



DÍOSPÓIREACHTAÍ PARLAIMINTE
PARLIAMENTARY DEBATES

SEANAD ÉIREANN

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

Wednesday, 16 December 2009.

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SEANAD ÉIREANN

Dé Céadaoin, 16 Nollaig 2009.
Wednesday, 16 December 2009.

Chuaigh an Cathaoirleach i gceannas ar 10.30 a.m.

Paidir.
Prayer.

Order of Business.

Senator Donie Cassidy: The Order of Business is No. 1, Social Welfare and Pensions (No. 2) Bill 2009 — Committee and Remaining Stages, with Committee Stage to be taken at the conclusion of the Order of Business and Report and Final Stages to be taken at the conclusion of Committee Stage; and No. 2, earlier signature motion, to be taken without debate at the conclusion of No. 1. The business of the House shall be interrupted between 1.15 p.m. and 2.30 p.m.

Senator Paschal Donohoe: The new Governor of the Central Bank declared yesterday that he might not be the banking type and that he might not play golf as well as the bankers. We did not employ him to be either of these things, rather we were looking for somebody who could provide for strong governance, straight talking and a clear analysis of where the country stands. It was, however, refreshing to hear some of what he said yesterday. He was persistent in acknowledging the failings and drawbacks of the NAMA scheme being proposed by the Government, that the banks should have taken the greater share of the risk than the taxpayer and that banks would need more money in the new year, something not provided for in the budget. Most importantly, he called for a public inquiry into the causes and effects of the banking crisis. We should act upon this because if we look at those countries which conducted an inquiry into what had gone wrong in their banking systems that had led to financial crises, they were better protected when the next collapse happened. Countries such as Finland, Sweden and Denmark coped with crises in the early 1990s, had a public discussion of what had gone wrong and put in place measures with the consent of the public and often with cross-party support. This time these countries have not suffered huge blows to their national finances, unlike Ireland. I call on the Leader to take this proposal to the Minister for Finance, keeping in mind that there will have to be an allocation of responsibility for what went wrong. The Government will feel uncomfortable about this, but a well conducted inquiry would be in the national interest and lead to the country being better protected in the future should a similar crisis occur.

The Children's Mental Health Coalition launched its manifesto on mental health yesterday. I raise this issue because of my experience of it in my constituency. Time and again, I come across children of three to five years of age who are within years of being lost to the penal system and to lives of abuse or crime or whose lives will be cut tragically short. We have talked time and again about the Ryan report, the Murphy report and all the measures that need to be taken. I ask the Leader to organise a debate in the new year on the measures being sought by the coalition to deal with the status of juvenile mental health in the Vision for Change

[Senator Paschal Donohoe.]

programme published in 2006. We can look at measures that would not cost much money to implement but which ethically amount to the right thing to do and which would make great economic sense. If we do not make these interventions now, the country, community and the economy will all suffer in the future.

Senator Joe O'Toole: I draw the attention of the House to motion No. 21 on the Order Paper. Members on all sides of the House had issues with the European Union negotiating a free trade agreement with Colombia at a time when there were major human rights problems in that country. There is a motion on the Order Paper which concurs with the views of the 12 MEPs from the Republic of Ireland and which I ask the Leader to consider taking tomorrow morning. It is not an all-party motion, but I know the Green Party still supports it. Perhaps it might be taken without debate tomorrow morning with all-party support.

I have lived for the last 39 years in the part of the country where the Ward Union Hunt takes place. While I do not have much time for the people involved, I would like to make a particular point. The safest stags in Ireland are those chased by the elderly gentlemen of the Ward Union Hunt. There is not the remotest danger of a stag being caught because not one has been hunted down in the past 38 or 39 years. The Ward Union Hunt is a harmless group which adds much merriment and diversity to life. As all arguments for and against hunting are imperfect, I do not take either side. I suggest, however, that rather than pulling ourselves apart, any legislation introduced on hunting should provide for the devolution of power on the issue to the local authorities. Each local authority should decide its position on hunting because there is no way someone from south Dublin, the centre of County Meath and west Kerry will agree on the issue. They will have different views because they engage in different types of hunting. Whether hunting should take place is, therefore, a question for the local authorities. The Green Party's position has always been to consult and devolve power to the lowest possible level. I ask that such an approach be adopted in this case.

Someone should examine some of the daft decisions the Government is taking. I do not refer to major cutbacks which we will discuss later but to cuts in funding to drug support units. Given that these units deal with the drugs problem, an issue raised by Senators on both sides every second day, it is nonsensical to cut their funding.

The most ridiculous decision is to cut supply panels for schools. The panels are groups of teachers co-ordinated by the Department to make a substitute or temporary teacher available when one is required by a school at short notice for a short period. I am not aware that the State incurs any costs by providing this essential and excellent service because it is a matter of administration. Given that cutting the panels which are few in number will not yield significant savings, I do not understand the reason for the decision. I raise this issue because it would be helpful if the Minister for Education and Science were to come before the House, not to argue about money but to outline the rationale for taking this daft, irrational decision which has no basis in terms of its potential to deliver savings. He should provide the memorandum setting out the case for his decision which will remove support for schools, especially in rural areas, thereby creating a further problem for them.

Senator Alex White: Senator Donohoe raised the statement by the Governor of the Central Bank, Professor Patrick Honohan, before the Joint Committee on Economic Regulatory Affairs yesterday in which he argued that an inquiry into recent developments in the banking sector was required. I strongly support the Governor's position. Professor Honohan also stated he was sure the average discount to be applied to the €77 billion loans acquired by the National Asset Management Agency would be different from the 30% estimate provided in September. We know already that the basis on which we are operating is wrong and will need to be

updated. We have been informed by Government spokespersons that it will be necessary to invest further State money in capitalising the banks. We must, therefore, conclude that in analysing the budget this week and last week we were operating with sight unseen, as it were, in terms of what will be the true budgetary position in the coming months. It is vital that the Government confirm and clarify precisely what is in store in terms of further State moneys being invested in the banking system.

I concur with Senator Donohoe on the urgent need for a full-blooded inquiry into what led to the banking crisis. Most of us have suspicions, for which there is significant supporting evidence, about what occurred. The matter should be investigated carefully and meticulously in a public manner, as has been done in other countries, as Senator Donohoe noted. For example, in the early 1930s one of the reasons public discourse in the United States turned around and members of the public were prepared to countenance difficult measures was the decision to hold a public inquiry into what had occurred, with full public disclosure and scrutiny.

I ask the Leader to clarify the Minister for Health and Children's comment yesterday in respect of a commitment on the part of the Government to introduce legislation to regulate assisted human reproduction. The Supreme Court made an extremely important decision yesterday in which it again pointed to a failure on the part of the Houses of the Oireachtas to implement legislation in this area. Once again, the Supreme Court has had to plug the gaps outrageously left by us, the legislators. The Government is primarily responsible for introducing legislation in this area.

When decisions such as the Supreme Court ruling of yesterday are made, it is often argued that there are many views and significant disagreement on the issue in question. I anticipate that the Leader may make the perfectly reasonable argument that assisted human reproduction is a complicated issue. While there are many views on it, the responsibility of legislators is not to sit back and do nothing, as we have done many times when it became clear there were many views on an issue, but to face up to the fact and work out carefully and meticulously, perhaps in committee, how precisely we should legislate. Assisted human reproduction is an important and sensitive issue on which legislation should be introduced at the earliest possible time.

Senator Dan Boyle: The time of the House would be well served by discussing the views and comments of the new Governor of the Central Bank, Professor Patrick Honohan. The manner in which he spoke to an Oireachtas committee yesterday and his undoubted expertise show that his appointment was an excellent one. Having such a person running the Central Bank in the critical years ahead will be a source of comfort to many citizens. There was little new in what he had to say. Further capitalisation of the banks will occur and involve further consultation with both Houses. Members will have an opportunity to discuss how capitalisation should proceed and they should fully utilise it.

On the question of whether an inquiry should be held into developments in the banking system, I am on record as calling for such an inquiry, as did Mr. Colm McCarthy who produced a recent report on behalf of the Government. Now that the Governor of the Central Bank has called for such an inquiry, there is no reason to resist the proposal. We need to get as many facts as possible into the public domain to enable us to move forward and, I hope, deal with a new reality for the financial institutions and what they can achieve in the future.

Senator Paul Coughlan: I strongly concur with Senator Donohoe on the comments made by the Governor of the Central Bank before the Joint Committee on Economic Regulatory Affairs yesterday when he called for a US congressional style probe into developments in the banking sector. Professor Honohan is a breath of fresh air who is much different from everybody and everything that preceded him in the Central Bank. Other countries have benefited from the

[Senator Paul Coghlan.]

type of investigation he proposed. Much could be learned from a detailed examination of what took place. We are unsure of whether the National Asset Management Agency will be a success. The agency must succeed in the national interest. Further capitalisation of the banks will also be required. I ask the Leader to outline the Government's position on Professor Honohan's proposal. We have heard from the Deputy Leader who is very much in favour of it. Senator Ross will no doubt agree that the insiders are still in charge of the banks. No one has resigned and we are relying on the people who steered the ship onto the rocks to get it off them. There is something not right about this and the sooner the investigation commences, the better. I look forward to hearing the Leader's views on the matter.

Senator Mark Daly: I ask the Leader to arrange a debate on the situation in Gaza. As the first anniversary of the Israeli invasion of Gaza approaches, I commend the Minister for Foreign Affairs, Deputy Micheál Martin, on his strong stance on the issue. His request to visit Gaza was refused by the Israeli authorities, as was a similar request by the French Foreign Minister. Despite this refusal, the Minister for Foreign Affairs called on the Israelis to allow a European Union delegation to visit the area to see the humanitarian crisis which has evolved in the past 12 months as a result of the destruction of Gaza's infrastructure.

A London court has issued an arrest warrant for the Israeli Foreign Minister for war crimes. Ireland was one of only five EU countries to support a United Nations resolution calling for an investigation into war crimes in Gaza. The 554-page report investigated by the Joint Committee on Foreign Affairs could be discussed during the debate. It contained a report of a disturbing incident where three girls aged nine, five and four were shot by Israeli soldiers even though they were holding a white flag in their hands when they approached an Israeli tank. A soldier appeared from the tank and shot the three girls dead. If that is not worthy of investigation by the Israeli Government, no crime is. However, the Israelis do not want anyone to investigate why these three girls, holding a white flag when they approached a tank with two Israeli soldiers sitting on top and posing no threat were shot and killed. I commend the Irish Government on being only one of five countries in the EU to seek an investigation into war crimes in Gaza. That our EU colleagues do not deem these lives lost worthy of investigation is a disgrace. I ask the Leader to organise a debate on these crimes and others.

Senator Shane Ross: I endorse the calls by Senator Donohoe for a full-blooded inquiry by the Oireachtas into the banks over the past ten to 15 years. If there is not to be an Oireachtas inquiry, why does the Seanad not hold an inquiry? We have the required procedures.

Senator David Norris: Hear, hear.

Senator Shane Ross: Let us not go back to the Taoiseach, who was deeply involved as Minister for Finance. Let us just do this. Can we do that?

Senator Donie Cassidy: Is it in Senator Ross's book?

Senator Shane Ross: Banking has been cowboy country for ten years in this nation. The bankers were the cowboys, there was legalised looting and this is worthy of an inquiry. One of the interesting points about Professor Honohan's appearance at the committee meeting yesterday, which I attended along with Senator Coghlan, is that he was very keen to put clear water between him and what happened before. In the coded words of central bankers, it was clear that he was condemning his predecessors and politicians.

An Cathaoirleach: Does Senator Ross have a telephone in his possession that he should not have?

Senator Donie Cassidy: There is a tweeter in operation on the far side.

Senator Shane Ross: I apologise. I cannot turn it off; it does not work as a telephone.

An Cathaoirleach: In future, I request that Senators leave telephones outside the Chamber. I have requested this on a number of occasions.

