gas and so on. All of this is well and good, but we need a clearly itemised plan to engage the public. People do not understand exactly what is required of them. There is considerable confusion. Senator O'Reilly referred to the number of unused mills. When I asked an expert about them, he told me that they were beautiful wheels that looked lovely in the countryside but were only 20% efficient. We must consider matters such as efficiency, cost, final benefit and viability. None of the answers has been established, so we cannot tell people what they should be doing. People who are getting their homes tested under the building energy rating system wonder how much a test will cost, how they can go about doing it and what they would need to get done if their homes do not pass. Senator Quinn is right about there being much confusion.

Senator Boyle referred to wildlife, which I like. I do a lot of fishing, which has allowed me to see the effects on wildlife. Animals cannot find food in their natural habitats, so they go around housing estates and so on searching for food at night. In many areas, fish are dead in the water. There is no fight in them at all. We must recognise that something is going wrong because wildlife is important. I usually agree with Senator Coffey, but he stated that we should be considering humans. Humans enter into the discussion on wildlife because the latter is important to our tourism and food industries.

I do not want to be repetitive, but we have lacked proper planning. The recent floods brought this problem to light in no uncertain way. People have asked what caused the floods, as Senator O'Reilly stated. There is much confusion and we do not really know the cause. We are sceptical of scientists and experts, asking how they could know and saying that they are wrong.

[Senator Martin Brady.]

We should have an itemised plan to spell out clearly to the members of the public who want to participate how they can do so in a cost-effective way. In today's climate, no one can spend money without knowing the eventual benefit.

Senator Dominic Hannigan: I welcome the Minister of State to the House. I want to speak briefly about the ongoing negotiations in Copenhagen as well as some of the climate change challenges facing Ireland. Observing the global response to climate change has been increasingly depressing. Progress is too slow, opposing interests are too rich and fine words are too often unaccompanied by any real action.

The climate change conference in Copenhagen represents a unique opportunity to change our course. The signs so far are mixed. While action is supported overwhelmingly by the public, the political reality and experience thus far tells us that whatever is achieved will probably not be enough. Efforts to devise a roadmap for tackling climate change after 2012 have been severely hampered by a determined and financially robust campaign against the notion of climate change. In *The Guardian* newspaper this week, George Monbiot cited two cases from *Climate Cover Up*, an excellent book by James Hoggan and Richard Littlemore. They provided a case study that focuses on the efforts of coal companies in the United States of America to create a smog and spread misinformation about climate change. The coalition is targeting different groups with different messages in an attempt to create confusion.

It is clear that many, if not all, of the large energy companies are speaking out of both sides of their mouths. On the one hand, billions of dollars are being spent convincing us all that these companies have had a Damascene conversion about the benefits of green energy and, on the other hand, they are spending as much on disseminating misinformation, half truths and statistical manipulation. This is especially true of the US where it seems that, even if a deal is produced in Copenhagen, getting such a deal through the Houses of Congress would be difficult.

The battle lines have been drawn and it is our responsibility as legislators to inform people about what climate change will look like in Ireland. The devastation we saw as a result of the recent floods should be framed as a preview to the type of chaos we can expect to become increasingly commonplace on this island. Families will be isolated in their homes, the elderly and infirm will worry about whether they will get food, farmers will be concerned about their livestock and small businesses will worry about their stock.

In Cork, Clonmel and elsewhere, hundreds of communities suffered as a result of what mother nature can do. Senator Brady asked why it occurred, but it is a combination of bad luck, bad weather and bad planning. We can make a difference by being careful about not zoning new residential developments in flood plains and by being aware of the likely impact of climate change on coastal communities in particular.

Events such as the recent floods will become commonplace if change is not introduced. Yesterday's budget proposes some measures, but we need to do much more. We have made remarkably little progress in our efforts to combat climate change. Less than 3% of our energy consumption comes from renewable or sustainable sources. Earlier this year during a similar debate in the House, I mentioned a report from Sustainable Energy Ireland, which stated that the average Irish household uses 31% more than its EU counterpart. The report found that household fuel usage decreased by less than 0.5% between 1995 and 2006, while average electricity usage per person increased by a considerable 62%. We are fourth from bottom in the EU energy league and Dublin is one of the worst performing cities in the European green city index. A report published last year by the Environmental Protection Agency, EPA, predicted that by 2020, Ireland will have exceeded its greenhouse emissions target by 7 million tonnes.

These statistics are not indicative of a society or Government that takes the dangers of climate change seriously.

Last year, I spoke of the urgent need for an aggressive campaign to raise awareness of the dangers of climate change and of the benefits of clean fuel and energy independence. Senator Brady believes we must ensure people are well aware of the dangers we face. We need a campaign to match the emotional impact of anti-smoking and drink driving campaigns. The sense of urgency is absent from public debate. We should be under no illusion about the threat before us if we do not act.

Yesterday, UN experts warned that unless action is taken soon, climate change could lead to another 100 million people facing starvation by the middle of the century owing to the reduction in yields of crops such as maize, rice and wheat. We still have a chance to prevent such a disaster. During this week and next week many people will go to Copenhagen to try to reach an international agreement on the way forward. I shall be in attendance and hope to speak to many people about the measures we can introduce to make a difference. Like everybody in this House, I hope the Copenhagen summit will be a success and that world leaders will agree on how we can collectively fight this grave threat to our future.

Senator James Carroll: I welcome the Minister of State, Deputy Finneran. It is my first time to hear him in the Chamber and I wish him the best of luck in his job. He has done a top job so far and should keep it up.

Speaking as a 26 year old, when my age group sees targets and goals for 2020, 2030 and 2050, we think these are long distant and will never impact or come to pass. When I think of 26 years from now I wonder where I will be and what I will be doing.

Senator Ned O'Sullivan: The Senator will probably be in the Seanad.

Senator James Carroll: That is right. However, as time moves on we see that actions can make a difference. Senator Quinn mentioned Easter Island and the catastrophes that have already occurred on the planet. As national legislators and policymakers, we have a role and responsibility to ensure we make a difference locally. In that way, we might impact upon the big polluters such as the United States, China, India and Australia and make a difference. I wish the Minister for the Environment, Heritage and Local Government the best of luck in Copenhagen. A point of hope is that President Obama is due to attend towards the end of the conference, on 18 December. I hope that says much about the intent of the United States and how seriously that country will take the conference and what flows from it.

Senator Boyle said climate change is the greatest challenge we all face. The controversy over the research at the East Anglia research institute has done serious harm to the climate change argument and given oxygen to the anti-climate change brigade. I hope the fact that a certain research institute may have manipulated figures does not take away from this key issue which is so important for all of us.

In part, I welcome the announcement of the carbon tax which is, ultimately, a tax on pollution. It attempts to disincentivise people on point of purchase, making them ask what will be the consequent pollutant factor. The challenge then will be for people to make their different choices. As I stated on the Order of Business, those who can use the option of rail should have optimum benefits but since the re-opening of the line to Drogheda three weeks ago, there has been a diminution of the service. I hope that situation will be addressed because we must incentivise people to get out of their cars. An increase in cost can achieve that but we must ensure a viable and better alternative is in place for them.

[Senator James Carroll.]

I welcomed the Minister for Finance's declaration that the money to come from the carbon tax will be ring-fenced for energy efficient schemes, retrofitting of insulation and rural transport. As one who represents a rural county, Louth, I can say the rural transport scheme has been an enormous success and has had a positive impact on the quality of life of many elderly people in the community who now have an opportunity to get to towns and villages from their own areas, which may be rural and isolated. I hope the Minister of State, Deputy Finneran, will take responsibility for this and ensure it will happen. It will be a key point for all of us in the future.

That issue is tied to the ring-fencing of moneys for retrofitting insulation which will be the future for the construction industry in the short term. Many people have got great benefit from Sustainable Energy Ireland's home energy saving scheme, the warmer homes scheme and others. A total of €130 million in funding has been specifically targeted for this. I also welcome that there will be an opportunity for people in local authority housing to avail of the scheme. Only when one goes into a house before and after such improvements are undertaken does one see the difference made. As Senator Brady noted, people sometimes find it difficult to quantify the benefits of such schemes and ask whether the benefits are financial or heat related. As we go into 2010 many elderly and people with young children do not wish to live in damp houses.

Senator Boyle got some stick from the Opposition regarding the point he made but he hit the nail on the head. We must try to change our mentality. New, younger legislators like me hope we can change the mentality. We must focus on how the green debate and agenda can change our lives and economies and how, at local, national and international levels, people can work hand in hand to improve the quality of life of both humans and the planet. That will be key. Regarding yesterday's budget, the Minister for the Environment, Heritage and Local Government, Deputy Gormley, welcomed the total spend of €2.3 billion for his Department for 2010. That is the second largest capital spend of any Department that year. It is welcome and worthwhile.

I wish the Minister, Deputy Gormley, and all the delegates to the conference in Copenhagen the best of luck in finding a successor to the Kyoto Protocol. As Senator Brady mentioned, the four key elements of the Bali action plan must be targeted: mitigation, adaptation, technology transfer and finance. We must produce a clear and strong focus for future action and have a long-term goal.

As I said at the outset, when one sees goals for 2050 such as reducing emissions by 50% compared with 1990, levels the worry is this seems so far away. The year 2050 is many moons from now. I hope I shall be at home with my grandchildren sitting on my knee not worrying about such matters because we will have taken the right decisions. Those decisions we must make now are key for the future, not only locally in Ireland or in the short term but internationally. It is the chance of a lifetime for many people at the conference. President Obama has inspired many of us with his message of hope but it must be translated into actions. That is key.

I thank the Seanad for giving me the opportunity to speak on this matter today. I wish the Minister, Deputy Gormley, the best of luck in Copenhagen and I thank the Minister of State, Deputy Finneran, for his attendance.

An Cathaoirleach: I thank Senator Carroll for his maiden speech. According to the timetable, I was to call on the Minister of State at 1.50 p.m. The Leader indicated he would consider the order later but I have heard nothing since. I shall call Senator Coffey, who will have only three minutes.

Senator Paudie Coffey: I shall be brief. I welcome the debate because climate change is a very important issue that should continue to be debated in this House on a rolling basis and at many levels throughout the country. People spoke about raising public awareness of the issue. It must be extended into places such as local authorities and even our schools by way of debating competitions. Climate change must be debated at every level possible because it is a challenge that transcends all nations, genders, breeds and species.

Speakers stated that Fine Gael was not worried about frogs and hen harriers. Of course, we are worried about the frogs and the hen harriers. We believe such issues should have a proper structured debate and priorities should be given where needed. Green issues have become mainstream now in politics and all major political parties give a high priority to them and to climate change, which is very welcome.

I agree with Senator Brady that we must stop speaking above the public with regard to climate change. We must give a clearer understanding and awareness to the populace. We can learn from our children in this regard. Marvellous work is being done in schools on green energy, sustainable living and the green schools initiatives. Children know almost as much as their parents or households. There is a great deal to be learned in that area.

There is an opportunity also in regard to housing and the local authorities, which comes under the Minister of State's remit. I am aware of many local authorities which installed oil central heating and so on in their local housing stock in good faith in the past ten years. The inhabitants of those houses now find it is unsustainable to keep paying for the oil at current prices, and we will have a further increase with the carbon tax.

Sustainable Energy Ireland recently engaged in a pilot project where it is installing wood pellet boilers into houses but, unfortunately, only private houses and people on social welfare qualify for that pilot project. I would be hopeful, and the Minister might give Members some information in this regard, that that might be rolled out to people in the local authority housing stock and that in the future they might be able to apply for conversion to more sustainable heating systems for their houses. I am aware moneys have been allocated for retrofitting housing stock, which is welcome. That should be prioritised because insulation, draught proofing and simple measures like that would help convince ordinary people, who are the people we need to get on side, to make those changes. The Copenhagen summit is taking place——

An Cathaoirleach: I am sorry, Senator. The Leader has indicated to Senator Carroll that he wishes to extend the debate until 2.15 p.m. That will enable you to speak for seven minutes. I apologise for cutting short your time.

Senator Paudie Coffey: That is okay. I understand.

Senator James Carroll: I propose that the debate be extended until 2.15 p.m.

An Cathaoirleach: Is that agreed? Agreed.

Senator Paudie Coffey: It is agreed but it is a pity we had not got more clarity on that because this is an important debate and it is unfair to interrupt speakers. I understand the reason for that. The Cathaoirleach is in the Chair and he must follow the Order of Business as set down but it is disappointing that we do not have more clarity in terms of the order. I ask that there be more clarity in future debates.

An Cathaoirleach: The Minister of State will be called to reply at 2.05 p.m. Senator Coffey has three minutes remaining.

Senator Paudie Coffey: I thank the Cathaoirleach. I know the Minister of State will take on board my point regarding the housing stock. We can start to convince people on the ground in this regard. I mentioned children coming home from the schools. Senator Carroll is right. Our younger people are probably more aware of this area. We must offer incentives to the older generation such as conversion systems from oil to more sustainable heating levels and insulation in the home. They will then start to see the real benefits in cost savings with regard to energy. They will have warmer houses and start to engage with and understand more the benefits of these measures. Any measure in that regard is to be welcomed.

Global leaders are meeting at the Copenhagen summit and delegations from this country will attend. That is important and I wish them well. I am hopeful there will be positive outcomes and progression following the Copenhagen summit and the meetings that are ongoing. I am sure the roles of the various countries will be examined on a global level at the summit. The larger economies such as the United States of America, China and India will have a major role to play in controlling carbon emissions in the future. We, as members of the European Union, have a major role to play also. Even though Ireland is a small country, there is no doubt we must play our part and we in Fine Gael are supportive of that.

There are certain challenges unique to Ireland that other countries will not have to face. One of the major ones is our high dependence on agriculture. Agriculture is an important sector in our economy. It contributes enormously to exports which attract investment into our country, food production and so on. There should be a weighting system of some sort that allows us to produce our beef and other food for Europe and the wider world even though we are emitting carbon doing that. The alternative is to cut back on that but that would be detrimental to the economy because, as a rural economy, we are dependent on agriculture.

We must consider also the downside of importing beef and the huge number of carbon emissions associated with that. For example, if we import beef from South America, that would involve huge transportation costs and the cost of rearing the beasts from farm to table, all of which must be taken into account. Ireland should have a weighting system that allows the agricultural economy of this country to develop. We will play our part in other areas with regard to reducing carbon emissions. The debate is welcome and it should continue on a rolling basis.

An Cathaoirleach: I call Senator O'Sullivan. There are 11 minutes remaining in total.

Senator Ned O'Sullivan: I will allocate some of my time to Senator de Búrca. The Cathaoirleach might indicate when I have used up four and a half minutes.

An Cathaoirleach: I will.

Senator Ned O'Sullivan: I welcome the Minister of State, Deputy Michael Finneran. He is a regular attender here and always shows great support for the Seanad. I welcome also the statement made by the Minister of State, Deputy Áine Brady, at the outset of the debate in which she reaffirmed the EU commitment to meeting the targets of the Kyoto Agreement about which there has been some doubt. Her affirmation was welcome in that regard.

As a member of the Joint Committee on Climate Change and Energy Security, I acknowledge the good work that committee has been doing in the past two and a half years under the chairmanship of Deputy Seán Barrett. Deputy Liz McManus produced a document last week on the need for legislation on climate change and, prior to that, Deputy Simon Coveney led the call for greater electrification of cars. That committee has been doing useful work and it is getting good support from the Government. I hope it will bring forward a Bill arising out of its deliberations in due course.

Global warming is a scientific certainty and it is a fact that it is being contributed to greatly by human activity. Only luddites believe the opposite. It is there to be seen. Every summer there is a new record in terms of heat and every winter we seem to have a new record in terms of flooding. In September Ban Ki-moon, the United Nations Secretary General, said we are like somebody driving a car with the foot stuck on the accelerator as we head towards the abyss. People must take notice of that.

Reading between the lines in terms of what is happening at the Copenhagen summit, sometimes the signs are good and at other times they are not so good. They do not seem to be great at the moment. As Senator Coffey said, it is welcome that President Barack Obama will attend the conference because there is huge expectation of and hope in him. It is a major challenge and it will be a test for him to see if something meaningful like a treaty can come out of the Copenhagen summit rather than pious platitudes. The strides that were made in Bali must be built upon and anything short of success in Copenhagen will be viewed as failure. There is no in between.

In regard to energy security, which is the flip side of climate change, we are all committed to renewable energy whether it is wind, wave or tidal. Entrepreneurs throughout the country are trying their best to get working on that but there appears to be a lack of joined-up thinking and cohesion about the whole area. I hope the Government will try to pull together the many forces involved in that.