Senator Shane Ross: We should call in politicians, developers, bankers, regulators and civil servants. The type of inquiry sought by Professor Honohan would not be an expensive legal witch hunt but would be undertaken on the basis of the precedent set in this House and the Dáil by the DIRT inquiry. That was the most successful inquiry by a committee ever held in the history of this House. It was cheap, quick and public. Many other inquiries are investigating possible criminal activity and are held behind closed doors for good reason. The purpose of this inquiry is to let the public know what is going on and to see these people. No one is on a vindictive witch hunt but those responsible for the economic crisis in this country have enriched themselves and walked away, leaving a deficit of €20 billion. Let us see the whites of their eyes before us and let the people see it on television and in public.

Senator Terry Leyden: The Oireachtas is well qualified to carry out such an inquiry. The bankers did not learn much from the DIRT inquiry because they did not change their ways much as a result. Much research on the bankers has been carried out by Senator Ross and this would be an excellent work to start from. It would be a worthwhile exercise and we have been encouraged to do so by the Central Bank.

I support Senator Daly's request regarding the serious situation in Gaza. The new high commissioner in the European Union should take a personal interest in this matter and go to Gaza and see the situation there. They cannot refuse someone in her position at this time. Some 1.5 million people live in an open prison in an area no larger than the smallest county in Ireland.

An Cathaoirleach: Is the Senator seeking a debate? I do not want Second Stage speeches.

Senator Terry Leyden: Bethlehem is surrounded by a massive wall in this historic period and it represents a serious situation. We should raise this matter here as many times as possible.

Does the Leader have any indication from the Minister for Justice, Equality and Law Reform regarding the new legislation on the defence of the home? Fine Gael published a Bill and has been supportive of these proposals. It would be appropriate that the proposals would make progress through the Seanad as quickly as possible. There is no time to waste in this regard. People need security because there has been an increase in the number of burglaries.

Senator Frances Fitzgerald: An increase of 15%.

Senator Terry Leyden: I attribute some of the increase to the ease of selling gold, as advertised extensively at the moment. I have carried out some research on this. It is quite easy to send gold by post. Identification is required and I do not wish to cast aspersions on the companies involved. Most of the robberies involve valuable gold that is left in bedrooms and is not regarded by most people as being of great worth unless one collects enough of it and sends it to a company. The company seeks identification but, if one sends this by post, it is very easy to forge identification. It is easy to satisfy the requirements sought by some of these companies, which I will not name at this point. The Cathaoirleach will be delighted to hear this.

An Cathaoirleach: I would appreciate if Senator Leyden would conclude.

Senator Terry Leyden: There is a growth in the number of burglaries involving gold and I think it is too easy to dispose of the gold. The Consumers' Association of Ireland should examine the requirements for the sale of gold as advertised on television and radio.

Senator Jerry Buttimer: In endorsing the comments of previous speakers on the need for an independent inquiry into banking and the issues that brought us into the economic abyss, it is important that the Leader puts on the record the Government's intention with regard to the proposal by Professor Honohan yesterday. Unlike other jurisdictions, no one has been held accountable in this country except the ordinary citizen who was forced to bail out the banks. Even though it has become a cliché, the banks are not allowing liquidity to flow. Small and medium-sized enterprises are struggling, homes are being repossessed and ordinary taxpayers are struggling, yet we have those who Senator Ross identified as allowing us to get to this point swanning around or hiding because of their ignominy. There is a need for a debate and it should be held as a matter of urgency. Senator Ross is correct in saying that if the Government does not have the moral courage to hold an inquiry, the Seanad should hold one. Before I was elected, I remember watching the DIRT inquiry, which was a very good one.

I ask the Leader to invite the Minister for the Environment, Heritage and Local Government to this House on two issues. I agree with Senator O'Toole regarding the need for local authorities to have devolution of powers for hunting. Local authorities make regulations and rules and implement by-laws. Our elected councillors and non-elected officials in each local authority are best placed to serve and put in place laws regarding local areas.

I ask the Leader, as I have asked the Deputy Leader, to invite the Minister for the Environment, Heritage and Local Government to this Chamber. Last night on the Adjournment I sought an independent investigation into flooding in Cork. The reply of the Minister for the Environment, Heritage and Local Government to this House was disappointing and lacked integrity. It was a public relations spin exercise. I hope Senator Boyle agrees with me that we need an independent investigation. Will the Leader commit to holding an independent inquiry?

Senator Niall Ó Brolcháin: I call for a debate on community development. I heard many Senators talking about the top-down approach to the banks. We cannot take our eye off the ball in respect of social justice, community development and grassroots democracy. There is, as people will probably be aware, a major issue in respect of the merging of various agencies, CDPs and local area partnerships. It is vital that we get this process right. I ask the Government and the Taoiseach to ensure this process is operated to the best effect. Although I respect the fact that there will be cutbacks in this area, we need to be very careful about it.

I support Senator Daly's call for a debate on Gaza. When I was mayor of Galway, I was in constant contact with the mayor of Beit Lahiya, which is the third biggest city in the Gaza Strip. The man in question, Ali Abu Marasa, telephoned me regularly to tell me what was going on. At times, his house was surrounded by tanks. The people of Gaza have experienced absolutely appalling situations. It was very interesting to hear at first hand how people's daily lives were affected.

I am not sure what it is about stags and the Green Party. Stags keep coming up in relation to the Green Party.

Senator Phil Prendergast: The Senator's party will be concerned about stag parties next.

Senator Niall Ó Brolcháin: There are many types of stag hunt. A particular type of stag hunt was spoken about by Senator O'Toole and others. The Senator seemed to miss the point. It is

wonderful for all these gentlemen to be riding around the country if the stags are safe. Stags are absolutely magnificent and beautiful creatures.

Senator Paul Coghlan: Especially the Kerry red.

Senator Niall Ó Brolcháin: Indeed. The Green Party has no issue with those mentioned by Senator O'Toole — the harmless old gentlemen who ride around the country. From what I can see, such activities do not need a stag at all. I think that may be the way forward.

Senator Maurice Cummins: The Senator's party seems to have something against stags.

Senator Phil Prendergast: I ask the Leader to organise a serious debate on Ireland's suicide rate, which is of concern because it is the fourth highest in the EU. We have to address the circumstances which meant that 250 children were treated in adult psychiatric hospitals last year. Child mental health services and supports will have to be a priority for the Government. While I acknowledge that there have been some changes, the number of places for children and adolescents is insufficient. The support systems and treatments that can be initiated to assist young people with fragile mental states are not very costly. They would have a lifelong benefit for those young people. One of the key demands of the alliance relating to children's mental health services is that the use of adult psychiatric beds for children should be brought to an end. The alliance is also demanding that schools provide mental health services when they are needed. It has called for forensic mental health services to be provided to children with mental health difficulties and for a mental health assessment framework to be applied to all children in care. These demands are not abnormal. I have strong feelings on this issue, which I have raised previously in the House. The time has come for a discussion on the matter. If real progress is not achieved, we will not be doing any good for these poor children.

Senator Nicky McFadden: I propose an amendment to the Order of Business, that the Leader respond to Senator Ross's call for a public inquiry into the banking crisis. I suggest that the Seanad is the best forum to lead such an inquiry.

Senator Donie Cassidy: Does the Senator want an Oireachtas inquiry?

Senator Nicky McFadden: I ask the Leader to do that. Many wholesalers welcomed the decision, announced in last Wednesday's budget, to reduce the level of excise duty imposed on alcohol from midnight that night. A wholesaler in my constituency, who has been through the trauma of having their premises flooded, has said that their Christmas stock is worthless as a result of the reduction in excise duty. Their customers can now go to the supermarket to buy alcohol at a lower price. The wholesaler will lose out by between 10% and 12%. I call on the Leader to ask the Minister for Finance to put in place a compensation package for wholesalers who find themselves in the dreadful position of having worthless stock.

Senator David Norris: I support Senator Daly's call for a debate on Gaza. It was interesting that an arrest warrant was issued against Tzipi Livni. The same thing previously happened in the case of President Augusto Pinochet. It is interesting that national and international courts are being employed to hold political leaders to account. I welcome that development. It is also interesting that the British Government and the British Embassy in Tel Aviv have speedily distanced themselves from the arrest warrant. They are ignoring their ethical and criminal responsibilities in this case.

I would like to raise a seasonal issue. Last night, I attended a concert at St. Ann's Church on Dawson Street. The superb music was provided by the gay and lesbian choir, Gloria. The church was packed to the rafters with happy people and families. Most of the large collection

[Senator David Norris.]

that was taken will be given to the Irish Hospice Foundation. Those who provided sign language facilities to a group of deaf people in attendance were absolutely unbelievable and fantastic. I spent a lot of time watching the balletic movements of their hands, which made the words come alive. I would like to ask for a debate on inclusiveness in this context. It seems to me that we have empty churches all over the city. Last night, the gay community packed a church with people whose spirituality has been denied for so long. Similarly, the State marginalised various groups of people, including gay people, for many years. A wonderful energy can be released when we are inclusive.

As I would not like to leave Scrooge out of the Christmas picture, I ask the Leader to arrange for the Charities Acts to be revisited. I spoke a number of years ago about the huge number of charity collections on the streets of Dublin. Yesterday, a swarm of 24 collectors from a certain national charity met a shoal of 12 collectors from another national charity. I support both of the charities morally, financially and politically. It is ridiculous that so many young people are allowed to invade the streets. When I raised the matter some time ago, I was told it would be dealt with in the Charities Bill 2007, but that did not happen. In the old days, regulations governed the number of days on which each charity could collect and the number of collectors who could congregate in each area. The enforcement of such rules would be welcome.

A Member of the other House, Deputy Neville, was interviewed on the news earlier today about the important issue of the use of unparliamentary language. He was harassed and heckled about the fact that there were very few people in the Chamber last week. This is an absolute canard. I appeal to members of the media to stop being so bloody dishonest. They know perfectly well where we are. They are in the environs of the Houses and know the reason people are not all sitting in the Chamber is because they are working. If the entire Chamber was full for the entire day, they would be the first to complain that we are sitting on our backsides, taking money from the taxpayers and doing nothing. I ask the media to wise up, tell the truth and stop peddling things they know to be lies.

Senator Niall Ó Brolcháin: Hear, hear.

An Cathaoirleach: I would like to clarify that the matter raised by Senator McFadden is not appropriate to be dealt with by means of an amendment to the Order of Business.

Senator Nicky McFadden: I thank the Cathaoirleach for that clarification. I will table a motion on the matter.

Senator Paudie Coffey: I support the calls from many Senators for an inquiry into the mismanagement of the banking sector over recent years. The inquiry should include a review of the role of the Financial Regulator in this debacle. The negligence of the Financial Regulator in allowing the banks to run amok has had huge implications. We are familiar with the effects of unregulated lending on all sectors of the economy. I referred during yesterday's debate on the Social Welfare and Pensions (No. 2) Bill to a high-profile case in Waterford. A family with a disabled child was evicted from its home over the course of a few months by a company called Stepstone Mortgages. I understand that the company, which has gone out of business, is owned by the famous Lehman Brothers, which went bankrupt in 2008. It is clear that unregulated lending is having an impact on ordinary families. If some action is not taken in this regard, there will be many more casualties.

I ask the Leader to make provision for a debate on care for the elderly. The recent budget has implications for our elderly and how they will be cared for. While many of us agree there should be a carbon tax, this will have a huge impact on the elderly in rural areas who are

dependent on solid fuels. The carbon tax will have implications with regard to how they can sustain themselves and heat their homes. The cut to the carer's allowance will have implications for the services provided for the elderly and will also have an impact on State services because, where care is not provided in the home, there will be further demand on State services to provide that care.

On the provision of geriatric services in the long term, we heard of the high profile case concerning Deputy Jackie Healy-Rae and Kenmare. In Waterford, we have been waiting over ten years for a new 50-bed unit for St. Patrick's Hospital, which covers the entire south east. The population is ageing, there will be bigger demands from the elderly and we will need more care and spaces for them. It is Christmas time and I ask that we think of our elderly. I call on all Members to do all they can over the Christmas period to support our elderly. In the new year, if it cannot be accommodated before Christmas, we should have a solid debate on care and long-term services for the elderly.