People are taking different actions to try to make a contribution. As recently as last week a group in my home town called Energy Master, which is run by well-respected business people with a good track record, folded. Is that because people are not committed enough to this area? Are we talking the talk but not walking the walk in regard to renewable energy and so on? It comes down to our individual attitude. We all have our own individual carbon footprint, to use that cliché, but are we making that contribution? Are we turning off lights at home? Are we overdoing it in terms of heating our homes? I have three sons who think the switch is only for turning on electric appliances. They never turn off the switch and I am sure that is typical of rural Ireland. We leave doors open which causes draughts.

The Government must be commended on the proactive steps it has taken in regard to the retrofitting and insulation grants, as well as those affirmed in last night's budget. That is an important contribution the Government can make.

In fairness to the Green Party it has given a strong lead in the area of conservation. Its Government partners, Fianna Fáil, has always been an environmentally conscious party. There is a new impetus in the country. We are small but our contribution is invaluable.

The local authorities have a major role to play in this area. Some local authorities are responding better than others and without being parochial, in my last term as a councillor in Kerry our management team and councillors contributed to reducing the carbon footprint. I was not happy with what my colleague, Senator Dan Boyle, said about councillors attending conferences because many of the good ideas picked up by management at local authority level were initiated by the elected members—

Senator Paudie Coffey: Hear, hear.

Senator Ned O'Sullivan: —who were responding to what people were telling them locally. Many good ideas came out of those conferences. I will conclude with a good news story. The use of nuclear power will have to be reconsidered. That is not what I meant to say, but it will have to be looked at again. There were ructions in Carnsore when Dessie O'Malley tried to locate a nuclear facility there many years ago. Thirty years on, there have been many scientific

[Senator Ned O'Sullivan.]

advances. The UK Government is proposing to develop a host of small nuclear stations across from our coastline. We will have to examine the matter again.

Senator Paudie Coffey: I am not sure the Senator's Green Party colleagues agree with him.

Senator Ned O'Sullivan: I am not saying whether I am in favour of nuclear power — I am merely saying that the debate on it should be reopened as part of an overall debate on energy security and climate change.

Senator Déirdre de Búrca: I welcome the Minister of State, Deputy Finneran. I am pleased to have an opportunity to speak about this important issue, particularly at a time when an international summit on climate change is taking place in Copenhagen. When I listened to the contributions of Senators, I was encouraged to hear they are convinced about the issue of climate change. I suggest that most of us should take seriously an interesting article by an environmental campaigner, Mr. John Gibbons, in today's *The Irish Times*. Mr. Gibbons, who writes regularly on the issue of climate change, wrote about the "kind of collective psychosis" that affects the Irish people when they know something is going on but continue to be in a state of complete denial about it. Although we are able to talk about, acknowledge and recognise climate change, we often resist the actions that are necessary to respond seriously to it. That will be evident once more when concrete measures like the proposed carbon tax are rolled out. If Ireland, the EU and the world as a whole are to begin to make the transition to a low-carbon economy, it is absolutely essential that we put a price on carbon. Certain fundamental steps have to be taken if we are to change our economy in this manner. Change is never easy. We cannot accept the demands of interest groups which shout loudly that old ways should be allowed to continue.

I have to hand it to the Green Party's Government colleagues, Fianna Fáil, which has supported us in our efforts since we came into government. It agreed to sign up to the Green elements of the programme for Government even though the issues in question did not form a core part of its political agenda. Fianna Fáil is supporting the Green Party and making it possible for these important changes to occur. In the future, people will look back and say that the current Government introduced important changes, some of which I would like to mention. We have committed ourselves to a 3% annual reduction in carbon emissions. We have introduced carbon legislation to enshrine those emission reductions in law soon. A carbon budget is delivered by the Minister for the Environment, Heritage and Local Government around the same time as the main budget. This shadow budget, in effect, makes clear the impact and implications of the main budget for our carbon performance. The carbon budget will assume greater importance as we tie ourselves into legally binding commitments at national, European and international levels. It will help us to keep track of how we are doing in relation to the targets we have set for ourselves.

The Government has changed the vehicle registration tax system so that it favours the purchase of environmentally friendly cars. The Minister, Deputy Gormley, has introduced building regulations to ensure new homes and buildings to be constructed in this country are much more energy efficient. That will lead to reductions in carbon emissions. By introducing the insulation grants, greener homes, home energy savings and warmer homes schemes, we have created new jobs at a time when many jobs in the construction sector have been lost. The media teased the Green Party for its focus on energy-efficient light bulbs, which is another example of a policy that will help Ireland to meet the targets to which it has signed up and legislatively tied itself into. Our planning legislation is being improved. The Minister, Deputy Gormley, has introduced the Planning and Development (Amendment) Bill 2009 to ensure there is much more

consistency between what we say we are doing at national level and the local planning decisions of local councillors, for example on the rezoning of lands. We are continuing to prioritise public transport. The transport sector contributes significantly to greenhouse gas emissions. Public transport is much more energy-efficient and much cleaner. We are prioritising public transport. All of these things are important.

If Ireland wants to enjoy what is known as first mover advantage, it should willingly continue to make the essential and necessary changes to which the international community will sign up over the next decade or so. We need to develop a strong, clean and green economy in this country. We should use our membership of the EU to influence the kind of legislation that is emerging from the Commission. That will put us in a favourable position to benefit from the many economic opportunities that will arise in the years to come and give us a head start on others. Initiatives like the services directive, which will be fully implemented at EU level later this month, will allow Irish companies that are to the fore and have developed their ideas to provide services freely throughout the Union and to enjoy great commercial and business opportunities.

I am very happy we have had a chance to speak about climate change. I hope the commitment of Senators to tackling climate change will be followed through when the time comes to adopt policies. The decisions we will have to make about policy changes may be controversial in the short term, but in the longer term they will position Ireland well in the context of the green economy.

Minister of State at the Department of the Environment, Heritage and Local Government (Deputy Michael Finneran): I am pleased to be here. I have been impressed with the level of engagement of Senators on this issue, which is being debated at international level. The Seanad has given great thought and expression to the whole issue of climate change. Before I respond to the comments of various Senators, I would like to compliment the newest Member of the House, Senator Carroll, on his maiden speech. Anyone who listened to him will agree he will have a long life in politics. I hope he will move up through the ranks until his grandchildren are on his knee in 41 years time. I wish him well. We are lucky he is a member of our party, as he will be a great asset to the political machine.

As we speak, the world is watching the events that are unfolding at the Copenhagen conference, which has generated unprecedented media attention. The serious threat posed by climate change respects no borders and is felt across the globe. It is clear that an effective global response to climate change needs to be reached as a matter of urgency. Over 100 world leaders, including the Minister for the Environment, Heritage and Local Government, Deputy Gormley, will gather in Copenhagen next week for the final days of the conference. It is a demonstration of the world's determination to reach an ambitious agreement to halt global warming. At the opening of the conference last Monday, the Danish Prime Minister said that such an agreement should be acceptable to all parties and be strong, ambitious, just, equitable, effective and operational. It cannot be denied that this is a mammoth task.

Some attempts have been made to undermine the position of the Intergovernmental Panel on Climate Change. I suggest we should ignore the evidence of the robust science being used by the panel at our peril. It would be wise to listen to and read the words of the committed people from all over the world who are represented on the panel. Their views should be taken on board in every step we take. The Minister, Deputy Gormley, will be well armed when he travels to Denmark at the weekend. He can refer to the carbon tax, as introduced in yesterday's budget, and to the carbon budget. He will be able to speak with authority about the attention the Government and the country as a whole are giving to the issue of climate change.

[Deputy Michael Finneran.]

The European Union has played and continues to play a leading role in an international climate change process under the United Nations convention. Ireland has consistently and fully supported the European Union's proactivity and leadership in this regard. This position stands and we will play our part in seeking to influence a positive and effective outcome at Copenhagen. As Members are aware, a fully-fledged and legally binding agreement may not be possible. While it may take a little longer to reach such an agreement, the parties must make significant progress to enable this to happen at the earliest possible stage.

Senator de Búrca mentioned the carbon budget and other matters and was absolutely correct in her summing up of the manner in which people are engaged on the matter of climate change. One of the most frightening things I heard recently was that the area of the northern ice cap may have reduced by 50% within ten years. Were such an extraordinary forecast to be true, it would change the world. If such scientific evidence exists, we must heed it and must act quickly on climate change.

In his contribution, Senator Brady mentioned the phrase "ordinary people" and queried who they were. I believe a former distinguished Member of this House once defined ordinary people as those who ate their dinner in the middle of the day. However, I find that so-called ordinary people, who in the past may not have discussed matters such as climate change, are discussing issues such as fish in rivers, the disappearance of certain species of animals, plants and so on. People are engaged in this regard. Moreover, Senator Carroll noted that young people are highly attuned to the issue of climate change.

Senator Coffey mentioned the issue of housing and retrofitting. Members are aware that in 2009 the Minister, Deputy Gormley, and I moved for the first time with regard to retrofitting. A scheme emerged from our Department, through SEI, which eventually was operated through the Department of Communications, Energy and Natural Resources. Moreover an additional allocation of €20 million was made to the local authorities to restore vacant or unused local authority houses. Out of the budget of €1.61 billion available to me in 2010 for social housing and housing supports, I have allocated €45 million towards the retrofitting of social housing. Moreover, when both the public and private sectors are taken into account, a total of €130 million has been committed by the Government to retrofitting. The Government is committed to retrofitting and rightly so.

It has been interesting to hear today's debate. As I stated, the outcome of the Copenhagen conference will influence and affect what will be done at a national level regarding climate change. This hugely complex, challenging and global problem requires a comprehensive solution at global level, underpinned by commitments and effective action at a national level. A global deal on climate change is of huge importance to Ireland. As I noted, the effects of climate change transcends borders and boundaries. I believe Senator O'Reilly mentioned flooding and its effects have been evident in Ireland in recent weeks in areas including the west, the south, counties Kildare, Galway, Roscommon, Westmeath and Leitrim, as well as the Shannon and Suck basins. Older people in the community inform me, on foot of information garnered from their parents, that such floods have not been witnessed in the last 100 years. Evidence exists from the areas south of Athlone of the major flood that took place in 1954 and it is known for certain that the water levels there were one and one half feet higher this time than was the case in 1954. This is a frightening situation and while no one can definitively state this was caused by climate change, it can be stated for sure that climate change is contributing to such events. I believe climate change to be a major contributory factor. People in those areas fear for the future. It was necessary in the aforementioned counties to evacuate more than 100 people from their homes, many of whom will not return before Christmas and some of whom may never return. This is a new phenomenon of which we must take cognisance.

In virtually all the areas that were badly affected, the level of rainfall was considerably higher than previous levels experienced in those areas. In some instances, the rainfall level was dramatically higher, and not always over a wider area. I already have alluded to the available evidence and note that all kinds of challenges arise in this regard. There is almost universal agreement that extraordinarily high levels of rainfall pertain to climate change and I noted it is a contributing factor. This occurred much sooner than might have been anticipated and undoubtedly was much more dramatic than we were prepared for. However, it is important to acknowledge that the Department of the Environment, Heritage and Local Government has been active in considering the threat posed by climate change and the ways of dealing with such challenges. The strategy put forward by the then Minister for the Environment, Heritage and Local Government, seven or eight years ago still is relevant in respect of what should be done today. The impact of climate change is not simply a matter for the coastal areas, on which there was a previous focus because of the likelihood of rising sea levels as a result of melting ice caps, but also for inland areas, river basins and areas that were not previously prone to flooding. Meeting the challenges posed by climate change is not a matter for central Government alone. It is a challenge for all sectors of Government and society. The National Climate Change Strategy 2007-2012 sets out a range of measures to enable Ireland to meet its Kyoto commitments and to position it for the post-2012 period. Key policy issues in our response to climate change include areas of energy efficiency, sustainable travel and transport, as well as the carbon levy announced yesterday.

Senators Quinn and O'Sullivan raised the subject of renewable energy and more use must be made of renewable energy sources such as wind, wave, hydroelectric, geothermal and bio-fuels, which can supply some of our needs. We also must conserve energy more efficiently by using low-energy products both at home and at work. Our aim is to source 15% and 40% of electricity from renewable sources by 2010 and 2020, respectively. Emissions from the transport sector continue to grow and Ireland's travel and transport patterns are not sustainable. On foot of cross-departmental co-operation and working together with the Minister for Transport—

An Cathaoirleach: Minister, time—

Deputy Michael Finneran: —public transport will be improved, while at the same time supporting climate change objectives. The Government's engagement with Europe is important and I mentioned that the Minister, Deputy Gormley, is travelling to the summit. We are fully committed to meeting these challenges and the Government recognises the importance of action.

An Cathaoirleach: We have gone over time. Has the Minister of State much to complete?

Deputy Michael Finneran: A couple of minutes. It is an important issue.

An Cathaoirleach: While I understand it is important, my hands are tied when the House orders business for a particular time.

Deputy Michael Finneran: I will conclude as I do not wish to upset the clár of the House. I have taken note of all Members' contributions, for which I thank them. At the Department's offices in the Customs House, the Minister, Deputy Gormley, and I, as well as our officials, will be highly conscious of the points made in this House. I again thank Members for the opportunity to address at least some of the issues raised.

Sitting suspended at 2.20 p.m. and resumed at 3 p.m.

Budget 2010: Statements.

Minister of State at the Department of Finance (Deputy Martin Mansergh): The budget for 2010 has been formulated in the context of an unprecedented rate of economic decline which we have experienced in the past year and a half. As a small open economy, we could not escape the full impact of the severe global recession, but it has been compounded by purely domestic factors. As a result, our GDP this year will decline by approximately 7.5% and an Exchequer deficit of more than €25 billion is projected. The Government's strategy in the last 18 months is working and we can now see the first signs of a recovery in our main international markets. We have taken decisive action to manage our way through the crisis. Our concern has always been to protect jobs, provide a functioning banking system and return the economy to the path of sustainable growth. We have sought to do all of this in a manner which is fair and protects the most vulnerable.

The measures we have taken have been commended by international bodies such as the European Central Bank, the European Commission, the IMF and the OECD. They have also won the approval of the international markets. Tangible evidence of this is the reduction in our premium on borrowing in recent months. The European Commission has proposed a one year extension to 2014 of the deadline to bring our deficit below the 3% of GDP threshold under the excessive deficit process. However, this additional year, while easing somewhat the adjustments required in the later years, does not change the focus of our need to stabilise our very large deficit.

There is widespread agreement that an adjustment of €4 billion to the public finances is necessary next year so as to put them firmly on the road to recovery by narrowing the gap between income and expenditure. In this next phase of the Government's plan we must stabilise the deficit in a fair way, safeguard those worst hit by the recession and stimulate crucial sectors of the economy to sustain and create jobs.

We cannot borrow our way out of our deficit problem. Debt service costs are rising rapidly and absorbing a large and growing share of tax revenue, which is not sustainable. We cannot tax our way out of this problem. We will not create jobs by increasing penalties on work and investment. The marginal tax rate is now 52% for PAYE earners and higher for the self-employed. It is also clear that our income tax system has become unbalanced. Next year almost half of income earners will pay no income tax and 4% will pay almost half of the total yield. This is not viable or sustainable if we want to fund the range of services we expect the Government to provide. We must transform how we tax incomes, making the system simpler, fairer and more broadly based.

The Government wants high earners availing of tax incentive schemes to contribute more. For the tax year 2010, the effective rate of income tax for those benefiting from reliefs will increase from 20% to 30%, on top of which they will also pay PRSI and levies. The Minister for Finance, Deputy Brian Lenihan, will examine the curtailment and removal of further reliefs in the context of the finance Bill. He also aims to introduce a new system of just two charges on income in 2011. A new universal social contribution will replace employee PRSI, the health levy and the income levy and income tax will apply on a progressive basis to those with higher incomes, reflecting their capacity to make a greater contribution.

We must ensure every wealthy Irish domiciliary who pays little or no income tax makes a contribution to the State. Measures will be introduced which will impose on all Irish nationals and domiciled individuals whose worldwide income exceeds €1 million and whose Irish located capital is greater than €5 million a requirement to pay an Irish domicile levy of €200,000 per annum, regardless of where they are tax resident.

In the renewed programme for Government we have accepted the recommendations of the Commission on Taxation on the need for a property tax. A good deal more preparatory work has to be done before this can be introduced. The renewed programme also contains a commitment to introduce a system of water metering for homes. Preparations are under way in this regard and when they are completed, it is intended to introduce water charges based on consumption above a free allocation. These charges, like the charge on second homes, will finance the provision of local services by local authorities.