Senator Ivana Bacik: I note Senator Ó Brolcháin referred to the Green Party as having a strange connection with stag hunting.

An Cathaoirleach: Does the Senator have a mobile phone with her, as has been the case with other Members?

Senator Ivana Bacik: I do not.

An Cathaoirleach: Someone very close to the Senator has a phone. I apologise to the Senator if it is not hers. It is certainly interfering with the microphone. I have made this request on a number of occasions. The next time this begins, I will certainly adjourn the House for a period until Members remove the phones. The Senator should continue.

Senator Ivana Bacik: I support the Green Party's call for a ban on stag hunting, which is a barbaric practice. I am glad to see Green Party members standing firm on this. Senator Prendergast commented that they might wish to rename themselves "the stag party", although that is probably not worthy of following up.

An Cathaoirleach: Could we have questions to the Leader on today's Order of Business?

Senator Ivana Bacik: I ask the Leader for a debate on the issue of stag hunting, which seems to raise passions. Before anyone accuses me of being involved in the urban-rural divide, I grew up in the country and remember people following the fox hunts on foot in Cork, so I know it can be part of a community. However, there are other ways of doing it, such as drag hunting and so on.

It is important to remember that the Greens, while they are supporting animal welfare on this important issue, have still been making savage cuts in terms of human welfare in the social welfare Bill we opposed but which, unfortunately, passed Second Stage yesterday. I ask the Leader for a debate on the impact these social welfare cuts will have on the most vulnerable, assuming the Bill passes.

Senator Donie Cassidy: The Senator will have all day today.

Senator Ivana Bacik: Assuming the Bill passes, we need a debate on the impact the cutbacks are having, including the reductions in carer's benefit and jobseeker's allowance for young people. We need to know the impact this is having on young people in practice.

[Senator Ivana Bacik.]

I support calls for a debate on Gaza, which is an important issue on which there is cross-party consensus. Finally, I am glad to see legislation announced by the Minister, Deputy Harney, on assisted human reproduction. I ask the Leader for an early debate on this issue.

An Cathaoirleach: The Deputy's time is concluded. I call Senator Fitzgerald.

Senator Ivana Bacik: Just because there are sensitive and complex issues here does not mean we should not face up to our responsibilities as legislators and legislate. We have the report from the Commission on Assisted Human Reproduction to guide us.

Senator Frances Fitzgerald: I support the calls by a number of Senators with regard to having an inquiry into the banking sector and what has happened to our economy and finances. I congratulate Mr. Patrick Honohan on the clarity of the statement he made to the joint committee yesterday. I want to raise one aspect of what he said, namely, that he was concerned that confidentiality was being overused and that "the regulatory staff can end up appearing passive and defensive when called to speak on specific issues in public". The public have many questions about what happened and why it happened. There is huge concern and people question whether things have really changed or are still the same. We need to have the inquiry to understand fully what happened and to convince the public in an open and transparent way, so they can see things really are changing, which is critical.

I ask the Leader to come to the House tomorrow with proposals in this regard, to outline what role he and the Government believe the Seanad can play in regard to this inquiry and to outline Government on it at this time. Patrick Honohan yesterday seemed to assume there would be an inquiry. Perhaps the Leader could clarify that.

Senator Feargal Quinn: It may seem strange to support Senator McFadden's call in regard to the reduction of tax on alcohol. I was contacted yesterday by a person who explained that reducing the duty on alcohol on 9 December means that those small wholesalers referred to by Senator McFadden which bought all of their alcohol before Christmas and have not yet sold it, of which there are approximately 50 in the country, suddenly find themselves with a burden they had not anticipated and which will probably put a number of them out of business. I have no idea how to solve the problem and I do not know what could be done. I am told that in 1984 the Minister at the time had Revenue move into the wholesalers when there was a similar reduction in duty on alcohol in order to be able to determine the amount of alcohol they had in their possession at that time. It appears that 50 or 60 wholesalers which are selling alcohol to retailers will lose a substantial sum. While I do not know how the problem will be solved, it draws attention to the same situation that was referred to by Senator McFadden.

My other point relates to the time of year. Today, in London, an effort is being made, based on the biblical story, to feed 5,000 people with food that would otherwise have been wasted. I use the example to remind us, as a country, of the amount of food we waste at a time when people are going hungry. Much of this is due to the retailers themselves and the tradition of having "buy one, get one free" deals. In a number of cases, this has been changed to "buy one, get one free later". It is a very small step but it means that those customers who are tempted to buy two products when they really only need one will get a token to get the second product free at a later date. This means there will be far less waste. The amount of food being wasted at both household and retail level is such that we could solve a great many of the problems we have by just paying more attention at this time of year.

Senator Mary M. White: I call for a debate on the issue of ageism, which I have raised before. I would like the Members of the House to go to the GPO. We have had a lot of truck about

the relocation of the Abbey Theatre to the GPO in honour of the 1916 centenary. As a child and a teenager, every time we came to Dublin my father brought me to Cúchulainn's statue at the front of the GPO to read the Proclamation of 1916. Everybody should visit it and bring their children. One of the profound sentences in it is that we would cherish all of our children equally. That meant all people in society.

Today, I wish to raise the matter of the forced retirement of people at 60 and 65 years of age. Ageism is endemic in our society. The Equality Authority gets more complaints about ageism than any other issue. In the United States, research has proven that at the age of 65, men will live another 17 years and women will live another 20 years, on average. The *Irish Examiner* in a piece today said it is daft to exclude older people from the workforce when they have judgment, experience and networking skills.

I call on the Government to have vision with regard to including older people at a time of recession. Many people in the public sector have taken early retirement, which is their choice. I am talking about the choice of men and women in this country to retire if they so wish. In the United States, one can take early retirement and early pension at 62, or full pension at 65, but one can stay on and work after 65 if one so wishes. Why the heck can we not wake up in this country and include that cohort of older people who have plenty of skills?

Senator Donie Cassidy: When announcing the Order of Business, I should have included No. 33, motion 20 re the budget forecast, to be taken at 5 p.m. and to conclude not later than 7 p.m. No. 1, the Social Welfare and Pensions (No. 2) Bill 2009, shall resume at the conclusion of No. 33 motion 20, if not previously concluded.

Senators Donohoe, O'Toole, Alex White, Boyle, Ross, Buttimer, McFadden, Coffey and Fitzgerald all called for an inquiry into banking systems in Ireland and the putting in place of safeguards for the future so the experiences of the past will not be realised again. This is a worthwhile call and I wish to be associated with our congratulations to the new governor of the Central Bank, Mr. Patrick Honohan, who certainly made his mark at the committee meeting yesterday.

As someone, along with Senators Ross and O'Toole, who was a Member of the Oireachtas during the DIRT inquiry, the Oireachtas Committee on Finance and the Public Service should set up a similar committee to investigate the proposal made this morning about bankers, investors and everyone associated with the banking world. It is a worthwhile suggestion and we could take it to the Committee on Procedures and Privileges. If it wanted to sit on Mondays and Fridays when we do not sit, we could consider if the Seanad Chamber could be given the opportunity for it to sit here. That is a matter over which the Cathaoirleach has total control and I fully respect that but to give the committee the respect and everything the people would wish to see happen and taking place, I would like to think we could do everything we possibly could here in Seanad Éireann.

While the committee members might be deliberating on that, and we fully support them in it, I certainly will announce to the House this morning that immediately after the Christmas recess I intend to have a debate in this House on banking specifically to see how banking can be freed up. I will have the Minister for Finance himself come to the House to discuss this because I have never seen so many retail friends who are holding on just for Christmas and who do not want to wake up on 1 January. This is a serious situation and it is a huge challenge. The SME sector is going through a dreadful time and we must do all we can. It is my intention on the first Thursday after the recess, if the Minister's diary allows him to be available, that we will have the Minister for Finance, Deputy Brian Lenihan, in the House to have a debate on money becoming available for the SME sector as a matter of urgency and what we can do about it. We are not worth our salt as legislators, neither the Dáil or the Seanad, if we do not.

[Senator Donie Cassidy.]

Now that we have taken so much equity in our major banks and will have to take more and will have to invest more on behalf of the taxpayers, the priority has got to be jobs and competitiveness next year. The Government has taken on a serious challenge on competitiveness in the public sector but those in the private sector have experienced reductions as much as 50% in their income and in their wages. We must protect the captains of industry who employ people and continue to employ them. Their savings are now nearly at an end, their overdraft facilities are almost at an end and something must be done in this regard. I ask colleagues over the Christmas period to be prepared for that all-day debate that we hope we can have on 21 January on how we can free up capital for small and medium-sized businesses and the retail sector in particular.

Senator Donohoe and others expressed serious concerns regarding children at three, four and five years of age and about supports for children. Senator Mary White and Senator Prendergast called for a debate on suicide. I acknowledge and congratulate the Minister of State, Deputy John Moloney, on working so hard in this portfolio since he was appointed by the Taoiseach and on the €47 million his Department has acquired and ring-fenced in the budget. It is a start to meet the challenge, as the Senators have said this morning, and I gave a commitment yesterday that we will have a debate on this at the earliest time after we come back.

Senator O'Toole raised No. 33, motion 21, the all-party motion regarding free trade with Colombia. We certainly have supported our MEPs and our Government in everything they are trying to do about the dreadful circumstances in which the people of Colombia find themselves.

Senators O'Toole, Buttimer, Ó Brolcháin and Bacik raised the issue of hunting, with Senator O'Toole proposing this should be left to local authorities in each area. This is something we can discuss when the legislation is to come to the House. I understand it is at an advanced stage and Senator O'Toole has made a worthwhile proposal and suggestion in this regard in the Seanad this morning.

Senator O'Toole also called for a debate on education and I have already agreed and acceded to this taking place. He also called for a debate with the Minister for Health and Children, as did Senator Alex White, on the Supreme Court decision. We certainly will discuss this at the earliest time after our return. The Minister has made a statement on it since then and we will do everything we can in this House to support the sensitive circumstances in the Supreme Court outlined to the House by Senator White.

Senators Daly, Ó Brolcháin, Leyden, Norris and Bacik called for a debate on Gaza. Senator Daly outlined the 550 page report to the House and the horrific experience of three young girls being shot dead. I have no difficulty in agreeing to having the Minister for Foreign Affairs come here and discuss this after the recess.

Senator Leyden raised the report of the Law Reform Commission regarding the protection of persons in their home. The commission also presented a draft form of a Bill for legislation for the consideration of the Minister and we will deliberate on this over Christmas and I have no difficulty in having a debate on this on our return.

Senator Buttimer called for a debate with the Minister for the Environment, Heritage and Local Government on flood issues. As I have said in the House yesterday, this is something we certainly will try to do everything we can and not let go away to see whether we can help and assist those unfortunate people who have had this horrific experience over recent weeks.

Senator Ó Brolcháin called for a debate on community development and I have no difficulty in having time left aside for this. Perhaps at its next Private Members' Time, the Green Party could consider having this as the topic.

Senators Prendergast and Mary White called for a debate on ageism and everything to do with the challenges facing those who have a huge amount of experience and complete dedication to work. I fully agree with Senator Mary White on outlining the experience of those in the workforce in the United States of America. Perhaps the Government should seriously consider this and I certainly agree to have a debate on that take place in the House. It is something for our parliamentary party, in which the Senator has always been so forceful in deliberating on those issues. I fully support that this morning.

Senator Mary M. White: I got it into the programme for Government in June 2007 that a person would have control over his retirement date.

An Cathaoirleach: The Leader is replying to the Order of Business.

Senator Mary M. White: We should deliver on that.

Senator Donie Cassidy: I fully agree with the Senator's views regarding the Abbey Theatre going to O'Connell Street and I refer to my comments on yesterday's Order of Business. Senator McFadden and Senator Quinn outlined to the House the difficulties being experienced as a result of the budget decision on the reduction in excise duty which comes at a difficult time. I will convey their strong views to the Minister and ask for an indication regarding this massive challenge which I heard debated on radio yesterday. It is a difficult issue but I am confident the Department of Finance will meet these distributors at least half way.

Senator Norris spoke about the evening he spent in St. Ann's church. Anyone who missed his television appearance last Sunday night will have an opportunity to see it again on Friday night when he appears on "Val Falvey TD". The matter with regard to the Charities Bill can be taken up on the Appropriation Bill tomorrow morning. It is the first item on tomorrow's Order of Business.

Senator Norris spoke about how the Houses of the Oireachtas are portrayed in the media and how the empty seats are highlighted. We know that colleagues have to be in their offices and have to meet deputations and attend meetings in various locations. If memory serves me right the editing of the broadcast of this House is entirely in the control of the Joint Administration Committee, the former broadcast committee and it is one of its functions. As a member of that committee I will raise it with the new Chairman when he takes office in the next few days to see what can be done. Colleagues are working hard enough and long enough and this is an area we should highlight. I have often viewed myself in this House. I question why the editors would identify empty rows in the Chamber all the time rather than take head and shoulder shots of speakers or of the beautiful background such as the fireplaces and the doors and give an impression of the beautiful ambience of this Chamber. It is important to remain positive.

Senator Coffey raised the issue of the plight of senior citizens in Waterford and hopes they can be blessed as happened the people in Kenmare. I support him in his call. The next time the Minister is in the House I suggest Senator Coffey raises this issue. I will speak to the Minister for Arts, Sport and Tourism, Deputy Cullen, in the meantime to see what he can do. I know the people of Waterford are delighted with their new bridge and the new road as a result of the Minister's hard work and endeavour down through the years and the beautiful city of Waterford will benefit from it. Senator Coffey asked for a debate on the elderly. The social welfare Bill is in the House all day today. As this is the last sitting week before the recess I strongly suggest the Senator brings this to the Minister's attention while she is in the House today.

Order of Business agreed to.

Sitting suspended at 11.35 a.m. and resumed at 11.45 a.m.

Social Welfare and Pensions (No. 2) Bill 2009: Committee Stage.

An Leas-Chathaoirleach: I welcome the Minister for Social and Family Affairs back to the House.

Sections 1 and 2 agreed to.

SECTION 3.

Question proposed: "That section 3 stand part of the Bill."

An Leas-Chathaoirleach: Senator McFadden has indicated that she opposes this section.

Senator Nicky McFadden: I welcome the Minister back to the House and thank her for being here.

This section refers to jobseeker's benefit, carer's benefit and disabled people's benefits, all of which are being cut by 4.1%. The Minister has said people are still benefiting from increases in social welfare, but I dispute this. The people I have met have told me that they are finding it very difficult to make ends meet. I spoke about carers, in particular, yesterday. They are the only recipients of a benefit who work for it and stand to lose €8.80 a week. That is a large amount of money to lose, having regard to the many hours of care they provide for their loved ones, saving the State a great deal of money in the process.

I will not rehash everything that was said yesterday, but I cannot possibly agree to this section. I appreciate the Minister is trying to do her best to save money and that matters have been difficult, as she has explained. Some of the statements on this issue by groups involved in the disability sector are heart-rending. Inclusion Ireland has spoken about the rhetoric used. The people who will lose their disability allowance will also lose optical benefits, dental benefits and child benefit and have to pay prescription charges. This is the most vulnerable sector. Is the national disability strategy just paying lip service to it? Is it genuine or merely aspirational, if the Government can hit a vulnerable minority group such as this in such a way? I do not believe the provision is about protecting them. I am dismayed by this and the provision affecting carers.

This section also deals with jobseeker's allowance. It has been said this is an emigration budget for 20 and 21 year olds, given that their rate of benefit is being cut by 50%. The Minister has allocated €48 million to FÁS to fund short courses. Given that this organisation has fallen into such disrepute, I wonder if that allocation is wise. I abhor the cuts to the Youthreach programme and schemes such as the vocational training opportunities scheme. Student grants are also being cut. The small print of the budget is shocking. I am, therefore, utterly opposed to this section.

Senator Fidelma Healy Eames: I support Senator McFadden's points and welcome the Minister back to the House.

I wish to deal with the impact of subsection (2)(a) which deals with the cut in jobseeker's benefit which will affect young people, in particular. It will have an enormous impact on young people. By reducing the payment to €100 for the younger group and €150 for the slightly older group, one is telling them to live at home or emigrate. They are the only choices. One could not possibly rent accommodation, buy food, pay for other expenses and live independently of

one's family with an income of €100. Many young people are graduates and that is a grim prospect for them.

I have great difficulty with emigration. I am sad to think that we could lose a generation of young people. A recent statement revealed that 84,000 young people under 25 are on the dole. All of them will suffer the impact of the cuts. One third of men under the age of 25 are signing on, which is a massive amount. Many parents would find it difficult for their now adult children to move back home and young people would find it difficult also as it would rob them of their dignity and independence. Now they have to look forward to the boat or the aeroplane. I am sad because we could have a missing generation again in this country. My eldest child is 15. In five, six or ten years time I would not like that to be the prospect for him. I say to the Minister, Deputy Hanafin, that parents do not educate their children to emigrate. They educate them so they can live and work in their home country. Thank God we have not seen emigration for many years.

However, we seem to be faced with a brain drain, which makes no sense. Government policy is not tying up. On the one hand the Minister is saying she wants to build a knowledge and innovation economy. We know from all the studies, including the programme of international student assessment, PISA, that we must produce high quality graduates to build that knowledge and innovation economy. If that is the case, why does the Minister not want to keep young people in this country? Young people want to work. They are in a difficult situation because the Minister did not provide any opportunities for them. There are no internships, community employment schemes or apprenticeships.

The Minister has also affected disadvantaged students by cutting VTOS and Youthreach. She might be aware that the Oireachtas is conducting a study on early school leaving and under-achievement. What we have found in that study is that students in Youthreach find it far preferable to second level because mainstream second level was not flexible enough for them and did not suit them. It is amazing how teachers and instructors work with students in Youthreach programmes. Students can wander around and come in during the teacher's lunch break and talk to teachers. That type of flexibility is needed to enable Travellers or people from backgrounds with very little home support to stay at school. We must keep people at school for as long possible so they will get the highest possible qualification to enable them to compete for places.

I oppose the cuts in social welfare for young people principally because I wish them to be able to stay in this country. I also wish them to be able to learn to live independently. I am not talking about making them dependent on social welfare. I would be supportive of any requirements whereby after six months social welfare payments would be reduced if recipients did not make an effort to get a training place or a job. I am supportive of Fine Gael's proposal in that regard.

I spoke extensively yesterday evening on carer's benefit. As my colleague, Senator McFadden, indicated, carers work for their benefit. In many cases carers are on call 24 hours a day. They are prisoners of their loved ones, but they choose that option. Cutting their payments by €8.80 per week is particularly cruel. It is a cruel cut because much of the time the carer is invisible. Carers are generally at home. No one recognises them. Much of the time, what they do is not recognised as work although we know it is real work that requires incredible dedication.

I also deplore the cuts to payments for disabled people. All of the research shows that disabled people are most at risk of poverty, even in good times. During the Celtic tiger years, among the people who came to my office was a deaf girl. She was very skilled but even three years ago she found it impossible to get a job. Her benefit has now been cut. I condemn the

[Senator Fidelma Healy Eames.]

cuts to the vulnerable and carers. In particular I condemn the cuts that affect young people who were not provided with alternatives.

Senator Paul Bradford: I welcome the Minister, Deputy Hanafin. I apologise as I was unable to attend yesterday's Second Stage debate.

My colleagues have given an overview of our political approach to the legislation. I am the first to acknowledge the scale of the difficulty the Minister faces in trying to put a social welfare budget together. We would be removing ourselves from reality if we did not acknowledge that even in its reduced state, the social welfare and social assistance programme is very good by international standards, especially when we compare it to the system in operation on the other side of the Border and in the rest of the United Kingdom.

Each time I consider the various benefits and allowances it strikes me that we could rationalise the number of allowances and benefits as the social welfare system is cumbersome, administratively difficult and confusing. Generally speaking we are talking about the same level of payments but we have a plethora of options and forms. Let us consider, for example, the reduction in the payment for disabled persons. Constituents who have had accidents at work seek advice on the invalidity pension. When I ask them whether they have applied for disability benefit they do not have any idea what I am talking about. The disability allowance is a valid and valuable payment but it appears to be off the radar as far as most people are concerned. We need to ensure that all people signing on for invalidity or disability benefit are made aware of the existence of the disability allowance, if it would apply in their circumstances.

Senator Healy Eames made the interesting comment that parents do not rear their children to emigrate, with which I very much agree. Neither do parents rear their children to become long-term recipients of social welfare benefits. That would not be the aim or ambition of Irish parents but, sadly, sometimes it transpires to be the reality. In all our social welfare and social assistance schemes, particularly from the jobseeker's perspective and that of young people — this proposed cut will affect young people — we must try to change the balance in the system to ensure there is a strong incentive in the system for people to go to work and to avail of the possibility to obtain training and participate on courses. I am sorry for not having the full details but I received a query at the weekend from a school principal who was unable to get clarification post-budget in regard to the number of extra training places, whether VTOS or otherwise, which the Department of Education and Science said would be available and which the Department of Social and Family Affairs said would not be, or *vice versa*. Will there be additional training options?

It is fine to reduce jobseeker's payments for young people leaving school but we must give them a training or education option. That is the key to whatever reforms the Minister must bring about. When a young person leaves school, whether at 16, 18 or 21 years of age, the natural extension for those who cannot get a conventional job should not be the old-fashioned social welfare scheme but training, education or alternative options.

The Minister is forced by budgetary constraints to make these reductions. We do not like them; nobody could. Politically, the equation is not balanced in that the training options have not been clearly outlined. Rather than the Minister speaking to her constituents or Members speaking to theirs and giving them the bad news that if they are unemployed on leaving school, their social welfare will be significantly reduced, we really need to be able to paint a clear picture for those young people as to the alternatives. Surely, it is always best for young people to be in training, in education or doing appropriate courses to suit their skills, talents etc.

Every time of economic difficulty brings challenges but it also brings opportunities. There is an acceptance among people that we are where we are economically, although that phrase is

out of date, and that the well has run dry. The remaining resources must be spent in a very pro-education and pro-work experience way.

I first became involved in politics in the mid-1980s, as did the Minister, when the country faced grave economic difficulties. Governments then were at the disadvantage that there was not the same public understanding or acceptance. In the mid-1980s, mainly during the Garret FitzGerald Government but probably following on into the late Charles Haughey Governments, there were a number of novel employment, subsidy and training schemes, including youth employment schemes. Agencies, such as FÁS, introduced social employment schemes. Even with limited money, there was a little thinking outside the box and we saw that somewhere between a full-time job and full-time social welfare, there was a middle way, or a third way.

The Minister must concentrate on that over the next six months to give people a reason to be optimistic and to have some degree of hope. We must be able say to young people that they definitely will have a job in Ireland in the near future. We should be able to offer training and education at a limited additional net cost. There is nothing as wasteful as consigning a person to the social welfare system and closing the door on them. Over a number of decades we saw where people became unemployed at 16, 17 or 18 years of age, entered that awful world of long-term unemployment and remained there.

The Minister has a responsibility to ensure a sufficient number of schemes, programmes and options are in place. Will she ask her officials, even though I am sure they will not thank her for advertising schemes which will add to the burden of the State's finances? A significant number of people who are entitled to the disablement gratuity are not in receipt of it because they seem unaware of that scheme's existence.

The Minister must aim high in regard to the use of the money available to her. She served previously in the Department of Education and Science, so she knows the schemes and options available there. It is time to twin the two Departments from a training point of view. There are so many third level and post leaving certificate options that it is a shame that people at 17, 18 and 19 years of age are deciding to sign on for jobseeker's assistance. We should be able to offer those people training courses, work experience, community employment etc. We are going well outside the remit of the section.