In the light of the enormous economic and social implications of climate change, the Government aims to change behaviour to reduce our greenhouse gas emissions. The budget will introduce a carbon tax equivalent to €15 per tonne. The yield from this tax will be used to boost energy efficiency, support rural transport and alleviate fuel poverty. The tax applied to petrol and diesel from midnight. Increases in the case of home heating oils and gas will apply from next May.

In the future the limited scope for raising further tax revenue should be clear. The only remaining option is to reduce our spending and the aim of the budget is, overwhelmingly, to reduce spending. The current cost of providing public services is not sustainable. Without any correction, day-to-day spending would be approximately €58 billion in 2010, an increase of some €2 billion over the figure for 2009. Given that public service pay and social welfare each account for about one third of all day-to-day spending, reductions in these two areas are unavoidable.

Of significance in considering such matters is that we are in a period of falling prices. The current decline in consumer prices has had the effect of supporting real income levels, thus giving some scope to adjust public spending, while still protecting the living standards of those most in need. The measures announced in the budget amount to savings of more than €1 billion on the pay bill, €760 million on social welfare, €980 million on day-to-day spending programmes and €960 million in savings on investment projects. Combined with other adjustments, these amount to a saving of more than €4 billion in expenditure compared with the pre-budget estimates.

The Government has considered the recommendations of the review body on higher remuneration in the public sector and intends to apply reductions to all public servants in the higher pay bands, including hospital consultants. There will be a reduction in pay of 8% to 15% for those with salaries from €125,000. These are permanent reductions which will be reflected in future pension entitlements. The salary of the Taoiseach will be reduced by 20%. This reduction, together with the pension levy, means the Taoiseach's salary will be cut by close to 30% in total. Ministers and Secretaries General of Departments will take a pay cut of 15%, which comprises an overall cut of close to 25% when the pension levy is taken into account. For the most part, it transforms temporary, voluntary cuts into permanent ones and, in these examples, goes beyond this.

Public servants, including ourselves, have already made a substantial contribution to the necessary reduction in public expenditure. The pension levy has reduced pay by an average of nearly 7%. Public service numbers have been reduced by the moratorium, the incentivised early retirement scheme and career breaks. Like many other workers, public servants have forgone pay increases, but, regrettably, more is required. The reductions we must now make do not reflect any lack of recognition of public servants or the quality of the work they do for all of us. This House will have often heard me spring to their defence. Their pay will be reduced with effect from 1 January 2010, with reductions ranging from 5% to 8% in the case of salaries of up to €125,000. The pay of Members of the Oireachtas will be reduced in line with that of the equivalent public service grades. RTE keeps talking of public servants on €15,000 a year.

[Deputy Martin Mansergh.]

To the best of my knowledge, there is no full-time public servant on less than €20,000 a year, not a cleaner nor a night watchman on the starting point of the scale.

Exchequer spending on public service pensions will be more than €2 billion in 2010. With improved life expectancy and an ageing population, the State's pension bill will grow from approximately 5% to 13% of GDP by 2050, with one third of the increase on public service pensions. The Government needs to respond not just to the current problems but to make far-reaching reforms to secure our economic future. It has decided to introduce a new single pension scheme for all new entrants to the public service, to bring public service pension terms more in line with private sector norms such as the calculation of benefits based on career average earnings. The minimum pension age for new public servants will also be increased from 65 to 66 years and then linked to increases in the State pension age. As part of the reform of public service pension arrangements, the Minister for Finance will review the current arrangements and consider linking pensions to increases in the cost of living. Pending that review, the pay cuts already outlined will not be applied to existing public service pensioners.

We have a generous social welfare system. The Government is proud of its record in this regard. In the past 12 years we have increased pension rates by approximately 120%, unemployment benefits by almost 130% and child benefit payments by more than 330%. The cost of living has increased by approximately 40% in the same period. We extended coverage, removed barriers and increased entitlements such that the level and extent of social support payments has been transformed beyond recognition. However, we put all this at risk, if we do not make savings now. As the House will know, the overall cost of living has fallen by close to 6% in the past 12 months, including very sharp declines in the prices of the basic necessities of food, clothing and accommodation. This sharp fall in price levels is the background to the reduction of 4.1% in most social welfare working age rates of payment. In other words, the reduction is less than the fall in the cost of living.

Unemployment among the young is a particular concern to the Government. We want to encourage them to stay close to the labour market, while at the same time providing a rate of assistance that compares very well internationally, particularly with our close neighbours. We are making targeted reductions to the rate of job seeker's allowance and supplementary welfare allowance for new applicants aged 20 and 21 years of age who have no dependent children, which is being reduced to €100 per week, and for those aged between 22 and 24 years to €150 per week. For all other cases, the rate will be reduced to €150 per week, where job offers or activation measures have been refused.

Child benefit this year will cost €2.5 billion or 12% of social welfare spending. This universal benefit is inequitable but also unaffordable in current circumstances. For legal and logistical reasons, it was not possible to introduce greater equity at this time by making child benefit taxable or means tested. Accordingly, the lower and higher rate of child benefit will be reduced by €16 per month, bringing these rates to €150 and €187 per month, respectively. Welfare dependent families will be fully compensated by increasing the qualified child allowance by €3.80 per week in order that they will not be affected by this measure. Low income families in receipt of family income supplement will also be fully compensated.

In the budget the Government has decided to reduce spending on public services by almost €1 billion in 2010 compared with the pre-budget estimates. Savings are being sought through efficiencies rather than through reductions in services. Some €400 million of these savings arises in the health area where various measures, including a prescription charge of 50 cent per item under the medical card scheme, are being introduced to reduce the State's medicines bill.

An efficiency review of local authorities will be undertaken. This work will begin immediately and a report is expected by mid-2010. The full details of the review will be announced by the Minister for the Environment, Heritage and Local Government.

The renewed programme for Government includes a commitment to introduce new measures to protect families having difficulty with their mortgages, a matter frequently raised in this House. As a first step in the process, the Minister for Finance has asked the Financial Regulator to examine the extension of the six-month moratorium on legal proceedings already in the code of conduct on mortgage arrears to 12 months for all lenders. Certain transitional arrangements for mortgage interest relief will apply which will extend it for two years to those who bought at the peak of the market, but the intention is to abolish this relief entirely by the end of 2017. The review of the Government's mortgage interest subsidy scheme which provides help and support for families in difficulty with their mortgages will be completed early in 2010. There is an incentive up to 2013 to buy homes to qualify for relief.

The Government intends to introduce a national solidarity bond to enable ordinary citizens to provide money for the State to stimulate economic recovery and create employment. The details are being worked out, with the scheme expected to be open for investment early in the new year.

Although public investment spending is being reduced next year, it will still be €6.4 billion or 5% of GNP for 2010 and €5.5 billion each year for the years 2011 to 2016. Tender prices for many new projects have also fallen back significantly, thus enabling us to get better value for money. Since the national public procurement operations unit, NPPOU, was established in my office earlier this year, it has overseen savings in the order of €23 million across the public sector. It has researched and analysed the public procurement spend with a view to completing a spend profile for the public service. Research identified specific markets appropriate for an aggregated or collaborative approach to market intervention by the NPPOU. It has been actively engaged in a review of competition documentation and general conditions of contract with support from the Office of the Chief State Solicitor and the Office of the Attorney General in streamlining all tender, competition and contract documents used across the various parts of the public sector. It is working closely with the Department of Environment, Heritage and Local Government to produce the country's first green procurement action plan.

In 2010 our investment projects will focus on labour intensive areas such as schools building and maintenance, energy efficiency measures and investment in tourism infrastructure. Other key investment priorities will include science, technology and innovation; the promotion of environmental sustainability; implementation of green enterprise initiatives; housing and urban regeneration; the health sector; public transport and finishing the interurban motorways.

The budget was framed against the background of severe difficulties in the labour market. Unemployment has risen considerably, with the construction, retail and manufacturing sectors the worst affected, and stands now at 12.5%. While it is anticipated to rise into next year, recent labour market developments suggest the rate of increase in unemployment has slowed. Against this background, the creation and protection of jobs, including helping people back to work, remain a priority of Government policy. All aspects of active labour market policies are required to ensure work rather than unemployment remains the norm.

To provide an additional 26,000 individuals with training places and supports, nearly €136 million in funding is being provided, bringing the total number of places available for the unemployed to more than 180,000. The €136 million is being allocated as follows: €56 million to FÁS for short-term courses; €20 million to an activation fund involving an open call for innovative proposals with the capacity to provide work, education and training; €14 million, additional to €26 million from the European Union, for supports for redundant workers in

[Deputy Martin Mansergh.]

eligible companies under the European Globalisation Adjustment Fund; €9.5 million in support measures to enhance the competitiveness of the food industry, a key indigenous sector, and to encourage employers to take individuals off the dole; €36 million to an employers job incentive scheme providing for a PRSI exemption. The stabilisation fund and the temporary employment subsidy scheme which will cost €165 million in 2010 are already providing substantial supports for employers.

While these measures are important, we must also reposition the economy on a more sustainable, export-led growth path through regaining our international competitiveness. Part of the strategy to improve competitiveness must include reducing labour costs — through some combination of nominal pay reductions and enhanced productivity. At EU level, work is under way to agree a new and ambitious successor to the Lisbon Agenda to be called EU 2020. We are strongly supportive of this process and the intention to keep the focus of EU 2020 firmly on the core issues of growth and employment. Ireland is committed to the view that the key aspects of the new strategy must be a well functioning Internal Market, higher labour market participation rates, increased research and development investment, a more business friendly environment, a more skilled, flexible workforce, and the fostering of innovation within the public sector. Sustainable economic growth will be built on information-based services, energy and environment-related businesses. The new strategy will also need to help sustain this growth through measures designed to increase competitiveness, innovation and entrepreneurship.

A number of stimulus measures are provided for in the budget to aid economic recovery in the short term and help to ensure sustainable growth for the future. They include a reduction in excise duty on alcohol products with the aim of reducing losses to the Exchequer and the retail sector due to cross-Border shopping. The standard VAT rate will be reduced by 0.5% from 1 January, reversing the increase imposed in October 2008. The British Government yesterday confirmed it would be reinstating its 17.5% VAT rate, reversing the 2.5% VAT cut implemented last year; therefore, the difference across the Border will be roughly halved from 1 January. However, I appreciate that exchange rate differences are the main factor in cross-Border shopping.

The rate of corporation tax must be seen in terms of international markets and our ongoing ability to foster enterprise and future job creation. Our corporation tax rate of 12.5% will not change. A car scrappage scheme, providing VRT relief of up to €1,500 per new car, is being introduced to run throughout 2010. VRT exemptions and reliefs for electric and hybrid vehicles are also being extended by two years, until the end of 2012.

Credit is essential to support healthy Irish businesses and jobs. The Minister for Finance is establishing a credit review system. Under the NAMA legislation, he proposes to issue guidelines to all banks participating in NAMA which have business with SMEs to ensure SMEs, sole traders and farm enterprises will have recourse to an independent external review of decisions of credit refusal by the banks. It is hoped banks not participating in NAMA or covered by the Government guarantee will also decide to participate. Mr. John Trethowan, an experienced banker with a demonstrated commitment to public and social service, has been asked to oversee the establishment of this credit review system, with initial administrative support from Enterprise Ireland.

A growing area of innovation with major commercial and employment potential is boosting energy efficiency. This is good for the environment and the economy. We are allocating about €130 million for energy efficiency measures which will include a new multi-annual national retrofit programme in 2010. Of the carbon tax yield, €50 million will be used to fund measures such as help for households at risk of fuel poverty to make their homes warmer. Local auth-

orities will receive additional funding to retrofit the social housing stock. This represents a significant boost to the plan to retrofit more than 1 million homes by 2025.

Support is also being provided for agriculture and tourism, both important sectors of the economy. We remain committed to supporting an environmentally sustainable agriculture sector and are in discussions with the European Commission with a view to introducing a new five year agri-environmental scheme. A total of €50 million will be provided from within the existing allocation to support the scheme. More than €121 million will be provided for forestry and bio-energy. This includes a capital provision of €116 million to plant a further 7,000 hectares of trees next year. The total tourism budget will be increased in 2010 to enable a marketing drive aimed at increasing tourism numbers and revenue by 3%. Investment in visitor attractions will be increased threefold to €22 million.

I wish to refer briefly to the recent flooding in the west and south of the country which has had such devastating consequences for everyone affected. The scale and magnitude of the flooding have not been seen before in living memory. The impact of the flooding would have been even more severe had it not been for the tremendous efforts of the emergency teams; thanks to them, no lives were lost. We witnessed a co-ordinated and dedicated response from all the emergency services, including local authorities, the Defence Forces, Civil Defence, the Garda and local volunteers, for which we are very grateful. OPW engineering staff have provided technical and additional material backup. While it is too early yet to assess the full scale of the damage caused, it is clear that the economic and social damage has been substantial. Some insurance industry sources are speculating that the cost of flooding damage to homes and businesses around the country may exceed €250 million. There is also the issue of premises that were not insured and not insurable.

In late 2004 the Government decided that future flood management policy would be to minimise the national level of exposure to flood damage through the identification and management of existing and, in particular, potential future flood risks in an integrated, proactive and river basin-based manner. The OPW will be commissioning catchment flood risk assessment and management studies for all river catchments, to be completed in the next six years. The planning and development process is critical in avoiding the creation of further flood risk. The OPW has worked with colleagues in the Departments of the Environment, Heritage and Local Government and Agriculture, Fisheries and Food to develop guidelines on the management of flood risk in planning and development. Development in flood plains should be avoided where possible.

I have given the highest priority to the OPW's programme of major structural flood relief schemes to reduce the flood risk in areas which have a long history of flooding and where non-structural measures would not offer protection. The OPW has spent nearly €190 million on capital projects since 1996, with more than €100 million spent in the last five years. It was announced in the budget that more than €70 million would be provided in the remainder of 2009 and into 2010 to help those affected by recent flooding and fund works to minimise the risks of future incidents. This total is made up of €50 million for major flood relief schemes, the €10 million in humanitarian aid already announced, €10 million to assist local authorities in dealing with the cost of the crisis and an additional €2 million to assist the agriculture sector. The review of investment priorities to be published shortly will also provide for continued substantial investment in flood relief. The Government is keeping the situation under review and will commit further resources as required.

We are facing tough challenges and to succeed in dealing with them, we must continue to pursue appropriate policies to position the economy to benefit from global recovery. The Government is acutely aware that businesses, families and almost all of society are affected by

[Deputy Martin Mansergh.]

the deterioration in economic conditions. In the budget we have brought forward measures that will ensure the burden of adjustment is spread as evenly as possible. The Government has taken and will continue to take action that will enable the economy to return to a more sustainable growth path in the medium term. This will facilitate a return to employment growth and a sustainable improvement in the living standards of all. I look forward to hearing the views of Senators on the budget.

Senator Liam Twomey: When listening yesterday to the Budget Statement by the Minister for Finance, Deputy Brian Lenihan, an image came to mind of Frank Kelly who played Fr. Jack in the comedy series “Father Ted”. He was known for using only three words during the course of the programme — “feck,” “arse” and “drink.” This budget should be called the Fr. Jack budget. The first word could refer to the public sector, widows and those on social welfare who have borne the brunt in the last 12 years of the Government’s mishandling of the economy. When we see that members of the public sector on €30,000 or less a year, widows and those on social welfare have taken exactly the same percentage cut in their incomes as the Minister for Finance, we know he has taken the blunderbuss approach in dealing with the mess that has been made of the public finances.

Fr. Jack’s second word comes to mind when one remembers the Minister stating, with great fanfare, “The worst is over.” As Deputy Bruton pointed out, the same was said by President Bush about the Iraq war while on board an aircraft carrier in 2003. Either the Minister is totally deluded or he is trying to mislead the general public and provide a feel-good factor about the budget. The only thing that would bring a smile to Fr. Jack’s face in an otherwise dull budget is the fact that the price of a pint has gone down significantly. That is about it for the budget. There was very little in it.

Not enough was said during the course of announcing the budget about job creation and job retention. What is important is to bring down unemployment and invest in the long term. When we spoke in the House last week during our pre-budget statements, the Minister of State accepted this. It is included in his own pre-budget speech and even in the document he published yesterday. Export-driven and technology-based industries are the only ones that will save the country in the future — not slash and burn budgets which the Minister has started this year and, I am sure, will continue next year. We need a clear policy to get people working and keep them in work. That will make the difference to this country. We must consider people who are working and young people who will come into the workforce in the next couple of years. We need a clear policy on job creation — especially export-driven job creation — or we will all be up the Swanee.

There is nothing for people who have retired or are about to retire if the country continues on its current path. We will not make significant savings but continue borrowing billions of euro every year for the foreseeable future, which will have a knock-on effect. When those who saw the Celtic tiger grow and who made the sacrifices in 1992 and 1993 come up to retirement, what will be there for them if this country is in debt in excess of 100% of its GNP? Pensions will be seriously affected. I do not get the sense from the budget that the Government is out to protect jobs or has a clear plan over the next couple of years to do so.

Many are giving out about the cuts to disability payments, widows’ pensions and payments for those who are blind. It will only get worse if we do not sort out issues around unemployment. By the end of next year the Government could be paying €2 billion extra in interest repayments on its loans with international banks, plus it will be expecting to pay out another €1.5 billion for social welfare payments and other payments to the 75,000 it expects will lose their jobs next year, that is, €3.5 billion in total. If we continue on that road, there will be

stagnation in the public finances. While there may be much talk that the Minister is going the right way and has done a great job, and international bankers will clap him on the back the next time they meet him in London or wherever else he is going, it will not solve our problems at all. The Government is not giving the sort of direction for which we are looking.

On a matter that directly affects myself, County Wexford was excluded from the natural gas pipeline system set up by Bord Gáis Éireann a number of years ago. At the time the company published a report stating the amount of energy usage in County Wexford would not justify extending these pipelines and it now transpires that even within Wexford town there are a number of industries that would use four times the figure published in that report. This is important because there are a number of industries in Wexford, for instance, the creamery and Celtic Linen, which must operate in a national or international environment, which have no access to natural gas and therefore will be hammered by the carbon tax on their fuel used. No matter how efficient these companies are, they will pay that penalty. They have no alternative. They cannot access natural gas. Does this mean that in order to fulfil the green agenda, we will see more unemployment in County Wexford because Government policy makes the county's industries uncompetitive in comparison to industries in Dublin, Cork or Galway, or will the Department of Finance adopt joined-up government and ensure that natural gas can get to these companies so they can compete on an equal footing? The tax, amounting to €15 for every 1,000 litres of fuel used, is quite a significant burden on the companies concerned.

The Minister for Finance is considering bringing in a property tax at some stage and is starting up a process of registration of ownership and valuation of lands and houses across the country. If he is seriously committed to the prospect of a green agenda and reducing our carbon footprint, maybe he should also look at the energy ratings of all these houses he will register. Somebody in County Wexford put it to me that maybe the Minister should have linked the tax on second houses to their energy ratings so that if the houses have a good energy rating or if their owners go to the trouble of ensuring their energy ratings are as high as possible, that should be reflected in the taxes the Minister imposes on these individuals. At present the Minister has applied property tax to second homes and he is planning to impose it on all properties across the country, but maybe he should adopt such joined-up thinking and put this into play right from the beginning. That would be useful. People understand that property taxes will come and they will be higher than the current tax on second homes, but maybe the Minister can make it possible for people to be proactive in energy use by linking such taxes to how energy efficient these properties are. It would encourage people to do the right thing.

I was concerned by how in the budget statement the Minister presented linking pensions increases to the consumer price index. There is a need for more clarity on that as soon as possible rather than stating that it will be done at some stage next year. This could cause significant problems, especially for those on public sector pensions or who plan on getting public sector pensions in the future. They need to know clearly whether that linkage between pay and pensions is gone, and what potential effects that could have for them in the future. There will be downward pressure on pensions if the economic situation remains poor in future and that is something people understand instinctively. The Minister needs to make it clear. He stated he is not touching pensions next year, but he should make clearer exactly what would be the outcome for those on public sector pensions in the future if this linkage is broken.

When the Minister is thinking about this linkage of pension increases with the consumer price index, maybe he should also look at other aspects of it. One of the issues thrown up by this budget is that the Minister has slashed jobseeker's allowance, in particular for young people. The inference is there are young people from Northern Ireland drawing jobseeker's allowance in the South and the Minister is trying to equalise somewhat the rate being paid in the South with that being paid in the North.

[Senator Liam Twomey.]

There was an interesting programme on social welfare fraud on RTE on Tuesday night last. The Government could do a great deal more to limit social welfare fraud. There is substantial anecdotal evidence in discussions among the general public on who is participating in social welfare fraud and maybe the Minister should issue a statement, or get the relevant Minister, Deputy Mary Hanafin, when she contributes in the Lower House, to refer to it. People are saying there are individuals flying back from Eastern European countries to collect child benefit in this country. A European-wide ruling states we must pay child benefit if one or other of the parents is working in this country. Although fair enough, that might be a historic European-wide ruling. It is so easy now for families to live in Eastern European countries and one parent to work here flying back and forth on cheap Ryanair flights, that maybe the Minister should also ask the European Union to have these child benefits linked to the country where the children are being reared rather than have the child benefits, which are being paid by the State, linked only to the parent involved. This is a matter at which the Minister should look over time. Maybe we will get a chance to discuss this in greater detail as time goes on.

A few of the matters in the budget about which I was quite concerned which need to be fleshed out a little more are the changes to the PRSI dental and optical benefit scheme, and the changes to access to dentistry for PRSI contributors. A significant percentage of those who pay PRSI only have access to good dental care because of this scheme. The Minister stated the scheme is only suspended, but there is a need for us to ensure this access is not suspended for a lengthy period. It will only lead to further complications and further misery for the individuals involved if this scheme is shut down for a significant period. The Minister should have a look at that.

I want the Minister of State to refer in his response to some of the cost-cutting measures within the HSE, one of which is transport costs. I have a feeling that transport costs may include the transfer of patients to hospital by taxis and buses. I accept there is a certain amount of abuse of the system, but the service is vital for counties like Wexford which has a general hospital. Most of the patients in County Wexford who require regional or specialised services must go to Waterford or Dublin. Their only means of access is that type of transport system, so I do not want to see a blanket reduction in access to such services when the HSE is making cuts. I want to see what the HSE is proposing in order to stop abuses of the system and ensure continued access to regional and specialised hospitals.

There are also concerns about cuts in the educational system, some of which will apply to the VTOS and Youthreach schemes. These schemes allow young people to remain in education who otherwise could not access mainstream academia for financial, academic or family reasons. Such people may be lost from the educational system completely if the cuts are imposed, thus placing an additional burden on the social welfare system in future.

Senator Marc MacSharry: I am glad to have the opportunity to make a few points on yesterday's budget. Two days ago Goldman Sachs stated:

While the situation in Ireland remains severe, the Government and, more importantly, the Irish public have shown an impressive resolve in responding to the economic and budgetary crisis. Although the Government, the opposition and the trade unions continue to debate where and how the knife should fall, there is no dispute about when and by how much the budget should be cut. This contrasts with the situation in a number of other European countries where, despite similar budget problems, there appears to be a reluctance to acknowledge, let alone confront, the problem.

This was evidenced on Tuesday when we saw Greece having its credit rating downgraded to the lowest in the eurozone, Triple B plus, with a negative outlook. The same has happened in Spain today. There can be little doubt that there is international agreement that the appropriate action is being taken here.

Our tax revenues have fallen close to 2003 levels, which means the deficit is €22 billion. To bridge this gap, we are borrowing €400 million a week, but we simply cannot continue in that vein. Nobody would set out by design to contemplate the kind of budget announced yesterday, including wages cuts and reductions in social welfare. I regret that circumstances have changed to the extent that these have become necessary. It would be good if social welfare payments had not been affected and if those earning less than €30,000 per annum did not have to take a cut of 5%. These measures are severe and will bring pain to every household in the country, which is highly regrettable. That does not dilute, however, the necessity for such measures in these difficult economic times.

The ambition of the budget is to stabilise the deficit in a fair way. I agree with Senator Twomey that we must focus on the creation of employment, but it is important to stabilise our current financial situation. The budget sets out to begin restoring our competitiveness, foster sustainable employment and safeguard those worst hit by the recession. As these measures begin to take effect, we must be extra vigilant to ensure less well-off families receive support under the various schemes in place. If we can identify anomalies, we must take the appropriate steps to address them. I am sure the Government agree with this.

The steps taken in the budget will inspire confidence domestically and internationally. We have seen the reaction today from quite a few quarters abroad. The *Financial Times* reported:

If there was any doubt about Ireland's seriousness in hauling its budget deficit, nudging 12% of GDP, below the eurozone 3% limit by 2014, Mr. Lenihan's last big push speech put paid to it. Such measures are an example to other eurozone countries, such as Greece, Portugal and Spain that have refused to grasp their deficit problems by the horns.

The *Wall Street Journal* commented:

Ireland has delivered what many commentators billed as the most painful budget in a generation. Budget cuts by the European Union's economic success story are likely to please Brussels but alienate voters and particularly public sector workers who have been asked to contribute a serious amount.

There can be no question about this, but we have gone way beyond politics in the last few years in terms of the steps that need to be taken to address the deficit and the many difficulties we have been experiencing.

The Minister of State has gone through in detail a number of measures introduced in yesterday's budget. I want to touch on a few of them. As regards income tax, I welcome the fact that from 2011 a universal social contribution will be introduced replacing employee PRSI, the income and health levies. It will be paid by everyone at a low rate on a wide base. I also welcome the levy of €200,000 per annum on wealthy Irish domiciles, regardless of tax residency status. That is very important. To the extent that anyone can, I welcome the wage reductions throughout the public service, by which we are all affected. It would be great if we were in a position to avoid such reductions below the €30,000 income level. It is regrettable, but it is necessary and must be done. However, there remains scope for including individuals earning over €150,000. The Minister might consider this in preparing the finance Bill, whereby such persons earning in excess of that figure could make an additional contribution. They are in a position to do so and I believe they would accept it.

[Senator Marc MacSharry.]

I welcome the initiative to extend mortgage interest relief to 2017, including for new applicants up to 2011. Obviously, there will be transitional arrangements in place after that date. In his Budget Statement the Minister said that, as part of the code of conduct on mortgage arrears, he would ask the Financial Regulator to examine extending the moratoriums to 12 months. I would welcome such a move. While the Irish Bankers Federation and MABS protocol seems to be operating for the mainstream banks, it certainly is not for those not covered such as Start Mortgages and Springboard. According to the court lists, that is where all the applications for repossessions are coming from. I ask the Minister to consider if it is possible to introduce legislation to bring other lenders under the protocol. Other appropriate measures could also usefully be introduced. They include the reintroduction of an insurance scheme for mortgages, as was in place pre-2000. The problem of mortgage arrears and the threat of families losing their homes are likely to increase in the coming months as we see interest rates rise in the eurozone. That will undoubtedly put additional pressure on mortgage holders.

The new carbon tax provides a good incentive to think green and contribute more to the sustainability of our environment. The automotive industry should move a little faster on options such as electric cars and other new modes of transportation. In that context, the Minister should bear in mind the rural transport initiative and ensure it has the maximum possible reach. I am pleased the scheme will continue, but we should seek to improve it because it is an exceptionally good one. Rural areas do not have the benefit of Luas or DART services; therefore, the rural transport scheme is vitally important.

I welcome the reduction in excise duty to tackle cross-Border shopping. It is not to exacerbate any problem with the levels of alcoholism, but it seems most of those travelling to shop in the North are doing so to achieve better value for money due to the sterling exchange rate and the lower VAT rate. As they tend to buy alcohol, I welcome the new measures as a first step to stem the loss of €500 million in revenue. The Minister should be vigilant in this respect and consider if there are other ways by which the situation can be improved. Naturally the 0.5% reduction in VAT is also to be welcomed in this regard. Again the six Border counties have been suffering greatly in terms of retail employment in recent months. This may help somewhat, but further measures may need to be taken.

As regards VRT, I also welcome the relief of up to €1,500 for cars over ten years old. In terms of reducing the cost of the public service, I welcome the fact we are having substantial reductions. I am glad the Taoiseach, senior Ministers and Secretaries General of Departments are taking a substantial reduction. I do not accept that this is, effectively, only 5%, since it will involve pensions and everything else, and I believe it is an appropriate level of cut.

It was impossible not to go below the €30,000 figure. As severe as that is, we shall all have to face into it and get on with it. In terms of capital investment I am glad there is still a commitment of €6.4 billion this year and €5.5 billion in each of the two subsequent years. It is very important we ensure we focus on labour intensive projects such as schools to maximise employment throughout the country and focus on schemes that will contribute in some way to our competitiveness. In that regard I would like to see more investment in education and people.

The national solidarity bond is a very good initiative. We shall see many people availing of the possibility to buy five-year, seven-year or ten-year bonds and obviously a dividend will be paid annually and investors will be entitled to a final redemption bonus on maturity. In terms of cuts in social welfare, it is regrettable we have had to take 4% off payments. As the Minister pointed out, there has been a reduction of 6% or thereabouts in the cost of living in recent times, but nonetheless, €200 a week is not a great deal of money when people are trying to run

a home. I hope we can be vigilant in identifying other supports that families may need to counteract this loss of income.

While the employment subsidy scheme is a good initiative, I ask the Minister to expand it to cover other service areas and other employers. Many employers could afford to keep on a receptionist or other member of staff if there were some supports. They might not be contributing in terms of high growth industry, but right now it would be of some help if that initiative could be expanded. I would like the Minister to focus on the housing stock all over the country in light of the overwhelming numbers there are on local authority housing lists. If we were to build the houses this could not be done for the price at which they can be bought. While there were no measures in the budget to do that, I believe it is something we could usefully address.

On banking generally, the lack of steps being taken to provide against the type of catastrophe we have witnessed over the last couple of years concerns me greatly in an international context. At a recent G20 meeting the British Prime Minister proposed that the banks should pay into a fund to have resources for when this might happen again. It is crazy that we should even contemplate such an eventuality. We should be agreeing a basic set of regulatory parameters on a global basis which could prevent this type of thing happening again and I would like to see Ireland taking a lead in trying to push that. However, there has not been much evidence of this to date.

It has been a severe budget. It is regrettable that some of the steps have had to be taken, but they are necessary. I am confident as things come right that success will become self-sustaining, jobs will be more readily available and we will have a stronger economy in which to improve conditions again.

Senator Shane Ross: I am sorry the senior Minister is not here. The Minister of State, Deputy Mansergh, may raise his eyes to heaven, but I am sick and tired of having debates in a vacuum here, where the Minister for Finance and other Ministers do not come in.

Deputy Martin Mansergh: He comes here quite frequently.

Senator Shane Ross: We would be prepared, I believe, to fit into the Minister's timetable, in the event. It is a farce that continuously for debates on important subjects senior Ministers do not come here, and there is no point in pretending. I wish Deputy Mansergh was in the Cabinet. I am sure he would be a very fine Cabinet Minister, but he is not——

Deputy Martin Mansergh: In all my years in the Seanad the budget debate was taken by the Minister of State at the Department of Finance.

Senator Shane Ross: I do not give two hoots what happened during the Minister of State's years in the Seanad.

Deputy Martin Mansergh: It was during Senator Ross's time, as well.

Senator Shane Ross: It was wrong then and it remains wrong. We want to see the senior Minister here to debate important matters of this sort. That is the reality and it is downgrading this debate to have a junior Minister in here, however able and ambitious.

Deputy Martin Mansergh: I am not in the least ambitious.

Senator Shane Ross: It is an extremely important point and it is in the interests of this House that we have the senior Minister here for these issues.

[Senator Shane Ross.]

The senior Minister listens to debates in this House. He listens to suggestions and it would be more complimentary and amount to taking these debates more seriously if he were here and had not despatched a junior Minister to take on board the suggestions, proposals and criticisms of Members of this House. I make no apology for saying this to the Minister of State, to his face, rather than saying it behind his back. It seems important to say it to his face.

I am entertained by the fact that already today, as Senator MacSharry justifiably said, the Government is saying, in effect, "Have a look at the wonderful things that Goldman Sachs and the *Financial Times* are saying about us". It is true that the spokespersons for the financial markets already agree this is a good budget. As Senator MacSharry said, we are leaving Greece, Spain and Portugal behind in the ha'penny place. That is true as well. The Minister should be credited with the fact he has met his targets. He has not funk'd them, nor has he even fudged them. The figures, as spelt out yesterday, make perfect sense. There is no evidence that the figures have been stuffed or massaged in any way. They are somewhat crude, but he has shown the political will and determination that were necessary. There has been a general welcome outside Ireland from people who have a very clinical approach to these matters for this budget. They are saying we are tackling the problem. That it is true, it should be recognised and it is a characteristic of this Minister which certainly should be applauded. The figures make sense, they may well be met and the markets may be right. However, one or two things are somewhat worrying, as touched on by Senator Donohoe this morning.