Senator Jerry Buttimer: I welcome the Minister. I say as an educator that she brought reforming zeal to the Department of Education and Science, some of which I agreed with. The Minister also brought great energy to that Department and like Senator Bradford, I looked forward to that when she became Minister for Social and Family Affairs. I do not say this in a patronising way but I thought she would reform social welfare. However, she has dismantled it.

I understand the Minister has limited money and that there are issues around her having to defend her budgetary position and Department in Cabinet. Her Department is supposed to be about assisting people. Senator Bradford just spoke about hope but people on social welfare have no hope whatsoever. They feel betrayed and let down.

An Leas-Chathaoirleach: We are on section 3.

Senator Jerry Buttimer: I understand that. That is what I am referring to in the context of absolute poverty and relative poverty.

On Committee Stage in the other House and since becoming Minister for Social and Family Affairs, the Minister has made a virtue of protecting the most vulnerable. In this section, she is putting pressure on parents and children and is forcing people into making difficult choices in regard to emigration.

[Senator Jerry Buttimer.]

The Minister spoke about deflation on Second Stage. The carbon tax will increase the cost of fuel to people on social welfare and other income earners. The Minister needs to revisit this matter.

The Government replaced the Combat Poverty Agency, so we have no independent measure of poverty, unless one talks to CORI, the Society of St. Vincent de Paul or Age Action Ireland in regard issues around the elderly. The calls to the Society of St. Vincent de Paul have gone through the roof. Where lies the national anti-poverty strategy? Is it in tatters? Is there no commitment to it?

The Minister did not speak about incentives. There is no vision or hope in this Bill for anybody on social welfare. We are cutting social welfare payments. Last year the over 65s and over 70s rightly pummelled the Government. This year the Government was afraid to act because it saw what happened last year, even though it can have all the spin doctors in the world. It was right to protect the elderly because one must always respect one's elders even though it failed in that duty last year.

If we pass this Bill, the Minister and her Department will have to deal with a new form of poverty and a new group of people. Will the legacy of this Government be a new generation immersed in poverty with no hope and no future?

Minister for Social and Family Affairs (Deputy Mary Hanafin): I thank Senators for their contributions. There is no doubt we all appreciate the difficulties people with disabilities must endure in carrying on with their lives, the contribution carers make in looking after their loved ones and the difficulties people who have lost their jobs face. It is no solace to people on social welfare to make economic arguments. However, if we had not made the necessary cuts to social welfare, public pay and services, we would not have the money we need to pay social welfare in future years. It is really about short-term pain, and I acknowledge that people will suffer a loss of approximately €8.30 per week as a result of this. It is part of an effort to get the finances of the country back in order and stabilise that position.

It is true that prices have gone back to 2007 levels but social welfare rates are €10 above 2007 levels. It is not as if people have been cut off or removed from the system. I know it is a cut but it should be seen from the perspective that the euro can go further, there is greater buying power and we gave increases of 140%, 150% or more over recent years.

With regard to specific issues, Senator McFadden said that people with a disability allowance would lose child benefit. They will not because the compensation package for child benefit will ensure such people will get the benefit and will be protected. It is very important that anybody dependent on social welfare or family income supplement would not suffer a double cut. These people will be protected. The Senator also mentioned that the people would lose the optical and dental benefits but they will not because they qualify for those under the medical card scheme. The workers get it under the treatment benefit process.

Senator Nicky McFadden: That is for the people who have medical cards.

Deputy Mary Hanafin: A person drawing a disability allowance is very likely to have a medical card.

Senator Nicky McFadden: Not always.

Senator Jerry Buttimer: They might lose it now.

Deputy Mary Hanafin: They are more likely than anybody else. The people will not be caught by that cut either. There is no doubt that the disregards, additional benefits and supports for carers have been increased significantly over recent years. A couple with two children earning €60,000 can still get the carer's allowance as the income disregards are very generous. A carer gets free travel and household benefits such as free fuel, irrespective of whether he or she lives with the person for whom he or she is caring.

I met with representatives of the Carers Association and read all the submissions. Senators have also met the group. They highlighted two items in particular. They did not want the half rate carer's allowance to be taken away and they did not want the respite care grant to be taken away. There would have been less of an outcry about reducing a grant than there would have been about reducing the rate, as that is a sensitive action. Had we reduced the grant, we would have ended up taking more money from more people, which would not have been fair. The respite care grant is the only payment received by people who give full-time care and attention but do not qualify for a carer's allowance.

It was a balancing act and we were asked specifically not to touch these two items, and we did not. That shows we have made the effort, as far as possible, to support carers and to expand significantly the range of support and services available for them.

If we had not made the cuts in social welfare, they would have had to come from some other sector of Government expenditure. We are taking some from public sector pay so the only remaining area was services. The services to persons with disability or carers have not been cut.

Senator Jerry Buttimer: They have.

Deputy Mary Hanafin: There has been an increase. An extra €10 million has gone into home care packages announced in this budget. Many people with disabilities have said it would have been worse to take away services than the payment, no matter how difficult that is. With regard to young workers, the best way of reducing the social welfare budget is to get people back to work.

Senator Fidelma Healy Eames: Agreed.

Deputy Mary Hanafin: That is our priority. In this budget we have announced a capital programme which, proportionately, is the largest in Europe at €6.5 billion. That ensures that 60,000 to 70,000 are to be kept in the construction industry working on schools, infrastructure, environmental projects etc.

Senator Fidelma Healy Eames: The Government has cut the capital programme in education.

An Leas-Chathaoirleach: The Minister, without interruption.

Deputy Mary Hanafin: It is the largest, proportionately, in Europe and we are getting better value so we will get the same number of projects.

Senator Fidelma Healy Eames: There is no plan.

Deputy Mary Hanafin: There will be 60,000 to 70,000 people employed in that. There is a new retrofitting programme which will see people employed in that area and there will be direct funding for the tourism industry, especially with local attractions. Attracting tourists is one of our major industries. There is direct support for the food industry, the employment subsidy scheme and, within my own Department, there is a PRSI exemption for employers who take people on in new jobs who are coming off the live register. That will come into effect

[Deputy Mary Hanafin.]

from 1 January onwards and be dealt with in the next social welfare Bill. These are real incentives. Apprentices were also mentioned.

Senator Fidelma Healy Eames: There are not many graduate opportunities.

Deputy Mary Hanafin: I am not finished yet. If people doing apprenticeships are not able to get work, they will be able to do off-the-job training and FÁS is working with all apprentices to facilitate that. We have changed the criteria in the work and graduate placement scheme to make it easier for employers and graduates to participate. When it was first launched there was not much take-up because a small employer may not have employed ten people or more. We have made changes and from 1 December it has been a much more flexible scheme and looks to encourage young people, particularly graduates, to take placements that will allow them to do something while on the live register. They will be able to hold on to their payment and in many cases it will give them the valuable experience to be able to use their qualifications.

Senator Fidelma Healy Eames: There is no take-up from employers.

An Leas-Chathaoirleach: We are moving away from the section. We are on section 3 and we should stick to it. The Minister without interruption.

Senator Jerry Buttimer: Well spoken.

Deputy Mary Hanafin: With regard to employment opportunities, there has been an increase in places available through the Department of Enterprise, Trade and Employment and the Department of Education and Science. Significantly, a €20 million activation fund has also been established which will be available to the private and public sectors, enabling people to come forward with ideas on training and courses immediately.

People have said that young people will emigrate. If somebody who is 18 or 19 emigrates with no training or skills, he or she will end up looking for social welfare in another country. They will get £50 for that. We are not telling young people to emigrate. Their choice is €100 or education and training, which will allow the full rate.

Senator Nicky McFadden: They might get a job.

Deputy Mary Hanafin: There is a really strong message that we should be sending to young people in December and January. The CAO applications for the third level colleges and post-leaving certificate courses go in at the end of January. If these young people have to make a choice, they must go for education. The same people who would qualify for social welfare such as jobseeker's assistance, by virtue of living at home with a social welfare family, are also the people who would qualify for a third level grant and, most likely, a top-up grant. They would get their education at the same time.

A person who is 18 or 19 and gets a job has no skills and does not have any formal education and training. They were able to get jobs when there was almost full employment but they are destined to be the people who are long-term unemployed. The same is true for those who are 20 or 21.

There are many educationalists in the room today. We all know the importance of these people having an education, staying in school for as long as possible and going on with further education to gain skills and training. The only difference is that Fine Gael proposals would provide a disincentive to taking up a course. We will incentivise people to take up such courses. We are all working from the same perspective. We have recognised that for many of these

young people, there must be a financial incentive to continue the education. That choice is available to them and there is a strong message. The process has worked with those who are 18 and 19, so we believe it can work with those who are 20 or 21 as well.

Senator Buttimer had a specific question on the carbon tax and the national anti-poverty strategy, NAPS. The carbon tax for coal and peat will come into effect in September and there will be an alleviating measure to ensure fuel poverty does not arise.

Senator Nicky McFadden: We already have fuel poverty.

An Leas-Chathaoirleach: The Minister, without interruption.

Deputy Mary Hanafin: The fuel allowance increased last year, as the amount and number of weeks in the scheme were increased. The price of fuel came down. It remains intact in this budget.

We are still on target with NAPS. Despite the cuts in this budget, the average industrial wage has come down as well. It must be the case that there is no great incentive to be on social welfare as opposed to working. The replacement rates had to be looked at in this context as well. For some time a married couple, or a couple with a child, were better off on the dole than working, which is wrong and cannot continue.

It is with all these issues in mind that we have come forward with these particular cuts. None of them is easy but it is about ensuring we make the required savings without penalising too heavily and taking into account the fact that prices have fallen and that we have given substantial increases over recent years. As far as possible we have tried to maintain the priority issues that were highlighted by groups such as carers.

Senator Jerry Buttimer: The Minister referred to the enhancement of budgets and so on. I will outline a simple scenario created by her Department and the Department of Health and Children. Public servants will have their pay cut in addition to being subject to a recruitment freeze, which will have a knock on effect on the provision of services by these Departments. A carer, a person with a disability or someone in need of respite care, physiotherapy and so on will suffer a reduction in service. It is wrong and disingenuous to suggest otherwise. The bottom line is services will not be enhanced by these cutbacks.

The Minister is also incorrect that the Carers Association is happy with only a cut in the carer's allowance. I met carers who were unhappy last weekend and during my Second Stage contribution, I read into the record e-mails I received from carers. The Government has taken a minimum of €8 a week off people who are saving the State a fortune. It is about time this was put in perspective. We are dealing with people and human tragedy will be caused by this budget. There is collective responsibility around the Cabinet table. The Minister referred on Second Stage and on Committee Stage to protecting the vulnerable. She can push all the spin she wants. For example, she issued a document following the budget in which she boasted about the amount she has spent in the Department.

The Government is cutting payments to the poor, the disabled and the most vulnerable in our society. In 1987 the slogan was cuts hurt the old, the poor and the handicapped. That has not changed in 2009 and, with all due respect to the Minister, she can give us spin and huff and puff but the Government is taking money. Would any of us live on €196 a week? That is the amount people will be forced to live on as a consequence of this Bill. I am sorry Senator Brady is present because he is a decent guy but I appeal to every Fianna Fáil Senator to have the moral courage and moral fibre to go through the lobby and vote "Níl". The Minister has many spin doctors but people in her constituency and mine are under pressure. Tá siad faoi bhrú. It is fine for me to take a pay cut but a social welfare recipient needs assistance from the State.

[Senator Jerry Buttimer.]

This is about social assistance. I agree with the Minister's comments on getting people out of poverty and eliminating people's dependence on social welfare but this Bill will increase poverty. Her explanation drives another wedge through our society.

Senator Nicky McFadden: The Minister's comment on the half-rate carer's allowance gives the impression carers have welcomed the cut to the carer's allowance but that is not the case, as Senator Buttimer said. I was contacted by many carers prior to the budget asking for representations to be made on their behalf to ensure the rate would not be cut. It should not be forgotten that they also lost their Christmas bonus. In addition, they must pay €2.40 more for a bag of coal, 50 cent more for a bale of briquettes and a new fee of 50 cent per prescribed medicine. The elderly will not be entitled to free glasses any more because of the way the optical benefits will be configured. For someone on disability allowance, €196 a week is a small amount. Social Inclusion Ireland slammed these cuts and the Minister should not think to the contrary. The organisation has not applauded the Minister and the Government for the cuts.

Senator Fidelma Healy Eames: I refer to young people and the graduate scheme mentioned by the Minister. I welcome this scheme because we are in danger of losing a large number of young people. They do not wish to be hanging around and opportunities must be created for them to gain experience or their valuable third level education will die on them. They need to activate their education quickly. What types of employer are being asked to participate in the scheme? What is the employer take up? Will the Minister elaborate on how the scheme will work? Will graduates retain their social welfare payment? Will they also receive a stipend from the employer? She also stated the alternative for young people was to go back into education by going through the Central Applications Office in January. I support that but last year a cap was put on PLC places. Not every school leaver feels further education is for him or her unless it is appropriate and flexible. PLC courses provided flexibility. Has the cap on places been lifted?

The Minister also stated the State has the largest capital programme in Europe with €6.5 billion in investment and 70,000——

An Leas-Chathaoirleach: The section has nothing to do with the capital programme.

Senator Fidelma Healy Eames: With respect, I beg the Chair's indulgence on this.

An Leas-Chathaoirleach: The Senator must stick to the section.

Senator Fidelma Healy Eames: I am referring to the effects of the cutbacks in jobseeker's benefit for young people.

An Leas-Chathaoirleach: But we are not on the capital programme.

Senator Fidelma Healy Eames: The Minister referred to getting young people back to work but, for example, the capital budget for schools will be reduced. She mentioned opportunities for young people coming on stream in the construction of schools. Will she explain that anomaly? In condemning the cutbacks, people's indebtedness has not been taken into account. That is why there is stress. Everyone fell foul of indebtedness during the Celtic tiger, including social welfare recipients.

Deputy Mary Hanafin: At no stage did I say carers were happy. Nobody from whom one takes money will be happy. No organisation advocating on behalf of different groups will be happy when it sees a cut coming. At no stage did I imply it or say it.

Senator Jerry Buttimer: The Minister stated the half rate allowance had not been touched.

An Leas-Chathaoirleach: The Minister, without interruption.

Senator Jerry Buttimer: She cannot have it both ways.

Deputy Mary Hanafin: Carers and the Carers Association are happy the half rate allowance and the respite care grant were protected.

Senator Jerry Buttimer: They are not happy with the cut in the carer's allowance.

Deputy Mary Hanafin: Nobody is implying anybody would be happy with the cut. Let us put this in perspective. The payment is still €10 a week more than in 2007 and prices have fallen. The cut is between €8.30 and €8.50 depending on the schemes people are on.

The number of training and education places has increased. They include 3,500 under the European globalisation adjustment fund, 3,500 under the activation fund and 9,000 FÁS training places in addition to the other schemes run by the Department of Education and Science and FÁS. The graduate placement scheme was launched during the summer but the criteria were amended at the beginning of this month. Up until then, there were 50 starts every week and I anticipate that will increase because more employers are participating. Up to the beginning of December, an employer had to have ten employees or more. We anticipate the number of employers will increase.

Senator Fidelma Healy Eames: Does the employer pay a stipend as well?

Deputy Mary Hanafin: No, but graduates are keen to take up the places.

Senator Fidelma Healy Eames: Is it any employer?

Deputy Mary Hanafin: I can get the Senator all of the details because it is a valuable scheme——

Senator Fidelma Healy Eames: I thank the Minister.

Deputy Mary Hanafin: ——and one probably worth advertising, not so much to graduates as to employers. However, we must ensure it does not result in job displacement.

Senator Fidelma Healy Eames: I appreciate that.

Deputy Mary Hanafin: It comes back to the core issue in that what we propose is a cut in the rates. Difficult and all as that is — it is a very fine balancing act — it is about supporting young people and giving them an incentive to remain in education and training. It is working for 18 and 19 year olds and we believe it can work with older groups. It is about continuing to support carers and people with disabilities, while recognising that any cut we make will impact on them. Given the difficult circumstances in which we find ourselves, I regret to state we find ourselves with no choice.

Senator David Norris: We have wandered widely but the Leas-Chathaoirleach has wisely restrained us and brought us back. I hope I do not fall too much in that area.

I tabled an amendment following yesterday's discussion and know the Minister's agreement in principle comes later when matters such as dental benefit will be discussed. The Minister used the word "cut". A problem that many of us have — it is not confined to those of us on

[Senator David Norris.]

this side of the House — is that a number of individuals, because of their circumstances, will be hit, not once but on multiple occasions. That is a particular difficulty. If each person was asked to take one cut, it would be one thing, but some people will have a double, triple or quadruple whammy.

In general, with regard to people with disabilities — I have something to say, in particular, about those who are blind — the evidence shows that they already face extra costs of €40 a week above those of the average citizen. This evidence was produced by a combination of the Disability Federation of Ireland and Indecon. People with disabilities are also two and a half times more likely to be unemployed, which needs to be borne in mind.

With regard to the principle I am examining in the case of jobseeker's allowance which we will discuss later, the point I was trying to make, with which the Minister agreed, was on suitable employment. The Minister has indicated — there is a rationale behind it — that to a certain extent she is presenting people with an option; they can accept the cut and go with the system or they can go to another European Union state where they will find that the competitive rate is considerably lower than it is here. The intention is to encourage people to return to education. I fully support this, but there may well be people for whom further education is not the most appropriate choice because they are temperamentally unsuited for another reason or because they just do not want to do so. The Minister has mentioned that there are a number of educators in the House. In my case, I am a retired educator and know as a tutor that one of the greatest emotional and intellectual problems with students was encountered when they were coerced into taking a course for which they were not temperamentally suited and which they did not want to take. That has to be borne in mind.

I understand there are great difficulties in the country and that we need to support the measures taken in the interests of the State where they are appropriate. Therefore, I am not overheated on this issue, but I will have more to say further down the line. There are so many variables in the equation I do not know how it can be done. I do not understand computers or whether it is computer programmed.

What about the case of somebody who is the victim of a multiple whammy? At what point does it stop? I have received letters, as I am sure the Minister and all Members have, from people who explain that they are in a wheelchair, disabled or carers. In one sense, it shows us the wonderful human resource in the country that people who are themselves disabled act as carers for their ailing parents. They are whacked in half a dozen ways in terms of the disability allowance, dental benefit and the various measures and cutbacks. A time comes when the pips really have to squeak because they are so squeezed. My sympathy goes to people who have to take cut, not once but a number of times. Small amounts such as the 50 cent prescription charge sound laughable, but if one is on a series of medications that must be dispensed at various times during the month and one also collects medication on behalf of an ailing parent, it all mounts up. That is the only point I have to make at this stage on the principle.

Senator Jerry Buttimer: Last week in the other House Deputy Róisín Shortall raised the matter of assessment by the social inclusion unit of the Department regarding the poverty-proofing of the budget. The Minister indicated that it would be published in a couple of days. Has this been done? If not, when will it be done and will it be made available to us during the course of this debate? These cuts will have an impact on the national anti-poverty strategy. Does the Government plan to rewrite and reformulate that strategy?

Deputy Mary Hanafin: To answer Senator Norris, I accept that people with disabilities have particular needs; there is no doubt about this. In trying to frame savings in the social welfare budget, once we decided those aged over 66 years and children in receipt of social welfare payments would be protected, we were left with a very large group under the age of 66 years. It would be very difficult to begin distinguishing within that group. Carers play a very special role, but how does one exclude carers and not exclude people with disabilities? How does one exclude people on disability benefit and not exclude those in receipt of an invalidity payment? How does one exclude all of those and tell a struggling lone parent that a carer in receipt of the slightly larger payment of €212 per week as opposed to €196 per week will not face cuts but that he or she will? It was a very delicate balancing act.

Fine Gael in its proposals suggested cutting lone parent, widows' and unemployment payments. I was not willing to distinguish between various groups.

Senator Jerry Buttimer: No, we did not.

Deputy Mary Hanafin: Yes, it did. For the record, the Fine Gael proposals only excluded people on disability benefit, carers and the blind. All others, including widows——

Senator Nicky McFadden: We did not propose cuts to child benefit either.

Deputy Mary Hanafin: ——of working age and lone parents——

Senator Jerry Buttimer: Here are the Fine Gael proposals. Show it to me.

Deputy Mary Hanafin: I suggest Senator Buttimer read the document. It includes cuts for all those of working age with the exception of disability——

Senator Jerry Buttimer: Carers, the disabled and the blind.

Deputy Mary Hanafin: That is it. The rest of——

Senator Jerry Buttimer: I will read it to the House.

Deputy Mary Hanafin: The Senator will notice that it suggests cutting payments to widows, lone parents and the unemployed.

Senator Jerry Buttimer: The Minister is spinning to deflect from herself. She is misleading the House.

An Leas-Chathaoirleach: The Minister to continue without interruption.

Deputy Mary Hanafin: Both parties, in recognition of the difficulties we face, acknowledged the social welfare budget had to be reduced. We did so, while protecting the elderly and children. Unfortunately, it involved cutting payments to other groups.

Senator Nicky McFadden: Child benefit was cut by €16 per month.

Deputy Mary Hanafin: We also protected children of vulnerable families from cuts to child benefit.

Senator Norris mentioned suitability with regard to education and is absolutely right. I saw a very good example in Limerick where people had been referred to the national employment action plan from the social welfare office. Some were sent to FÁS and others to the local

[Deputy Mary Hanafin.]

employment service. The local employment service in Limerick took those young people with literacy and communication problems and devised a course for them in order that they would not end up on courses with reasonably well educated persons with much work experience. They structured it locally. We are trying to extend that model elsewhere.

Senator David Norris: That is a very good example. Can it be encouraged?

Deputy Mary Hanafin: It is an excellent example which I have been trying to encourage. With all of the various agencies involved now working together, we should be able to do so.

With regard to the national anti-poverty strategy, we are still on target because the average industrial wage has decreased. Because incomes in the private sector have decreased, the relativity is affected.

Senator David Norris: An extremely interesting question was asked by Senator Buttimer about poverty-proofing by the social inclusion unit. This concerned me. I know it worried many of the people involved in the Combat Poverty Agency. It does not attract the greatest credibility when the Department making the cuts also assesses the impact on poverty. The fact the social inclusion unit is part of the Department of Social and Family Affairs does not make people inclined to treat it with the respect with which it might be treated if it was part of a fully independent group.

One of the great moral disasters of this current economic difficulty is that the Government disabled so many of those groups that would have spoken out. The credibility of this proofing is reduced by the fact that it is an in-house job. There is a clear and classic conflict of interest. Although it would need to be done at an international level, it is insane that we allow groups like Standard & Poor's and Fitch to continue to operate because these groups were complicit in such conflicts of interest. We have been landed in a financial mess because people were essentially allowed to rate themselves. It really does not stack up. There may very well be independent minded and forensic people in the Department who are doing this, but I do not think people would be inclined to believe them, because they are essentially carrying out an in-house audit. I have always been against that. Whether it is newspapers or lawyers regulating themselves, these things do not attract public support.

Deputy Mary Hanafin: The poverty impact assessment that is usually published with the budget is normally carried out by the Department of Finance in respect of taxation changes. As there were no taxation changes in this budget, the assessment was not attached to it. The poverty impact assessment should then have been carried out by researchers in the Combat Poverty Agency, or wherever. Those people, with all their expertise and independence, are now part of the social inclusion unit. The two Departments will have to examine together the overall impact of the budget, and that is being done at the moment. However, that does not stop groups like CORI, the Society of St. Vincent de Paul and so on from doing their assessment as well. There will be plenty of objective analysis.