Where is the figure for the further recapitalisation of the banks? It is not there. What are we going to do if we have to find several more billion euro in the middle of next year to recapitalise the banks? Are we going to borrow it? In the event, that will cost money in debt servicing. Are we going to sell State assets? Fair enough, but let us hear about it. Are we going to have another budget to do this?

The reality appears to be that the banks will blow these figures apart, one way or another. If, as announced last week, AIB is not paying on its corporate bonds to various people, this will trigger the Government not getting its preference dividend. That will mean it will be paid, not in cash but in shares. If it is paid in shares it will mean the Government's income will go down and these figures are not as accurate as they should be. It will also mean it will probably need more money to recapitalise them very quickly. If this is to be done, we are entitled to be told from where the money will come. We are certainly entitled to a provision in the budget arithmetic for recapitalisation of the banks, which is almost certain to happen. We already know that the valuations placed by NAMA on the so-called assets held by the Government which they bought from the banks are greatly over-stated. All the evidence from valuers, estate agents and others involved is that the price which the taxpayer paid for these assets is ridiculously high, way higher than ever anticipated. What is going to happen in this regard?

The budget, while it makes sense in a cursory way, has been produced in a vacuum in the sense that the banking monster has been omitted. After all, that banking monster is responsible for the fact that we are introducing a budget in these circumstances. We are now pretending it does not exist. Budget 2010 is a bankless budget. This is the elephant in the room. We cannot have a budget without providing therein for the biggest problem facing the State and which has brought it to its knees. These figures represent a flaw which I find enormously depressing and unrealistic, despite that they have been welcomed by many absolutely independent observers, as must be admitted.

We have apparently begun the process of restructuring the tax system. This issue was mentioned in the House earlier in the context of preparations for the introduction of a property

tax, which may or may not be a good measure. While I believe it is a bad idea, it is certainly an attempt at radical thinking. The tax system has been tackled in a more radical way for the first time in many years. New taxes have been considered and the Government may shortly introduce a carbon tax. However, in terms of spending, there has been no radical thinking. As I stated on the Order of Business, I cannot understand how we can give €56 million in extra funding to FÁS, while at the same time cutting child benefit. Situations of great financial stress present opportunities for the introduction of radical measures, rethinking how one taxes and spends and taking an axe to those areas wherein there is the greatest waste. What Fianna Fáil Members did not and do not understand when I mention FÁS — it always touches a raw nerve — is that while it does an enormous amount of good and there is a need for further spending on training and for this area to be supported, nobody has ever explained where the budget of €1 billion is spent. Senators Ó Murchú, Cassidy and others said this morning that community employment schemes were doing great work. They are correct, some of them are doing great work. However, nothing is being done to explain where that €1 billion is spent. That is the problem and it has never been explained. We are to invest €56 million in new training courses at FÁS. It emerged last week that a FÁS centre built in County Offaly at a cost of €6.7 million was not being used.

Senator Liam Twomey: It is the Taoiseach's new office.

Senator Shane Ross: It is in the Taoiseach's constituency.

Senator Liam Twomey: It is his office.

Senator Shane Ross: What is happening in that regard? No one has tackled this problem. The quangos have got away with murder in the budget, the reason for which I cannot explain. The level of current spending in CIE has been reduced from more than €300 million to €276 million, although I am open to correction by the Minister of State on that figure. It has been reported in an independent report that there are corrupt practices, kick-backs and enormous waste in CIE. It is a type of semi-State body which has run amok, yet at a time when we desperately need money, it is getting away virtually scot free in the budget. What is going on? One must believe it is easier to make crude cuts in child benefit than to tackle political protectorates such as FÁS and CIE. The Minister of State can puff all he likes, but there are on the boards of these agencies political appointees to beat the band. The other day the Government rejected a Bill in this House dealing with this issue. There is an industry of political appointees and money wastage that should have been tackled. Almost all appointees to semi-State bodies are paid handsomely for doing, in some cases, an extraordinarily bad job and for obeying the instructions of their political masters. This is the reason many of the semi-State agencies are monopolies and in such an appalling financial position. What is deeply lacking is an attempt to tackle the waste of enormous sums of money. We know there is waste in this sector; that is undisputed. Neither the Minister of State today nor the Minister yesterday made any acknowledgement of this waste because they are frightened to tackle this political protectorate which they have for so long protected.

I would like to hear more about the so-called solidarity bond, of which I am deeply suspicious. We are, apparently, to have a solidarity bond which will be open to investment by ordinary citizens to support the nation in some way. This sounds like a sucker punch. I do not believe "ordinary" citizens should be made this offer. It is either a commercially viable bond or it is not. It either has commercial appeal or it does not. The last bond of this type of which I am aware was the so-called War Loan introduced by the UK Government, a bond subscribed to by British citizens in a fit of patriotism. It sunk year after year and the people who were sucked in lost an enormous amount of money.

Senator Dan Boyle: Budget 2010 will be seen as pivotal. It will be ranked alongside other infamous budgets such as the Ernest Blythe budget of the 1920s, the 1969 budget which commenced the process of deficit borrowing and the 1987 budget which is probably the most comparable in terms of our attempts to restore and correct the nation's finances. It is the responsibility of any Government where public expenditure is seriously out of line to ensure it is brought back into line as quickly as possible. The onus is on the Government to ensure the country is being run in an appropriate and prudent manner. This sends signals to those whom we wish to attract to the country to invest and engage in job creation.

That is the principle underlining budget 2010. Owing to the state in which we find ourselves, we must, first and foremost, correct the public finances. We have submitted proposals to the European Commission outlining how we propose to do this by 2014. We must take appropriate, albeit unpalatable and unpopular, decisions in this regard. These are decisions members of all political parties who believe themselves to be responsible public representatives have to consider in the context of the public finances. The Government has sought to distribute the burden in the most equal manner possible. There are cuts in our capital expenditure programme and in the cost of the public service. There are also cuts in the non-pay elements of the public service. Most controversially, and for the first time in a long time, there are cuts in social welfare.

This is our third budget in 14 months. The budget of October 2008 was brought forward early in an attempt to instill confidence in reaction to the severe local and international crisis that had arisen. Bringing that budget forward led to some of its elements being ill-considered, which led to the need to introduce a budget last April. In December 2009, we are dealing with the next instalment in the budgetary situation. With this budget we have, and the Minister for Finance has striven to do this, made most of the difficult decisions that are required in this four to five year process. If these measures are successful, next year's budget should have a smaller deficit to tackle, the adjustment will be smaller and the way of dealing with the adjustment will be different.

In his Budget Statement yesterday, the Minister indicated how much of the money will be delivered in budget 2011, particularly in the taxation area. The promise to get rid of the PRSI ceiling, to take action on pensions by taxing pension pots over €200,000, to come to an adjusted standard rate of pensions, taxes on property such as a site value tax and the introduction of additional local service charges indicates the focus of the next budget will be less on public expenditure and more on taxation receipts. I believe there will be variations in the four or five budgets up to 2014 to get the balance right.

Last year we removed €8 billion from the economy. Approximately 50% of that or €4 billion was in the form of cuts to public expenditure and €4 billion was in additional taxation measures, particularly with the imposition of the income and pension levies. While they are known as levies they are obviously taxation instruments. Although the scale of what we are asking people to pay in income tax has increased enormously, we have also introduced a great deal of equity and proportionality into the income tax system that did not exist previously. There are smaller scale measures to be welcomed in the budget. There is the introduction of a minimum tax rate of 30% on the highest incomes. The Finance Bill when it is introduced next year will start the process, indicated by the Commission on Taxation, to reduce and remove many of the now unnecessary tax reliefs in the income tax system. That in itself will further increase the tax take from higher income earners.

The Minister for Finance has sought to achieve a balance and I believe he has been relatively successful in doing so. The social cost of budget 2010 must be addressed. The 4.1% cut in social welfare other than in pensions, which is welcome, and for those who are over 66 years and are

carers is hard to justify, but it has unfortunately been necessary in the context of the job that must be done. If we are honest, the increase in October 2008, while given for the right reasons, cannot subsequently be seen to have been justified. The country could not afford it and what is happening now is an adjustment to the decision that was made then. However, it must be clear that for those on the lowest incomes in our society this adjustment can only be a once-off and that we are starting a process, beginning with next year's budget, that restores and works toward improving income levels for people on social welfare and in low income employment. I am confident that can and will be done.

The debate we are likely to have next week on the Social Welfare and Pensions Bill will be important in the context of how we see social protection in this country developing. There was an interesting "Prime Time" programme on RTE this week about the scale of social welfare fraud and the abuse of PPS numbers. The measures that have been particularly criticised, the lower payments for younger entrants into the job market who find themselves unemployed, require wider debate. Socially, many people would agree that, in terms of discouraging dependency, it is not proper to give young people who have not had any experience of paid employment rates of social welfare akin to the rates that are paid to people who have lost employment. This is a debate the House has not had, and a wider debate on it is necessary in society.

Questions that need to be raised about other aspects of social welfare and which require continuing public debate centre on child benefit payments. The various options that were available were examined. I believe the best way of dealing with the fact that child benefit is given to some families who do not need it financially is to provide it through an integration of the tax and social welfare system. The Government has given a commitment to bring about such an integration. However, in dealing with the current financial situation the across-the-board cut and providing compensatory payments through the child dependant allowance for those on social welfare and those dependent on family income supplement to ensure people on the lowest incomes are not affected by that change, was the best and wisest course of action open to the Minister.

I wish to comment briefly on Senator Ross's remarks about the banks. It is true that at least €7 billion of the €25 billion we are dealing with is the result of capitalisation measures undertaken by the Government, and there is uncertainty about what their future capitalisation needs will be. However, the debate we had about the National Asset Management Agency, NAMA, has missed part of the point regarding the most serious problem we are dealing with economically. If there is a catastrophic failure with the NAMA approach, I am convinced that any such loss will be fully covered by the financial institutions, and a catastrophic loss, at best, would be in the region of €10 billion to €15 billion over a ten year period. That must be put into the context of the deficit in current expenditure, which dwarfs that and occurs on an annual basis. If we do not treat the deficit as the most serious political issue in putting the nation right, we will do the country a disservice.

The budget is a sincere attempt to meet our immediate needs in correcting our public finances. However, subsequent budgets must address the other side of the balance sheet and ensure further additional taxation measures, which have been flagged by the Minister, are adopted as quickly as possible and that the burden is borne by all in society.

Senator Alex White: I am grateful to Senator Boyle for his acknowledgement, which members of the Government find it difficult to make, that at least part of the problem the Government, and by extension the people, must deal with and the deficit itself are attributable to what has occurred in the banks. That is unquestionably the case. From time to time and mainly in the context of NAMA, Ministers attempt to suggest that, in a roundabout fashion, it

[Senator Alex White.]

is not real money or real borrowing. However, the borrowings are real and will constitute an exposure for the people in respect of the bonds that banks will be given in exchange for loans.

More immediately, the deficit has increased since September when the Department of Finance acknowledged that it amounted to just over €20 billion compared with €9.4 billion at the end of September in the previous year. The statement reads: “The year-on-year deterioration in the deficit of some €10.8 billion is primarily explained by a decline in tax receipts of €4.8 billion, the €4 billion payment to Anglo Irish Bank and €1.7 billion in respect of the frontloading of the annual contribution to the National Pensions Reserve Fund.” It is no use that Government spokespersons attempt to convey the impression that the issue of the banks and the extraordinary exposure of the taxpayer in that respect is off line and has nothing to do with the budgetary crisis. These matters are connected in a substantial way, meaning that there has been an element of dishonesty in the remarks of some Government spokespersons.

Senator Boyle, similar to Senator MacSharry, stated that these budget decisions would have been made by any political party in power, but I do not accept that the decision to reduce the pay of public servants earning €30,000 per annum would have been made by any party in government, certainly not mine. I do not accept that the decision to cut child benefit or social welfare would have been made by any party in government, as was suggested by Senator Boyle more in hope than in a belief that it was the case.

This is about politics. Perhaps I am approaching politics from a slightly different perspective than Senator MacSharry who stated that the issue has gone way beyond politics, which is an extraordinary phrase. The current situation signals the arrival of politics, not its departure. I do not know what my colleagues understand or believe politics to be, but it is my belief that politics is about making choices and deciding, for example, whether one agrees, as parties did in recent weeks, on the appropriateness of reducing the 2010 deficit by €4 billion. Politics is about where to make the savings and what choices to make, be it on cutting public expenditure and, if so, where, or on increasing taxes and, if so, where. People should not be afraid of this. When there is an argument on these issues, people refer to it as being all politics. In my respectful submission, the problem with the current system is that there is not enough politics or calm, measured and careful debate, contest and disagreement on issues. I am not calling for disagreement for its own sake, but the only way to determine what will next occur in any society, particularly one in paralysis and crisis like ours — I am referring to wider society, not just the economy — is to have a free flow of debate and interaction. This is called politics. I am not looking to get away from this fact. Rather, I am looking to embrace it.

The Minister for the Environment, Heritage and Local Government, the leader of the Green Party, indicated his belief that the budget was fair. His phrase was “by and large”. How he could possibly view it as being fair is beyond me. Most of those on the Government side who have spoken about it have called it difficult, draconian and so on. They could not have done otherwise. However, few have been so bold as to claim it is fair. It is anything but a fair budget. Cutting the weekly earnings of people who are on as low an income as €30,000 per annum is not only unprecedented and extraordinary, it is unacceptable in a country which relatively speaking, while I will not say it is wealthy, is certainly not poor. There is no question that ours is a country in which there are deep inequalities. Many people earn considerable sums and could be called upon to pay more in the current circumstances. From the many leaks in recent weeks, I understood the Green Party was pressing in Cabinet for a robust attempt to spread the burden more fairly across all earners, but there has been no such attempt.

The Labour Party advocated something that I will repeat now. Ours is a relatively low-tax economy. According to OECD figures, we are relatively undertaxed. No one takes pleasure in standing up and asking for taxes to be raised. No one wants to raise or pay increased taxes.

However, we need to be able to have an adult debate on what level and quality of public services we want and on how to pay for them. We seem unable to allow such a debate to be held. Perhaps holding it now would be difficult, as this is not an ideal time to increase taxes. In the past ten or 12 years, the so-called low-tax economy became something of a sole objective of economic policy. In many ways, it has left us where we are. We could have re-ordered our taxation system and widened its base when the opportunity presented, but we did not.

The carbon tax is the budget's only taxation measure of which I am in favour, but what are our priorities in a crisis? This tax is a priority, but it would not be at the top of my list of priorities. I make this distinction because one should consider the budget's other provisions. Take the decisions on stringent cuts in respect of low-paid workers, child benefit and social welfare as examples. At the same time, a report of the Commission on Taxation has been available to the Government since the summer. Again and again, we were told that it would form the basis for budgetary decision making, but it has been cast aside with suggestions that some of its elements will be introduced at some future stage. Having received the report, why could the Government not have got down to work on the proposed measures in late summer and autumn?

Tax reliefs and tax breaks are endemic in our taxation code. Recently, I read that the average level of tax breaks across Europe would, in proportion to our economy's size, equate to approximately €2.2 billion or €2.3 billion. However, our tax breaks amount to approximately €7 billion or €7.5 billion. These issues could have been examined, as advocated by the Labour Party previously. Particularly in circumstances where people's pay, basic social welfare and child benefit are being cut, it is not good enough to claim that one will get around to tax breaks next year.

Regarding pay, it is worth revisiting what really happened last week. Yesterday the Minister for Finance stated that, although there had been negotiations, "regrettably, a deal was not possible". We know that is not true and that a deal could have been reached last week. Instead of reaching agreement with the trade unions, elements within the Government led by the Minister, wanted to drive down wages across the economy, sending the signal, initially to the public sector, that wages needed to be reduced. We know the argument, although I would prefer to hear people state it more honestly, as we cannot devalue our currency, we must, therefore, reduce wages in some other manner. Why can that not be said? It is clearly what the Minister thinks and, let it be said, intends to do. We are reducing pay in the public sector in order that we can make it easier for the private sector and assist it to do the same. That is what happened last week. I do not believe the line that the talks broke down because the figures did not add up to the required €1.3 billion. As described, we were gaining on the figure of €1.3 billion. Yesterday the Minister announced that the savings in pay amounted to approximately €1 billion. The figures were adding up, but there was another agenda.