Senator David Norris: I am glad to see the Minister looked suitably embarrassed by the inadequacy of her answer. If there is anything worse than the Department of Social and Family Affairs assessing itself, it is to have the Department of Finance proof against poverty.

Question put.

The Committee divided: Tá, 28; Níl, 21.

Tá

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

Leyden, Terry.
MacSharry, Marc.
McDonald, Lisa.
Ó Domhnaill, Brian.
O'Brien, Francis.
O'Donovan, Denis.
O'Malley, Fiona.
O'Sullivan, Ned.
Ormonde, Ann.
Phelan, Kieran.
Quinn, Feargal.
Walsh, Jim.
White, Mary M.
Wilson, Diarmuid.

Níl

Bacik, Ivana.
Bradford, Paul.
Burke, Paddy.
Buttimer, Jerry.
Coffey, Paudie.
Coghlan, Paul.
Cummins, Maurice.
Doherty, Pearse.
Donohoe, Paschal.
Fitzgerald, Frances.
Hannigan, Dominic.

Healy Eames, Fidelma.
McFadden, Nicky.
Norris, David.
O'Reilly, Joe.
O'Toole, Joe.
Phelan, John Paul.
Prendergast, Phil.
Ross, Shane.
Ryan, Brendan.
Twomey, Liam.

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

Question declared carried.

SECTION 4.

Question proposed: "That section 4 stand part of the Bill."

Senator Nicky McFadden: I will speak about the effects of the section on lone parents and recipients of farm assist. Last year, the early child care supplement was removed from parents, reducing their income by €664 for each child under five years. A single parent family with two children has sustained a cut in income of 10.4% or €1,820 per annum in the past year.

I am concerned about incentives to work. The Joint Committee on Social and Family Affairs frequently discusses how one incentivises those on low incomes to return to work. Reducing the lone parent benefit by the margin proposed will act as a disincentive to work. I ask the Minister to comment.

The Minister referred to having to make cuts. The Fine Gael policy document refers to making cuts in social welfare, but the NewERA document would also lead to the creation of 105,000 jobs. The €500,000 salary of the regulator of the banks flies in the face of the plight of those on social welfare, as does the provision of a new car for the CEO of FÁS. I do not see why the pay of people like Members was not cut further. Those who receive €196 in disability allowance stand to lose €1,820 per year. This money could be used to put food on the table and make their homes warm at night in order that they would not have to go to bed cold. The carbon tax also affects this group. The measure on family income supplement, dealt with in the

[Senator Nicky McFadden.]

next section, is one I warmly welcome. I cannot recall the name of the other measure that will benefit those who have lost child benefit.

Deputy Mary Hanafin: The increase in the qualified child allowance.

Senator Nicky McFadden: I said yesterday that I welcomed this measure. I acknowledge that the Minister is trying to compensate, but children in this group are living in consistent poverty. The whole family are affected when cuts are made. This point has been proved by research, of which the Minister is aware. I ask her to comment on my serious concerns about this vulnerable group. The children in question are the most vulnerable and living in consistent poverty.

Figures from the CSO suggest 10,000 people avail of the farm assist scheme, a 30% increase on the figure for last year, but in the same period incomes plummeted by 30%. The people concerned lost the benefit of early installation aid, the early retirement scheme and the fallen animal scheme and are put to the pin of their collar because of the fall in milk and beef prices and because cereals were destroyed by bad weather, not to mention the godforsaken floods. This group is probably the most vulnerable. Last week Senator Cassidy said one could always judge the state of the nation by how farmers were doing. They are doing very badly. I am sure the Minister is aware from her rural constituency how badly they are doing. It is incumbent on me, therefore, to oppose this measure. I look forward to hearing the comments of the Minister.

Senator Jerry Buttimer: We must consider the value we place on people. This section is a full frontal assault on a wide variety of individuals. We are putting deficit reduction and balancing the books ahead of people on the front line. We are not considering people. The Minister referred to Inclusion Ireland. I want Senator Butler to listen to the following quotation. I want him to be clear on what he will be voting for. He cannot have it both ways. Inclusion Ireland states:

The Disability Allowance now stands at €196 a week, and this cutback is compounded by other cuts to child benefit, the prescription levy and cuts in dental treatment. This does not tie in with rhetoric about protecting the vulnerable, nor do cuts to the health budget. It is also at variance with the National Disability Strategy, which is often spoken about by Government as evidence of their commitment to people with disabilities.

That comes from an independent group not engaged in party politics. Fine Gael in its strategy, to which Senator McFadden referred, proposes a saving of €400 million in the social welfare budget. We did not propose cuts in child benefit, nor did we propose policies that would hurt and not protect the most vulnerable. We proposed back to work initiatives to take a minimum of 50,000 people off the live register in 2010 and close to 175,000 by 2013. Unlike the Government, Fine Gael has a job creation policy. Rather than taking €100 from social welfare payments to 20 and 21 year olds or €150 from payments to 22 to 24 year olds, the Fine Gael proposals include references to training and internships in a back to work scheme. Mr. Jim Power, chief economist at Friends First, stated, "The Fine Gael proposal is detailed, costed and should not be too difficult to implement if the party were in Government" and "There is now a very credible alternative." This is about protecting the most vulnerable. How can Senator Butler and his colleagues justify making a cut of €16 in child benefit, a reduction in social welfare payments to those under 25 years of age and hammering the blind and the disabled? How can this be justified? I am not an economist and the Minister might well suggest Mr. Power is a member of some group or party. I have no idea because I do not know the man and would not recognise him if I saw him. However, he is an economist, I am not.

The drug prescription charges introduced by Minister for Health and Children, Deputy Harney, will add to the level of poverty. What concerns me is that we are using the budget as an economic measure or accountancy exercise. I understand the Minister had to make choices and could not add two and two and get six rather than four. However, I must return to the point that in so doing the Minister failed to protect those most in need of protection. I do not advocate a lifetime of reliance on social welfare. A few weeks ago in *The Irish Times* there was an interesting article which encompassed three case studies involving a self-employed, married person with two children, a person on social welfare and a PAYE worker. The person on social welfare came out best. I do not agree with this, but in the world in which I live the people I meet are looking to the State for assistance.

The Minister referred to young people, more and more of whom are moving back into the family home. Last Saturday, while canvassing, I met a woman in her 60s and her husband. They have been married for 40 years and were looking forward to some form of normality without the kids under their feet. However, their two children have had to move back into the family home, one because they lost their job and the other because they could not afford to repay their mortgage and had to rent out their house. We are creating a different culture in Irish society.

I would like to return to the reduction of 4% in social welfare which should be considered alongside the withdrawal of the Christmas bonus which amounted to another 2%. I do not know who to believe when it comes to inflation. As Senator Norris said yesterday, the Department of Finance's forecasts have been wrong on every single occasion I can remember. What is the actual cost of inflation? Last month's consumer price index was the lowest in recent times.

I am not convinced that the proposals in the budget are appropriate. How can we justify penalising people in the manner proposed? As I said on the Order of Business this morning, much the economic turmoil we are in was caused by friends of Fianna Fáil who visited the Galway tent. They are walking around the four provinces of Ireland scot free.

Senator Fidelma Healy Eames: Hear, hear.

Senator Jerry Buttimer: As I said this morning, they are hiding from the television cameras and photographic lenses. It is not that they are embarrassed — they simply do not want to be seen. That is a fact. The process to which Bernie Madoff was subjected in the United States ended with a conviction. We have had nothing here. Members of the great old party came here during the years of growth under Deputy Bertie Ahern to trot out the same line. They stuck out their chests and claimed to have looked after social welfare recipients and pensioners. When they knocked on doors, they told people they had given them an extra €10 here and an extra €5 there. They are now taking back that money. The old line, "Give to Caesar what is due to Caesar," is being rewritten today. I am annoyed that no attempt has been made in the Bill to provide for parity and fairness. I subscribe to the theory that if one cannot afford it, one should do without it. The Government is sending a message to the plain people of Ireland, as Deputy Healy Rae calls them, that it will bail out the banks and that the people can pay for it. The Bill is very unfair. It contains no job creation policy and gives no hope.

An Leas-Chathaoirleach: I ask the Senator to confine his remarks to section 4.

Senator Jerry Buttimer: I am dealing with it.

Senator Larry Butler: You are deviating quite a bit.

Senator Jerry Buttimer: I am looking forward to hearing your response, Senator Butler. You will have to find some justification.

An Leas-Chathaoirleach: I ask the Senators to address their comments through the Chair.

Senator Jerry Buttimer: We must consider the hierarchy of needs within Irish society. A new social order is being created today. Budget 2010 has condemned carers, the blind and the disabled. That is the Government's legacy. I invite Senators to join me tomorrow when I meet people in Cork who are suffering. I ask them to look those people in the eye before they decide it is okay to take €8 from them. How can we justify a decision to ask people to live on €196 a week?

Senator Larry Butler: I would like to respond to Senator Buttimer's proposal that we do nothing. The budget hurts everybody, regardless of from where they come. Fine Gael's policies are very suspect. It states its policies have been costed. I suggest it is taking soft options, rather than dealing with the difficult position in which the Minister finds herself.

Sitting suspended at 1.15 p.m. and resumed at 2.30 p.m.

Deputy Mary Hanafin: Senators McFadden and Buttimer raised certain issues concerning the disincentive to work. It is very important that we ensure we keep an incentive to work. The value of family income supplement is that the low income earner can bridge the gap between social welfare and low paid employment. We have, therefore, protected it. We have also protected child benefit for those on family non-income supplement. Had we just done it for the social welfare recipient, it would have created a real poverty trap; therefore, there is built-in protection for such persons.

To take the current figures for, say, a working man who has a wife who is not working outside the home and two children, if he is on the minimum wage and working a 38 hour week, he receives approximately €328.70, whereas if he was unemployed, he would receive €391. Therefore, it is built-in that one can receive more on social welfare than if one is on the minimum wage. However, the man on the minimum wage can receive family income supplement to top up his income. We always try to ensure one is never better off on social welfare. A person could look at these rates and point out that the figures do not include rent supplement, the benefit of a medical card and any of the additional payments a person might receive. Because income rates have fallen substantially for everybody in the past year, these are some of the considerations we have had to take into account.

With regard to the lone parent, while she is taking a cut, she is not taking a cut in child benefit because she will get it back through the qualified child allowance. That is important for somebody like her.

There has been an increase in the number of farmers looking for farm assist scheme payments but that is why it is in place. I met the IFA and spoke to the ICMSA. Obviously, they are very anxious that farmers do not feel they are becoming dependent on social welfare because it is a cultural step for persons who have always worked on the land and do not want to be on social welfare. In the budget the Government introduced a new environmental scheme for farmers which is designed to keep them on the land, recognising the difficulties they have had in recent months. The farm assist scheme has literally been designed to do this — to assist farmers in the work they are doing, recognising that their incomes have fallen. We are seeing an increase but hope more farmers will realise the scheme is available to them. It is not about dependency but about supporting them to continue to do the work they are doing on the farm.

Senator Nicky McFadden: It has been reduced, however. That is the issue.

I thank the Minister for clarifying both issues. We want to highlight that for farmers, in particular, the schemes I have outlined have been removed or reduced and that farm assist is

also now being reduced. Some of those involved, if they have medical cards, will also face additional prescription charges and the removal of optical and dental benefit. While I do not want to keep repeating these points, these are very serious cuts.

I thank the Minister for organising with community welfare officers that they distribute humanitarian aid to those who have been caught up in the flooding. However, while the humanitarian aid fund for farmers contains a sum of €2 million for the provision of fodder, their farms have been decimated and destroyed and many acres are under water. It is an extra blow to farmers that their farm assist payment is also being cut. It is very difficult to be on the land at this time, particularly with REPS 4 in difficulty.

I oppose the section.