Senator John Hanafin: I welcome the Minister of State. I am conscious that it is difficult to make cuts at any time. It is very difficult to accept them, but I am sure the people will find themselves resilient and understand that what was undertaken yesterday was necessary. That is the criterion to move forward. However, we had a choice. We could have borrowed again and seen the rates go up in the bond market. We could have pushed out the number of years it would take to repay the debt and have had another year in which the economy would not work in the way it should, that is, being prudently managed. That was the difference yesterday. The Government decided the economy would have to be managed prudently and took effective steps. There has been a positive response, both internationally and in the bond markets. That is not to say, however, that people are not making sacrifices.

[Senator John Hanafin.]

When we look at benchmarking and the huge increases achieved in the good years, the reality is that it was never acceptable that benchmarking awards could only move upwards. All of us who took a cut yesterday have to understand that when the private sector is hurting in a severe way, we must do our bit to be part of the social partnership. That is exactly what happened. It was not as if we were preparing the ground for wage cuts in the private sector, as suggested. The private sector has taken wage cuts already. Businesses are in trouble and cutting back. More than anything, what helps confidence in an economy is knowing the people who are looking after it are doing the right thing. That is what happened yesterday.

It was suggested there was a pot of gold to be saved in social welfare, although an Oireachtas joint committee and the Comptroller and Auditor General found the sum to be nowhere near €2 billion. Therefore, Opposition Members have agreed already that there is nothing like €2 billion to be made in savings. It does not serve any media outlet to make exaggerated claims at a very sensitive time. Similarly, there are suggestions huge sums of money go to east European countries to pay for children living in those countries whose parents work in Ireland. Under EU law and the treaties we signed, we are obliged, where a non-national is working in this country whose children are living in an east European country, to pay the difference. People imagine there are vast sums involved but the total figure is €20 million. The numbers claiming are down from 10,400 last year to 9,900 this year. Trade is a two-way street. We export approximately €86 billion worth of goods and import goods to a value of €60 billion; therefore, we are doing substantially well. The European Union has been a very positive feature in Ireland's economic growth.

Yesterday the Minister ensured the less well-off were protected. For those on social welfare, child benefit is protected, as are the vulnerable and the old. Even those who took a cut, those of us who rightly had to share in what was happening in Ireland inc. have seen more than a 6% decrease in prices in the past year. Those of us who buy goods in supermarkets know it is possible to obtain great value. Shopping has become much less expensive and there is much more competition.

The budget was fair and necessary. It contained practical items which were misrepresented. It was not a budget to assist people who like to have a drink, but one that stabilised the price in the Republic in order that the money spent north of the Border — €475 million between January and July — would not continue to be spent there. I support the North of Ireland and what is happening there in every way but not at the expense of what is happening in the Republic. Already, it is being said the North of Ireland has had a growth rate of perhaps 1.25% in 2009. Unfortunately, that was driven by the difference in prices between North and South. The Minister only did what was necessary by adjusting the amount of tax in order that revenue would remain in the Twenty-Six Counties.

Another misrepresentation is that there is a huge big pot of money that has been uncharged and there are people who are not paying their fair share. The reality is that in this State the top 1% pay 26% of income tax; the top 4% pay 48%; and the rest, some 81%, pay 18%. In fairness, this was recognised by the Opposition. *Vis-à-vis* the rest of Europe this is a very low tax economy with high standards in the public service. We hope that will continue, but we will have to pay our way.

As a small open economy, we are dependent on world markets. What would have happened if we had not taken all the trouble to ensure stability in banking services? In April 2008 we were not even sure whether we would use paper money in the future. Banks were failing in the United States, including Lehman Brothers, AIG, Fanny Mae and Freddie Mac, and in the United Kingdom, including Northern Rock and Bradford and Bingley. None of us knew what

the future would bring. However, we started to stabilise, using a three-prong method. First, we had to stabilise the banks in order to stabilise the economy. Second, we had to stabilise the public finances and, third, institute job creation, to which we will look in the next two budgets. It is no harm to note that when we took the decisive step to ensure every deposit in every bank in the country, one of the two main Opposition parties did not support this very necessary measure which ensured the stability of the banking sector. Funds that were flowing out of Irish banks stopped flowing. Initially our neighbours said this step should not have been taken, but nonetheless other major European economies followed suit very quickly and began to stabilise.

Other measures in this budget include measures to protect and create jobs. Despite the criticism of FÁS, and people in this House have been forthright in ensuring that high standards are maintained in FÁS, it is important to recognise that the money being allocated to FÁS is going where it is needed, namely, to training and to support important projects in town and country areas. That is work that must be done, and it is work that is well done.

Other measures in the budget include a one year employers' PRSI exemption for all new jobs and close to €10 million support for the food industry.

I want to refer to an important factor often overlooked when people ask what the Government is doing about the banks. Yesterday, the Minister, and it was not widely commented on, announced a review system to examine credit refusal decisions by the banks. The purpose of that is to get credit moving again. That is important because in the National Asset Management Agency legislation we ensured the Minister could regulate the way the credit system works. Due to the mistakes of the past I ask the Minister to consider for the future a measured amount being the maximum a bank can lend in each sector. In other words, private credit — 30%; mortgages — 30%; commercial — 30%; and perhaps a floating 10% to allow for any variations that could occur. That would ensure we would never again see a situation where banks were giving out billions of euro to developers but the ordinary investor could not get money for a small and medium enterprise. Ireland could be innovative in that regard. It does not exist at the moment. I note the United Kingdom yesterday put a very large tax on bonuses for bankers, which is no harm.

The budget was tough, fair but, most importantly, it was necessary to get us on a sound financial footing to go the next step, that is, the next two budgets which I have no doubt will focus on job creation.

Senator Ciaran Cannon: On the day he became leader the Taoiseach, Deputy Brian Cowen, stated:

This is what the Government wants and needs. Its responsibility is to fuel the engine of community and to lead the charge away from the promotion of exclusive self-interest towards a superior value of a wider community interest. The pre-eminence of community and participation over self promotes social harmony and a better quality of life for all. This is what will allow us to develop a society of social inclusion.

In those words one gets a sense of a man who knows how unique it is to be Irish, who recognises the unique values that have been passed on to us by our parents and grandparents, and who must have a deep understanding of that community spirit that has bound us together many times in the face of adversity.

Having heard the Taoiseach, Deputy Cowen, speaking in those terms last year it makes it difficult for me to establish the value system that underpinned the delivery of yesterday's budget. This budget undermines and effectively dispenses with the unique value system our Taoiseach so eloquently described on the day he was elected. Rather than promoting social

[Senator Ciaran Cannon.]

harmony and a better quality of life for all, this budget has driven a wedge between the public and private sectors and has sent a strong signal to our vulnerable that when times get really tough our Government does not have the compassion or the ingenuity to protect them from the brunt of an economic disaster. The disabled, the blind and our hard working carers were not spared but instead led up the steps to be sacrificed on the altar of fiscal rectitude. The Minister, Deputy Brian Lenihan, seemed to be more interested in pleasing the columnists of the *Financial Times* and the gurus in the European Central Bank than in protecting those who deserve our protection.

I called to the store room in the basement in Leinster House last week and had a long chat with one of the men working there. He queried me on my opinion as to whether his pay would be subject to a cut in the budget. He told me he was working eight years in the Oireachtas yet his gross salary was only €28,000 per annum. A neighbour who is a special needs assistant telephoned me during the week asking me that same question and pointing out that she, her family and her children could not sustain any cut in her salary or in her child benefit. I did my best to assure both of those people that no matter how bad things were it was highly unlikely that they or others like them would suffer any cuts. In the alternative budget proposed by Fine Gael last Friday, anybody in the public sector earning less than €30,000 would have been protected yet those same people were afforded no protection by this Government.

In that inaugural speech last year the Taoiseach, Deputy Cowen, stressed the importance of representing the interests of our young. He stated:

...the character of the generations that will build this century is still being formed. These generations will decide the shape of the future. It is the youth of this nation who will determine that our peaceful island remains a safe and secure place for all our people to live. It is our youth who will determine how 21st century Ireland meets the challenges of an increasingly globalised economy. It is our young people who will help to shape the environmental destiny of our island, this Continent and the wider world.

How do those same young people feel this morning? I only spoke to one, unfortunately, an economics graduate who had worked hard to top his class in college and who was only too willing and eager to play his part in staging our recovery. He told me he was booking a ticket to New Zealand to follow his brother who went there last year. What was our Government's response yesterday to this young man and others like him? Nothing more than a drop in unemployment assistance and a youth employment programme that has been inadequate in terms of imagination, scale and effort. Our young people want to work but there are no jobs. They want to get into further training and education, evidenced by a 60% increase in those contacting FÁS this year compared to 2008.

In April of this year, the Government announced 2,000 places on a new workplace scheme, 500 of which were supposed to be ring-fenced for those aged under 25. This morning, however, the National Youth Council of Ireland confirmed that the workplace programme scheme is not working as it has placed only 129 people in the workplace since its inception. That abysmal failure amounts to only one work placement place for every 3,282 people on the live register. Is it any wonder our young people are disillusioned? Rather than providing them with hope for a brighter future their social welfare supports have been slashed and they are relying on harebrained training schemes for jobs that do not exist and are provided by a deeply discredited organisation. Next year's biggest export will be those same young people whom our Taoiseach believes we must rely on to meet the challenge of an increasingly globalised economy. They will face up to that challenge but a huge number of them will do it many thousands of miles from the families and communities that shaped them.

In a ham-fisted effort to stop the haemorrhage of shoppers across the Border the Government once again bottled it, displaying a lack of courage in implementing only a small change in excise duty that will lead, for example, only to a drop of 60 cent in the price of a bottle of wine. Such a tiny price drop, coupled with the remaining gulf in VAT, will not stop visits to Newry, Banbridge or Derry, and retailers across the country will close their doors forever at the end of January. This excise duty measure will result in a loss of revenue when a courageous step to reduce the duty significantly would have eliminated the price difference once and for all, with millions of euro of revenue returning to our badly depleted tax coffers.

The bad timing of this approach and its implementation has also left a large number of drinks wholesalers with a huge deficit that they will have to sustain and some, including the small family businessman I spoke to last night, will not survive this change.

The budget has failed miserably to inspire hope among our people. As the Minister, Deputy Brian Lenihan, resumed his seat in the Dáil, any hope of a carefully crafted job creation strategy and vision for recovery went up in smoke and we were left clinging to what Deputy Richard Bruton aptly described as a jobless and joyless offering.

The capital budget for the 2010 to 2013 period has been reduced by more than €15 billion. This will lead to the cancellation of a large number of school building and other infrastructural projects. When this drop in investment is coupled with the major increase in transport costs that will be driven by the introduction of a carbon tax, it is clear that the outlook for Irish business is bleak.

One of the sad aspects of this budget is that other options were available. Speakers on the Government side in this House asserted again in this debate that the Minister had no alternative. I remind them that Fine Gael proposed a well-thought out, fully detailed, costed and, above all, fair alternative last Friday. We found methods of protecting the vulnerable. Our plan did not dispense with our value system. On last night's "Prime Time", the Minister for Finance rather condescendingly dismissed our plan as fanciful and magical. Earlier this year, Fianna Fáil spin doctors decided to rename the Fine Gael good bank plan as a magic bank plan. Perhaps this country needs its Government to show a little magic, a little sparkle of confidence and a little lateral thinking. More than a little hope would be generated through such thinking. It is apparent that such ingenuity and vision will never emanate from this jaded and disjointed Government.

Senator Larry Butler: I welcome the Minister of State, Deputy Mansergh, to the House. Senator Ross was totally disrespectful to the Minister of State who has given substantial time to this House on all subjects. I thank the Minister of State for the work he is doing in the Department of Finance. I am happy he is here because he has an excellent grasp of economics and his portfolio.

This necessary budget is one of three budgets that will create confidence in Ireland at EU level and in the market place in which we borrow. Davy Stockbrokers has given the budget a good report. If we had not taken action yesterday to bring the GDP figure under control, the 11.7% rate would have increased to 17%, which would have been unsustainable for a country of Ireland's size. Those figures need to be taken into consideration.

Young people in the public service have made an investment in this country. We will have to make it up to them when things get better. They have invested their time and their wages in this country. It is important that they be looked after when things get better. Having said that, not one job has been lost in the public sector, whereas 450,000 jobs have been lost in the private sector. Most of the people to whom I speak every day have had their wages cut by between 20% and 30%. That is the reality. We owe it to those who can ill afford to pay, such

[Senator Larry Butler.]

as those on social welfare and the pension, to ensure they suffer the least damage. The Minister has done a good job in striking the right balance in that regard.

I would like to ask the Minister of State about an important document. In his speech yesterday, the Minister said that “Everyone has to play his or her part and I will require the banking industry to engage with Government to find innovative solutions to ease the burden for affected homeowners.” Those lines are very important. The EBS and Bloxham Stockbrokers have made a number of proposals. Perhaps the Minister of State will raise them with the Minister when this situation is being considered. They have suggested that home owners should be able to avail of a repayment moratorium of two years, with that period being added on to the mortgage at the end. That is important because it would give mortgage holders who are out of work time to retrain and get back into work.

It is also important for mortgages that are taken out to be supported by a system of compulsory insurance, as we used to have. I suggest there could be three-way participation, on the part of the Government, the lender and the borrower, in such a system. It would create €100 million a year on the basis of a small fee of €5 from the borrower, the lender and the Government. It is a very worthwhile proposal. We did not come up with this quite thought-out document ourselves. We ascertained whether these proposals are bankable. It is important we can bank these things. It has been suggested that if people can only afford to make payments at a certain level, equity could be taken in their house over a period of six years. If the borrower is in a better position after six years, he or she will be able to take on the full mortgage once more. The mortgage support scheme, which is costing us approximately €60 million, is not a permanent situation. We cannot continue to support that.

I suggest that some of the proposals I have made should be taken up. The introduction of the insurance policy I have advocated would help people who get into trouble and would reduce the liquidity required by banks and building societies. In other words, there would be a guarantee for the mortgage. It is very important for us to deal with this sector because 35,000 mortgages are in trouble at present. I believe this is the time to legislate in this regard, in co-operation with the banks. The banks we control have accepted the need to do everything by the book, which is fine, but we need to do this across the entire banking sector. Lenders are taking people to court. They are ignoring the regulations we have asked the banks to observe.

I have given a copy of the document to all Members of the House and to the Fianna Fáil policy committee. It is important for us to take this issue seriously. I would like the Government to provide for some protection of mortgage holders before it signs off on the budget. I suggest that three guidelines be added to the list of guidelines by which the banks are currently abiding. That would make a big difference to the whole situation. It would help to prevent further problems from arising in this sector. I do not believe we should close our eyes to these proposals. We should implement them.

I disagree with the suggestion, made by those who have dismissed some of the key aspects of the budget, that not enough is being done to stimulate job creation. The budget provides for many projects that will create jobs. Job creation will happen as the economy improves. I

5 o'clock I thank the Minister, Deputy Brian Lenihan, for providing €130 million for retrofitting, which will create an additional 5,000 jobs. I mentioned that this morning.

The retrofit scheme has employed approximately 15,000 people since its inception. This will rise to 20,000 people as 5,000 additional jobs will be created. Were a multinational company or companies to announce their intention to create 5,000 jobs, money would be provided. This constitutes money well spent. It will save on energy and avoid the obligation to pay carbon tax to the European Union. It also will ensure homes are much warmer and that energy is used much more efficiently.

I will conclude by saying well done to the Minister. I believe those on low pay have been protected as well as possible. It should be noted that a supplementary payment is available to the low paid that brings up their pay to a reasonable standard and many people have not picked up on this. Many people in the public sector whose pay is low also are in receipt of supplementary benefit when children or other factors are involved. Consequently, a safety net is in place for the low paid. This is an investment that the public service and all Members have made in the country we all love so much. I acknowledge the difficulties involved and thank everyone who has been able to support the budget. I believe the correct decision is being taken.

Senator David Norris: I welcome the Minister of State, Deputy Mansergh, to the House. I am not under any illusion that the debate in this House will materially affect the financial course of this country. However, it is important that Members make a contribution as they are an essential part of the democratic mix and it may be that some points made in the House will be listened to. The Minister of State has a capacity to listen and to pass on what is said.

My first point pertains to the budget itself. I was present in the Lower House yesterday and as usual was impressed by the demeanour of the Minister for Finance. He appeared to be someone who was confident and in control. He knew what he was doing and was clear and decisive. However, I am not quite so sure about the speech's preamble or coda. Perhaps the former was a little optimistic and I would have liked to have heard some further justification for such optimism for which everyone is hungry. He stated "the Government's strategy over the past 18 months is working and we can now see the first signs of a recovery here at home and in our main international markets". I would like to know what are these signs of recovery as I have not yet seen much by way of tangible and concrete indications of recovery in this economy. If green shoots exist, they should be exhibited to the faithful to allow them to ascertain the position. Were such green shoots to exist, I would rejoice, and perhaps they do. However, it may be somewhat early to anticipate spring.

In his Budget Statement, the Minister for Finance also stated "The worst is over." I hope this is the case because it is politically dangerous to make such a statement, which gives a hostage to fortune. If the worst is not over, people will become more disillusioned. If there is worse to come, he should let people know as they can take it. However, they must be prepared.

The Minister also put on the record some fairly grim statistics in his next paragraph in which he stated "GDP has fallen by approximately 7.5% over the past year, which is the largest fall since records began." This highlights the scale of the difficulty. Interestingly, he went on to discuss reasons we cannot and should not tax our way out of this position. I believe there is an intellectual justification for this point and some clear facts on the ground also exist.

I listened to the Minister again this morning on the wireless when he made the point that if one considers the profile of the fall in tax revenues, it shows there is a law of diminishing returns in operation and that one could tax the economy into a recession. However, some people could be taxed more, of whom I am one. Another such individual appeared on Joe Duffy's radio show this afternoon. The man in question is employed in the public service, as is his wife, and they do not have any children, which is part of the catch. He stated that his mortgage, which must be fairly fat, had fallen by €1,000 a month over the past 18 months or so. He had anticipated receiving a bit of a whack and would have paid it gladly. Moreover, others in his office felt the same.

While I cannot say whether he simply was a financial exhibitionist, I certainly could take a whack. In addition, I could take a whack on the lump sum of €100,000 I have just received from Trinity College and which I stuck in the prize bonds. Were everyone else in the same position, I would have been prepared for €10,000 to have been taken from it. Moreover, I do not agree with the suggestion that lump sums of less than €200,000 should not be touched. I

[Senator David Norris.]

do not believe this is right because they should be. I also wish to know how much is being deducted from those in receipt of lump sums of €200,000 or more.

The difficulty is that so many variables exist in the human equation. It is not simply one mathematical figure of €100,000. I can afford it because I have no detectable dependents and largely live to myself. My life is not entirely unsustainable by joy, mirth and companionship but apart from that, I am not in a financially difficult position.

Senator John Paul Phelan: Can they be taxed?

Senator David Norris: Consequently, it is all fine for me. While I can volunteer, what about other people who have other entanglements? It is not simply a straight mathematical figure because one must take into account the possibility of other variables. Nevertheless, people like myself would be prepared to consider a sharper haircut.

When I consider the situation pertaining to Newry, I am unapologetic in finding this phenomenon to be utterly repellent. As far as I am concerned, the people who travel up on that roadway to load up their SUVs with €500 worth of wine, beer and spirits deserve everything that is coming down the line to them. Were it in my remit, I would establish a toll road system going to the north of Ireland. I would charge them €1,000 for going up and €750 for coming down. If they did not have the cash on them, I would possess the car and sell it in Belfast. While I will not invoke patriotism because Johnson described it as the last refuge of a scoundrel, there is a lamentable lack of ordinary, decent, human solidarity. People who allow themselves to be lured across the Border to squander their money while their neighbours in small Border towns are finding that their businesses are going bust are contemptible. Moreover, I do not give a damn whether they are Trinity voters. That does not bother me because I feel repulsion towards this practice as well as a complete lack of solidarity with such people.

Other fat cats exist, such as the Judiciary. While it does not matter financially, it matters greatly in respect of presentation and appearance. I do not believe the Government has handled this issue terribly well. I listened to the former Supreme Court judge, Donal Barrington, on radio recently. He has a fine mind and made a very good point in respect of the present system. First, he does not agree with the opinion of the Attorney General, who I consider to be extraordinarily conservative. What is happening at present is that the decent judges are being penalised for fairness because the scheme is voluntary. The others simply get away with it and I do not believe it is a good system in which one insists that the good-hearted individuals who have some loyalty are penalised for their virtue.

The Minister also referred to the sensitive area of child benefit. People are highly sentimental about children, with the exception of the late Jonathan Swift who was notoriously unsentimental in that regard. However, it is a sensitive area and the good old left wing principle of giving to those according to their need and taking from those according to their capacity should be operative. For that reason, it is highly regrettable that the blunt instrument of across the board cuts has been used. It should have been taxed and means-tested.

Intriguingly, the Minister, Deputy Lenihan, said he had hoped to be able to introduce greater equity by making child benefit taxable or mean-tested, but that there were legal and logistical reasons why he could not do so. In a democracy, I would have anticipated that the House would have been told the reasons. Unless there is a specific technical or legal reason why the Minister cannot do so, I ask him to let us know, in simple form, the logistical and legal reasons. I support the Government's view on this matter. I am in favour of tax, means testing and the introduction of university fees on a properly means-tested basis. I have made that clear, even though it would make me very unpopular.

The national solidarity bond is a good idea which needs to be fronted. The Government needs to get out and sell it. Reference was made earlier to war bonds. I do not remember them but I remember the publicity surrounding them. People such as Bing Crosby and our own Count John McCormack developed a massive programme of sales of war bonds in America by dint of personality. There is an opportunity for people to show their confidence by buying some bonds. I would put myself forward.

Senator John Paul Phelan: He could cash in the prize bonds.

Senator David Norris: I fundamentally disagree with some of my colleagues, including one in particular whom I will not name because he is not here. Of course FÁS should get €56 million in funding. We have to make sure it is properly spent. That should be a matter of course, particularly after the recent scandals. It is vitally important that people are retrained and up-skilled. I do not mind if some people are cleaning graveyards or doing the kind of work which greatly benefitted the James Joyce Centre in North Great George's Street. They were superb. I have come across scheme after scheme in deprived areas of this city. The Minister of State has my full support for the allocation of €56 million to FÁS. We should be spending money in such areas during this kind of economic crisis.

The area of mortgages is very difficult. Senator Butler provided me with some information which I have not had time to digest. I heard him put it on the record so there is no need for me to do so. I note the Minister, Deputy Lenihan, said in the other House that it is important to remember that only 20 homes have been repossessed by the institutions covered by the Government guarantee scheme in the first three quarters of this year. So bloody what? It is a disgrace. Not one single home should have been repossessed by the institutions which are fuelled by taxpayers' money. I would like a further explanation on this, which banks were involved and the circumstances of each case. Some people may have been grossly irresponsible and thumbed their noses at the authorities and so on, but it is questionable. This situation does not cover the fact that many hundreds of homes have been repossessed by companies such as Start Mortgages, which is the heart of the sub-prime market. It is a point which must be taken into consideration.

I welcome the fact mortgage relief for those who find themselves in negative equity has been extended to 2017, which is a humane, decent and good gesture. I do not think it is good that the tax on booze had been reduced. It is madness. I heard the Minister, Deputy Hanafin, speak on this issue and she was completely wrong. She said this morning that there was no correlation between the accessibility and price of drink and alcoholic disease. That is nonsense. Not a single international scholarly paper supports that view; they all go in the other direction. The rate of VAT should have been reduced because of the movement in the other direction by the United Kingdom, and the fact we have a land border which cannot be patrolled.

I would like to address overseas development aid. It is a pity it has been cut by, I understand, €25 million. The Government solemnly declared on several occasions in various international fora that it would meet its target but it shows no sign of doing so. There is a lot of pain, which one listens to, understands and empathises with, as people are being squeezed by the budgetary measures taken by the Government, but there is a difference between pain and mortality. For some people in Africa and other countries which are marginalised, to be hit by the effects of climate may be a death sentence. I would like the Minister of State to go back and consult urgently with all the voluntary agencies, of which we can be enormously proud, to make sure no fatalities are caused by this measure.

I am in favour of the carbon tax. I have said for years that the polluter should pay. It is a much better idea than increasing the cost of licences and vehicle tax, but the large energy

[Senator David Norris.]

generators have been let off the hook, which is daft. I am not crazy about the car scrappage scheme because it also contains a concealed pollutant element. I welcome the provision made for retrofitting homes and the relief on the purchase of electric cars, which is the direction in which we should go. The car scrappage scheme will have a momentary effect with regard to some garages, but that is all it will do.

On the issue of the windfall tax, I have communicated with the Minister of State, Deputy Mansergh, or his senior colleague. I received communication from Lord Altamont, the owner of Westport House in Sligo which is in danger because he took on board an investment regarding some of the land which might fall under this provision. The Minister of State made some interesting comments about tourism in his contribution. It would be a tragedy if this house and estate collapse because of an unintended consequence of the windfall tax. I ask the Minister of State to examine its impact on heritage houses, many of which are threatened once again. The Knight of Glin put a very brave face on things recently, but he is under some difficulty.

An Leas-Chathaoirleach: I ask the Senator to conclude.

Senator David Norris: The Leas-Chathaoirleach can certainly ask. My final point concerns perception. Perception means a great deal when one is selling a tough situation. The Minister of State knows this; he is a sophisticated man. No one will believe the Taoiseach's salary cut. It may be 30% but nobody gives a tuppenny damn because it is too late. It may not be too little but timing is all. People are fed up. I would leave it aside. Nobody will be convinced. If he took a 70% cut people would still be on the radio bellyaching. The Government has lost that one. It should not worry about it but should just get on with the job.

Senator Terry Leyden: I am glad Senator Norris mixes with lords and knights. It is nice to see the gentry still has a role in Irish life. I welcome the Minister of State. I enjoyed the debates between the Minister of State, when he was a Member of the Seanad, and Senator Norris. We miss them.

I compliment the Minister of State on his work on the serious flooding. His response to the my submissions was very quick in terms of the different regions concerned. The Minister, Deputy Lenihan, has been extraordinarily effective as Minister for Finance. He has taken on an enormous task. It is one of the most difficult tasks in the history of the State.

The Minister of State, Deputy Mansergh, who is an expert on history, would confirm that Fianna Fáil has always supported people on social welfare. It is our ethos. To prove that point, over the past 12 years we have increased jobseeker's allowance by 129%, disability allowance by 129%, the carer's allowance for those under 66 has increased by 147% and the one parent family payment has increased by 129%. Over the same period, the cost of living has increased by 40%. It is clear that when we had the money we distributed it fairly and evenly. We gave and gave and now, unfortunately, we are taking it back to preserve the economy as best we can.

Large numbers of people are involved. Some 1 million people are affected by the cuts in social welfare. One individual's pay is irrelevant as far as the savings are concerned. In that regard while the amounts involved in pay for the Judiciary may be small, there is a principle involved. If it requires a referendum, we should have one. We will be having a referendum next year to amend the Constitution regarding child protection. The State is entitled to regulate all payments from the State coffers. While the amount will make little difference, a voluntary approach will not work just as it does not work for Senators, Deputies and members of the Government. One does not write one's own tax code.

This morning I pointed out that on 5 November 2008, when the Minister of State, Deputy Mansergh, was in the House, I proposed the introduction of a national reconstruction bond. It has now been adopted and has been called the national solidarity bond. It is proposed to establish early in the new year a new national solidarity bond to assist in the financing of the capital investment programme underlying the budget, that is, the bond will not be used to fund additional spending. The bond will be in addition to the current range of State savings products — savings bonds, savings certificates, prize bonds, national instalment savings and the post office deposit account. The main features of the new bond will be that investors can choose to invest for a five, seven or ten-year period, interest will be paid annually, investors will be entitled to a final redemption bonus on maturity as an incentive to leave their funds invested, with the bonus being different for each investment period, full details of the tax treatment of the bond will be provided in the finance Bill, it will be possible to invest in the bond by lump sum or by occasional payments, and the bond will be available through the following channels: Internet, telephone, direct debit, and at local post offices. The bond will be sold by An Post on behalf of the National Treasury Management Agency, NTMA. Further details will be announced early in the new year.

I very much welcome this announcement and I also welcome the remarks of Senator Norris who would be an excellent person to front this on a voluntary basis to encourage people to invest. We can all encourage people to invest. I believe the full range of services could be provided through the banking institutions. It would restore its credibility if Anglo Irish Bank, which is now a State bank, was given a role in this regard. There is no reason it could not be extended in the finance Bill and this is the time for suggestions. People have money and Senator Norris is correct to suggest that a number of people would be delighted to provide funding to help the State with reconstruction. A national solidarity bond is an excellent idea. I would support bringing in celebrities, some of whom are international actors and personalities, to sell the bond. As a national movement I believe it will be successful.

The Minister should consider another aspect to that bond. Many people do not have a pension scheme. The experts in the Department of Finance should investigate this. People investing €100,000 over ten or 20 years should be allowed to withdraw it on the basis of a pension over the rest of their lives. Actuaries could work out how it might work in reality. I do not have all the details but the Minister of State has experts with him. The Minister has already adopted the first part and there is a second part. Instead of paying out a lump sum in ten years' time with interest, the investor should be paid a pension over his or her lifetime. The pension might be €200 a week, which is €10,000 a year and is €100,000 over ten years. Whatever year an investor invests, he or she will know the amount he or she would get back. Even if it was €100 a week, it gives enormous security to know they would have that money on a regular basis for the rest of their lives. That would be worthwhile.

Senator Butler has proposed many ideas and has put working papers before our parliamentary party on the fitting out of houses to improve insulation. I congratulate him; it has worked. We are prepared to accept recommendations from the other side of the house. I read Fine Gael's document last year and it contained some interesting points in this regard.

The Irish Congress of Trade Unions has supported the idea of the bond. In a policy document it stated:

In terms of trying to capture a mood of public support for a Social Solidarity Pact there might also be an opportunity to launch a Domestic Savings Bond — a National Recovery Bond — which people would contribute to if they felt they were part of A FAIR and genuine effort to put the country back on its feet.

[Senator Terry Leyden.]

I shall not go through most of the details in the budget. The Minister's Budget Statement mentioned supporting tourism. The initiative in the budget mirrors the European Calypso programme, which is a programme in social tourism aimed at increasing mobility for target groups such as senior citizens, young people, disabled people and families facing difficult social circumstances, enabling them to go on holidays in other member states. In 2009 preparatory action on social tourism was launched under the name of Calypso, with a €1 million budget for 2009. It is intended to run for at least three years. Financing for the following years would need to be reconfirmed with the budgetary authority. This would encourage tourism activity, especially during the off-peak season, thus generating employment opportunities. As far as I know this has been operated in Spain.

We could provide a service of free travel within the State for every person over 55 coming to Ireland through State agencies, Bus Éireann, Iarnród Éireann and Dublin Bus. Between September and April they would be given particular incentives. For instance, the air travel tax would be reduced for that area to attract in an enormous number of people to avail of the rooms that are now available at a very reasonable cost. Last weekend I stayed at the Louis Fitzgerald Hotel in Clondalkin and it only cost €45 for bed and breakfast in an excellent hotel. That indicates the price reductions available in and around the city. That is what will attract tourism. People love to come to Ireland and we have a great package. Bus Éireann and Iarnród Éireann have a fantastic holiday package travelling around Ireland. It would be great if they could provide rates that would be attractive. Tourism is very important.

We should initiate a new campaign called "Come back to Erin — Come back to Your Roots" encouraging people to come back to their native country. We could start it with President Obama. If he comes back to Moneygall in County Offaly, it would be a step in the right direction. Around him we could have the largest movement of tourism attractions ever. We should initiate a new An Tóstal throughout the country close to St. Patrick's Day. Clan tourism is also a marvellous idea. There might be 100,000 Butlers all over the world who could come back. There would be no better man than chieftain Larry Butler, Senator of this State, to lead that campaign. We could all make that effort. We can write to relations to invite them to stay with us for a while to generate tourism in Ireland. There are opportunities and now is the time to take them when we are in trouble and under pressure, and it can happen. When I was Minister of State with responsibility for trade I targeted our trade to the Irish shops and Irish buyers all over the world. I found out who they were through An Bord Tráchtála. We went to them and got them to buy Irish products in their stores.

The change in the VAT rate is welcome but it should have been reduced from today and not from 1 January. Reducing the price of alcoholic drinks is vital regardless of whether one encourages drink. The reality is that a bottle of Jameson whiskey can be bought in Northern Ireland for approximately half the price charged in the South. How does it come about when it is made by Irish Distillers? How can Irish Distillers sell the product at a cheaper rate in Northern Ireland or Britain than in Ireland? I cannot understand it. There is enormous over-purchasing of drink in the North, in which regard there must be a clampdown by the Revenue Commissioners. Truckloads of alcoholic beverages are being brought to the South and sold to small pubs at a cut-price rate. This must stop. We must try to generate more activity in Irish supermarkets. This measure is a step in the right direction and I applaud the Minister for having the courage of his convictions. This is also the case in his introduction of the scrappage scheme which allows a €1,500 reduction in VRT in return for the scrapping of cars over ten years old. Again, this is a welcome move.

In the budget there is a great opportunity to show national solidarity and provide for reconstruction. I believe the Minister will deliver another three budgets before the Government reaches the end of its term. I am also convinced that this party will be returned, with the Green Party and perhaps other smaller groups, in the next general election in 2012.

Senator Larry Butler: Well done.

Senator Paschal Donohoe: What an ending by Senator Leyden.

Senator Larry Butler: The Senator must follow him.

Senator Paschal Donohoe: There is a distinct possibility there will be another two or three budgets announced by the Minister for Finance, Deputy Brian Lenihan, but we will see all of them next year. That could be the prospect faced by Senator Leyden's party. As for his claims that Fianna Fáil will be re-elected to Government in 2012, as a fellow politician, I must admire the gusto and conviction with which he can say that, but I assure him there will be some battle in the next election and whoever wins it and forms a Government will be focusing on issues relevant to today's discussion on the budget. One of the reasons the Senator's party has been so successful and in power for so long is that it has claimed the mantle of economic competence. However, it has now blown that reputation with the people. Yesterday we saw it throw away the possibility of being viewed as compassionate and caring. I refer to the cuts in social welfare and carer's allowance and its attack on those earning less than €30,000 per year in the public service. Thus, the loss yesterday of the Government's reputation for competence was accompanied by the loss of its reputation for compassion.

There are a number of points on which I will focus, including some that have not yet been mentioned by my colleagues. I emphasise a point I made this morning on the Order of Business. In the last week many have put forward different tests for the budget. We have heard of the fairness test, the jobs test and the Newry test, about which I read for the first time last Sunday. However, the most fundamental test faced by the budget was whether it would allow the country to maintain its economic independence and security. Regardless of what side of the political divide we are on — whether in government or opposition — the country, the Government and the political system must be united in ensuring that test is passed. I hear people, with whom I agree and whose point I made at the start of my contribution, talk about the attack made on their incomes. I have much sympathy with and, in many cases, support them. They talk about the changes made to their incomes. However, the most fundamental issue is whether in the next six to 12 months we will still have the ability to set that income, regardless of what those decisions will be.

For all our sakes, including those inside Leinster House and those we serve outside it, I hope the test is passed. I desperately want to see the country putting clear water between it and what is happening to countries such as Greece, Spain and Portugal. It has been a source of major distress for me in the last week, when reading about the Greek economy, to see commentator after commentator state Dubai and Greece are in trouble and that the next country to be in trouble will probably be Ireland. It is essential that the budget and the decisions made in the next three to six months steer the country away from such waters. None of us, regardless of the criticisms we level at the budget and at each other, has anything to gain from the country being in that position. We have a considerable amount to lose. I hope that in the coming weeks and as we move into the new year, we will begin to see the country and its reputation stabilise and move towards the firmer footing on which we all want it to be.

There are many aspects of the budget of which I am critical. The first is something on which Senator Ross touched — the estimates prepared for tax revenue and expenditure for next year.

[Senator Paschal Donohoe.]

Based on my analysis of them — the Minister may correct me if I am wrong — my understanding is that no provision is made within these estimates for the provision of additional capital for Irish banks next year. The reason I bring up this issue is that in the December and November Exchequer returns published by the Government it was obliged to state the contribution to Irish banks from the taxpayer. It detailed the many billions of euro involved. For this reason, I would have thought it would be incumbent upon it to spell out what that contribution could be next year, or at least make a provision for it. Politically, I know why that was not done. The reason was the Government did not want to find itself in the situation where it would have to defend its action of imposing a wage cut on those with incomes below €30,000 while, at the same time, leaving aside €3 billion to €6 billion as a buffer for capital injections into the banks next year. This is a question that will have to be addressed at some point.

During the early part of the discussion that took place on the banking sector, speaker after speaker spoke about the need to recapitalise the banks via the taxpayer. As I have said before, I thought too many were in a desperate rush to do this. The money that would be put into the banks was the same money needed for schools, hospitals and the tax system, yet, time and again, we heard people demand that it be given to the banks. I thought at the time that the Government had the timing of the decision right. However, in view of the juncture at which we find ourselves, it would have been in the Government's interest and that of the country to spell out the likely decisions that would have to be made with regard to the banks next year and offer clarity regarding its effects on the nation's finances.

The second point is on the decisions were made pertaining to young men and women in the social welfare system. This is something in which I have a major interest. In Dublin, one in three men under the age of 25 years is unemployed and the number is greater in the constituency in which I live and hope to represent in the future. I have a real concern that the machinery of government and semi-state bodies will not be up to the task of supplying the quantity and quality of training and job placement programmes needed to ensure people are offered a place on a programme without a reduction in their social welfare payments. Let us consider the language we use in this regard. We call such programmes "activation programmes". About what do we think we are talking? These are people; they are not zombies who will run out to work on the application of a spark of electricity. In all cases they are already looking for work. To speak of activation programmes does not do them justice. Is the Minister of State confident there is a sufficient variety of plans, well funded and run, to ensure those who may face a cut in their social welfare payments will have the ability to move into meaningful employment that will be funded by the State? This will allow them to maintain their current level of income.

My third point, which is one colleagues have made, relates to the position of public service workers earning less than €30,000. On Friday last my party published a fully costed plan of what we would do differently on the challenges facing the country's finances. We spelt out that reluctantly a reduction in overall earnings within the public service was necessary and warranted. We did that because we should always first protect the numbers employed in public services and the quantity of services they are providing before we look at wages.

However, we spelt out clearly that we would not ask those earning less than €30,000 to take a wage cut and make a contribution. This is essential, not only on social grounds and on the grounds of protecting those who could become the most vulnerable in our society, but also for sound economic reasons. What the people who are on those income levels have, they spend. The money they have coming in to their house tends to go out in shopping in local supermarkets, etc., and the level of savings which they generate from such levels of income are fairly small in the first place. Asking these people to take the proposed wage cuts is not right, nor will it be right economically for our economy as we try to reflate it and get it going again. The

reduction in consumer spending as a result of what is proposed here will have a further negative effect on the VAT receipts coming into our economy and a further negative effect on the employment being generated.

The speech of the Minister of State, Deputy Mansergh, and the contribution from the Minister for Finance made much mention of the wage levels of those in the public service at the top level, but what about those earning €300,000, €400,000 or €500,000 per year running large semi-State organisations? Will we ensure that their salaries are reviewed to reflect the state of the nation's finance and how little money we have to pay them? It is absurd that those heading up semi-State bodies charged with implementing Government policies are paid multiples of what is paid to the Ministers determining such policy in the first place. It is madness. We should be using this crisis in which our country finds itself to bring common sense back into those wage levels. It will not necessarily generate significant savings, but it is the kind of signal that is needed if we are to get the costs and competitiveness of the country back into shape.

There are significant questions the Minister must answer. It was wrong to attack people earning less than €30,000 a year and to attack many of the social welfare allowances necessary to maintain a caring society. It could have been done differently.

I will conclude with a point on a local matter relevant to the Minister of State, one of whose many responsibilities is the Office of Public Works. I congratulate him on the fantastic work that office has been doing recently, particularly in Farmleigh House in providing much needed good cheer for the people who live around it.

Senator James Carroll: I welcome the Minister of State, Deputy Mansergh, to the House as this is my first time here when he has been present. I look forward to his reply.

Yesterday's budget was tough but necessary. It would certainly not be fair to weigh down the generation in my age group in their 20s or the next generation with excess debt. By the end of this year, the national debt will be approximately €76 billion, double the level at the end of 2007. Delaying action accelerates the increase in the national debt and, consequently, the cost of funding will rise substantially. Every extra €1 billion in interest on the national debt would be the equivalent of the annual salaries of 21,500 new teachers or a 6% reduction in general social welfare rates, none of which we want to see. Postponing action would result in additional cuts of this nature in the years ahead, leaving future generations with the bill. This is what was done previously and it can never be allowed happen again.

There were positive elements in yesterday's budget. The car scrappage scheme is a win-win situation from an environmental and an economic perspective. At least €1 billion has been lost in tax revenue following the collapse of the new car market which resulted in the loss of up to 10,000 jobs. At least that number of jobs again is under serious threat in the sector. A scrappage scheme will have the dual purpose of increasing the number of more environmentally friendly cars on the road and help to stimulate the industry, protecting jobs and bringing much needed taxes into the Government coffers. The scheme will run from 1 January until 31 December next year. Those participating will be able to avail of VRT relief of up to €1,500 per new car purchased when trading in cars ten years or older. The Government will also focus on environmentally friendly cars and the development of new technology in this field. The Government needed to provide a strong stimulus package in conjunction with the necessary cuts introduced yesterday, and we need to provide every encouragement possible to get people spending again. A car scrappage scheme has the potential to go a long way in this regard. It has worked in both Germany and the UK and I am confident that it can work here also.

The provision of €130 million for energy efficiency measures, including a national retrofit programme in the 2010 budget will help create and maintain jobs in County Louth and east

[Senator James Carroll.]

Meath, which I represent. Some €130 million is being provided in next year's budget for energy efficiency programmes, including a new national retrofit programme, which I mentioned earlier in my speech on climate change. This is the future, at least in the short term, for the construction industry.

Boosting energy efficiency is good for the environment and for the economy and it has significant benefits at both local and national levels. It is a practical and forward-looking move because it will help create and maintain jobs and also lower energy bills in the future. It is hoped up to 5,000 jobs will be created across the country next year alone in this sector. This significant fund will help build on the good work done already. I have personal experience of the warmer homes scheme and the home energy savings scheme which have been an overwhelming success.

Obviously, not everything in yesterday's budget was ideal. We reduced jobseeker's allowance from €204.30 down to €196, representing a 4.1% decrease. The reality is the support provided by the State to those on welfare is far more generous than that of the neighbouring jurisdiction, the Border with which is close to my home. Welfare rates in the Republic of Ireland have doubled since 2000. What is most important is that we have a strong welfare system in the future and we do not sacrifice people now to maintain too high a level of benefit which would affect people in the future. Unless we cut back a little now, there would need to be drastic cuts in the future and nobody wants that. The Government's principle has been to try to protect the purchasing power of people on social welfare so that they are not made worse off, and this is vital.

The Government increased welfare rates by approximately 3% in the 2009 budget and they are being reduced by a little over 4%. This amounts to a net reduction of approximately 1.1% and brings social welfare back to around 2008 levels. However, the cost of living has come down by over 6% and is back at 2007 levels. Child benefit is being reduced while every effort has been made to ensure there is no decrease in the spending power of people who receive welfare and-or child benefit.

The essential message to go out from the Oireachtas this week is that we have not touched the State pension because older people have contributed so much to this country. They simply do not have the option of going back to work to supplement their income. They have worked all their lives, earned their living and got the country where it is. They should not have to rely on their children or grandchildren to live in dignity.

There were further boosts in yesterday's budget. These included a reduction in excise duties on alcohol, a lower VAT rate to assist hotels, catering and the retail sector, tax breaks for start-up companies and continued investment in research and development. There is additional funding for agriculture and forestry, including the capital provision of €116 million to plant a further 7,000 hectares of trees next year, which is a vital potential growth area for the agricultural sector.

There is also support for a marketing drive and investment in visitor attractions in the tourism sector. The Budget Statement's recognition of the importance of tourism is to be welcomed. I note that the tourism services budget is to be increased by 2% to €155 million. More than €44 million has been earmarked to promote Ireland as a domestic and international tourism destination. My home area of County Louth is a superb location for tourism. There is a fantastic product there and throughout the country. As I mentioned on my first day in the House two weeks go, my home parish of Monasterboice, with its round tower and high crosses, is a phenomenal resource, but its full potential remains untapped. I hope both the Minister and the

Joint Committee on Arts, Sport, Tourism, Community, Rural and Gaeltacht Affairs will take note of that great potential.

A few weeks ago, Deputy Seán Connick came up with the novel idea of possibly giving away €30 million worth of flights to get people to come into the country. Once here, they would spend multiples of that amount on food, drink and accommodation as well as all the accruing ancillary expenditure.

Those who have been hit hardest by the recession are those who have lost their jobs. Our main priority must be to get them back to work as soon as possible. We cannot delay recovery, as happened in the 1980s, and allow jobless people to become long-term unemployed. That was a lost generation. I have friends who have lost jobs, but I do not want to see them being forced to emigrate. To repeat that mistake would be the unfairest step of all.

An Leas-Chathaoirleach: I would normally call on the Minister of State to reply at 5.50 p.m. However, as a number of others speakers have indicated, the Minister of State will not be replying as, according to the Order of Business, we will finish the debate at 6 p.m.

Senator Paul Bradford: I congratulate Senator Carroll on his maiden speech. It is interesting that the first one was on climate change while the second one concerned the budget. I suspect there is stormy weather on both fronts.

In recent days, on the Order of Business, we tried to preview the budget. Yesterday, I said I hoped it would be a redemption budget for the economy and for our country generally. I also pointed out that from a political perspective there can be no redemption for the current Government because politics, like economics, comes in cycles. The people have already decided that the Government must be replaced at the first opportunity. While it remains in office, however, the Government should carry out the proper policies needed for economic recovery. Yesterday's budget was to be a step in that direction and, certainly from the agreed rebalancing figure of €4 billion, an effort was made in that respect. We must now address the measures that were taken, however. I agree with colleagues who expressed concern, particularly about the way in which the public sector pay bill was tackled. It was a problem that needed to be tackled. We could not remove ourselves from the reality that the public sector pay bill had reached a level which the taxpayer simply could not fund. Restraint had to be implemented, but I am disappointed by the methodology used, which was a 5% cut for salaries up to €30,000. I appreciate that, as incomes increase, bigger reductions have been introduced. None the less, it is difficult to explain to those earning €25,000 or €30,000 that they must face a 5% cut. They are not invisible. They work all around us, including in Leinster House. Last week, I spoke to some of them who are earning €28,000. It is disappointing that they are paying the 5% penalty.

The Minister should have reflected on Fine Gael's proposal for a pay reduction across the public sector. Under that proposed model, the pay of those earning less than €30,000 would not be altered. The Government chose a different route, however, and so be it. If the Government was trying to portray fairness and get everybody to work together, it should have sent a strong signal that those on low pay would not be penalised. I appreciate there is a taxation element and that figures show who does, or does not, pay tax. However, from the perspective of introducing severe restraint on public sector pay, it would have been preferable if those at the lower end of the scale had not been affected. The Government has decided otherwise. I appreciate that the Finance Bill will come to us for debate and we will discuss these matters again. I wanted to put on record, however, my disappointment that the model in question was chosen.

Public sector reform was on the agenda last week in the marathon talks between the Government and the unions. Some people have said that the breakdown in those talks marked the

[Senator Paul Bradford.]

end of the road for social partnership. Over the years, the Minister of State was very involved in that process. The social partnership model was first put in place in 1987, but it is bizarre and deeply disappointing that it took 22 years for everybody to conclude suddenly that public sector reform was necessary. I welcome the statements by union leaders last week that there was scope for public sector reform. Those statements must remain on the record. The type of reforms promised as being possible last week must be enacted. I suspect that relations between the Government and union leaders may not be as strong now as they were heretofore, but this is about Ireland. It is not about Government, Opposition, unions, employers or employees. We must ensure the hundreds of thousands of workers whose jobs are funded directly by the taxpayer, operate in a system where absolute value for money is provided. The process must work by having the maximum required flexibility and transferability.

Last week, Senator O'Toole highlighted the fact that in France, which has always had a slightly different social model, everybody whose job is paid for by the State is technically a public sector employee. According to the Senator's contribution, and I cannot contradict him, there is total transferability within French Government departments. If there appears to be an over-supply of staff in one department, there can be a seamless transfer of staff to another department which may be understaffed. If I recall correctly, Senator O'Toole requested that we should redefine public sector employees, including civil servants, so that State employees would be willing to transfer between sections and Departments. That matter should be examined. We are not talking about making people undertake work they do not wish to do, are unable to do, or would not be paid for. I believe we shall require that type of flexibility in Ireland.

6 o'clock
I hope that notwithstanding the messy row which seems to have arisen from last week's breakdown in communication between Government and the unions, these real issues will get on the table. I am certain where the broad political debates are concerned that the public is well ahead of the political classes. Likewise, I believe that public sector employees are way ahead—

An Leas-Chathaoirleach: As it is 6 o'clock, I must ask Senator Bradford to conclude. Will the Acting Leader say when it is proposed to sit again?

Senator Larry Butler: At 2.30 p.m. on Tuesday, 15 December 2009.

The Seanad adjourned at 6 p.m. until 2.30 p.m. on Tuesday, 15 December 2009.