Deputy Mary Hanafin: On the flooding, because the issue is important, a sum of €10 million has been made available in humanitarian aid. So far community welfare officers have assisted 1,300 families. Many of the claims submitted to date have been quite small, but we envisage that, as people go back to their homes, they will realise exactly what is needed and the fund will be available to them. We, therefore, expect to receive many more applications during the spring. We also know that in towns such as Clonmel people were not able to take out insurance because their properties had previously been flooded, but in other areas people had insurance because it was their first such awful experience. We understand they are trying their insurance companies first before they seek humanitarian aid. Nonetheless, the fund will be available to them.

An allocation of €70 million was announced in the budget for infrastructural works which are just as important as humanitarian aid because we want to make sure this does not happen again. That money is available immediately and will be into next year to ensure we can carry out flood relief works. Humanitarian aid is available through my Department and there is no backlog of applications. People are now beginning to come forward. We will certainly keep the position under review in case more is needed.

Question put.

The Committee divided: Tá, 25; Níl, 22.

Tá

Boyle, Dan.
Brady, Martin.
Butler, Larry.
Carroll, James.
Carty, John.
Corrigan, Maria.
Daly, Mark.
de Búrca, Déirdre.
Feeney, Geraldine.
Glynn, Camillus.
Keaveney, Cecilia.
Leyden, Terry.
MacSharry, Marc.

McDonald, Lisa.
Ó Brolcháin, Niall.
Ó Domhnaill, Brian.
O'Brien, Francis.
O'Donovan, Denis.
O'Malley, Fiona.
O'Sullivan, Ned.
Ormonde, Ann.
Phelan, Kieran.
Quinn, Feargal.
Walsh, Jim.
Wilson, Diarmuid.

Níl

Bacik, Ivana.
Bradford, Paul.
Burke, Paddy.
Buttimer, Jerry.
Coffey, Paudie.
Coghlan, Paul.
Cummins, Maurice.

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

Níl—*continued*

O'Reilly, Joe.
O'Toole, Joe.
Phelan, John Paul.
Prendergast, Phil.

Regan, Eugene.
Ross, Shane.
Ryan, Brendan.
Twomey, Liam.

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

Question declared carried.

Section 5 agreed to.

SECTION 6.

Senator David Norris: I move amendment No. 1:

In page 5, line 18, before “The”, to insert the following:

“(1) No person shall have his/her jobseeker’s allowance reduced on the grounds of refusal to apply for a job unless the job declined is both suitable and appropriate.”.

I tabled this amendment after the debate on Second Stage when I pointed out that the Minister had on several occasions in her speech referred to the reduction in jobseeker’s allowance if a person had not taken a suitable or appropriate — I do not remember her exact words — job. She returned to this point on a couple of occasions. I then spoke to some of the advisers whether this was contained in the principal Act that was being amended because it obviously was not in the text of the Bill we have before us and I was told it was not. After subsequent discussion I was told it was intended to bring this forward in the spring.

I do not think is good enough. I will be pleased if I draw the Minister out to make it clear that this is the Government’s firm intention but I do not see any reason it cannot be done now and why this House cannot, quite uncontroversially, show its approval and give a sense to the Minister’s express statements in her own speech and amend the Bill to make it sensible. In light of the Minister’s speech I am surprised this wording was not contained in the legislation. Is it the Minister’s intention to suggest we wait until spring? I wonder what she means by “the spring”, because that is a rather vague seasonal phrase and it could mean anything and I would like a specific date. What quality of undertaking or commitment is this? The Minister is a woman of sterling honesty and principle. Others of her Government and her party are not and have treated this House to numerous examples where commitments have been given and when they were challenged, replied that it was not an absolute commitment. If this House is given a commitment, I want to know the date, whether the commitment is absolute and binding, and whether it will be done. I would much prefer the Minister to act upon her own words and include this form of words or some other suitable word. Is Report Stage being taken this afternoon?

An Leas-Chathaoirleach: The order is for Committee and Remaining Stages of the Bill today.

Senator David Norris: In that case it would be rather a rushed job but we can still always return to this amendment, particularly because there are no other amendments except for the opposition to sections. We will be trundling through the lobbies fairly regularly. I am interested in the Minister’s reply.

Senator Nicky McFadden: I support Senator Norris's amendment. This section deals with reducing the rate of jobseeker's allowance to €100 per week for persons aged 20 and 21 years. The young people played no part in the collapse of our economy and these are the people who did not even vote in the last general election. It is outrageous that some of them will be facing straitened circumstances. I acknowledge that such persons can live at home and depend on their families but some will be unable to do so and I worry about those people.

I support Senator Norris's amendment because the phrase, "in the spring" is vague. I ask for more clarification.

Progress reported; Committee to sit again.

Visit of Czech Delegation.

An Leas-Chathaoirleach: Before continuing with Committee Stage I have the honour to extend a warm welcome to the delegation from the Senate of the Parliament of the Czech Republic, members of the standing commission on rural development. The delegation is led by Senator Ms Ludmilla Mullerova, chairperson of the commission. On my own behalf and on behalf of all my colleagues in Seanad Éireann I extend a very warm welcome and sincere good wishes for a successful visit to Ireland and for a happy Christmas and a bright new year.

Senator David Norris: I am not sure if this is a point of order or a point of procedure but I wonder if it would be appropriate for the Leas-Chathaoirleach to inform the delegation that one of our Members, Senator Ivana Bacik, is the granddaughter of a prominent Czech citizen who did great honour to this country by bringing the art of cutting glass here and reviving the glass factory in Waterford. The delegation members might be interested in this information because of the very distinguished tradition of glass cutting in the Czech Republic.

An Leas-Chathaoirleach: Senator Norris has done that job for me.

Social Welfare and Pensions (No. 2) Bill: Committee Stage (Resumed).

Debate resumed on amendment No. 1:

In page 5, line 18, before "The", to insert the following:

"(1) No person shall have his/her jobseeker's allowance reduced on the grounds of refusal to apply for a job unless the job declined is both suitable and appropriate."

—(Senator David Norris).

Senator Fidelma Healy Eames: I oppose this section in conjunction with my colleague, Senator McFadden. I spoke extensively about the possible fall-out from the cut in jobseeker's allowance to €100 or €150 a week for young people. I have not referred to another group of young people: young farmers. I am sure the Minister is aware that farm incomes are down 30% on last year and were down 12% on the previous year, a fall of 42% within two years. As other speakers have observed, those same farmers have suffered REPS cuts, delays in the farm waste management scheme and the complete cut in installation aid for young farmers.

A total of 10,000 farmers are on farm assist. It is very difficult to qualify for farm assist. It is a means-tested payment but is based on the submission of the previous year's accounts. I have been dealing with some accounts technicians working with the likes of IFAC, the Irish Farm Accounts Co-operative society. They have informed me that farmers are in dire straits because last year's set of accounts may have been reasonably all right but this year sees them in desperate financial circumstances. They really need this payment. It might be helpful for the Department to note that it is expected there will be a flood of applications for farm assist, which is a

[Senator Fidelma Healy Eames.]

social welfare benefit, in early 2010. I hope farmers will be able to complete their accounts for this year on time and they will show the degree to which their income has fallen. Furthermore, part-time farmers who would not necessarily qualify for farm assist would most likely apply for jobseeker's allowance or jobseeker's benefit. Many young farmers who had a part-time job but have now lost it are also suffering a cut in benefit down to €100 to €150. I do not know if that is what the Minister intended by this measure. Full-time farmers' incomes now range between €13,000 and 16,000 per year, which is an incredibly low income.

I would like the Minister to address the issue of the fall in farm incomes and to address, in particular, that the benefit payment is not sufficiently flexible to enable farmers who have suffered an severe fall in income to qualify for the farm assist, as they need to have completed the previous year's set of accounts. I had planned to speak about this issue earlier, but I did not get to do so. I thank the Leas-Chathaoirleach for allowing me to do so now.

Senator Michael McCarthy: I support Senator Norris's amendment. I will read it into the record because it merits doing that. The amendment states: "No person shall have his/her jobseeker's allowance reduced on the grounds of refusal to apply for a job unless the job declined is both suitable and appropriate." Such a proposal is never as clear-cut
3 o'clock as the Minister intends it to be. Other factors may be worth considering. There is a considerable merit in this amendment. If this measure is interpreted literally, it may be difficult to apply in practical terms and it may not work out as intended. It would be worthwhile for the Minister to consider accepting this amendment. I indicate that I also wish to speak on the section.

Senator David Norris: May I add a little extra inducement? If the Minister accepts the amendment, I will happily vote with the Government.

Minister for Social and Family Affairs (Deputy Mary Hanafin): Will I speak to the amendment first or to the section as well?

An Leas-Chathaoirleach: The Minister should speak to the amendment.

Deputy Mary Hanafin: Senator Norris is correct in what he is proposing but having said that, I will wait to deal with it in the social welfare Bill which is due to be passed in March or April.

Senator David Norris: What will happen to the people concerned between now and then?

Deputy Mary Hanafin: The legislation provides that a person can be refused a payment if he or she turns down an offer of employment. Therefore, a person's application can be reviewed to ascertain if he or she is genuinely seeking work. There is no provision in any legislation to allow for the payment to be reduced. Therefore, we need to bring forward an amendment in the next legislation which will allow for that reduction not only for people who have failed to seek employment, which could be covered to some degree by taking the payment from them, but for people who also refuse to go on a course which might help them to get employment. Therefore, the measure is linked not only to employment but to preparation for work or activation, to use that awful word which seems to have no meaning. That is the reason I want to link those two areas.

The new social welfare Bill will be published and passed in the spring. It will take into account what Senator Norris has suggested, which refers specifically to a job, but I also want such provision to include suitable training. One could turn down many jobs that are not suit-

able, but one might never get a suitable job if one does not have suitable training. This measure is intended to encourage people in that direction.

Senator David Norris: I will incorporate the Minister's valuable suggestion in an amendment for Report Stage if that would satisfy her. What will be the position for the people concerned between the passage of this Bill and the passage of the social welfare Bill? They would be at least advantaged if this Bill were passed with the inclusion of my amendment, but if it is passed without it, they will continue to be disadvantaged until the passage of the social welfare Bill. Is that not the case? Therefore, a number of people will suffer hardship who could be spared that.

Deputy Mary Hanafin: The community welfare officers will be guided by the existing legislation which provides that one can investigate the person concerned to ascertain if he or she is genuinely seeking work. If the person is not, he or she can be cut off benefit for a period of up to nine weeks. That in itself can be quite stringent. A social welfare officer can do that and the person concerned can then go to the community welfare officer. There is an anomaly in the system in that if one is cut off benefit by the social welfare officer, one can go to the community welfare officer and receive the same amount. That needs to be sorted out as well. By reducing this benefit to €150, it would mean that if a social welfare officer or facilitator, who has sought to get a person into employment or to take up a course, decides that the person is no longer genuinely seeking work and cuts off his or her benefit, that person can go to the community welfare officer and get the full amount of benefit. When we bring in the legislation the amount a person will be able to get anywhere will be €150. It is a safeguard to be able to reduce the benefit as well as being able to cut people off benefit.

Senator Phil Prendergast: On what basis could someone decide that a person is no longer genuinely seeking work if the person has put forward his or her name in many companies as being available for work and presents himself or herself as being available for work? What would be the basis for deciding that person was not genuine about that?

Senator Fidelma Healy Eames: Will the Minister address the issue concerning the farmers?

An Leas-Chathaoirleach: That is not related to this amendment.

Senator David Norris: Senator Healy Eames is out of order.

An Leas-Chathaoirleach: Senator Healy Eames's question does not relate to the amendment.

Deputy Mary Hanafin: I have evidence from employers of people who have turned down offers of jobs and said they would be better off on the dole.

Senator Nicky McFadden: Yes, that is true.

Deputy Mary Hanafin: That is a legitimate reason for taking somebody off benefit. Unfortunately, I have heard, as I did from Senator colleagues this morning, that employers in the construction industry are not able to get people to take up jobs. The same applies to shopkeepers. People have told them they would be better off on the dole. The employers will not give the names of those individuals nor will they report them. I can appreciate that in a small community nobody wants to be the one to give information about somebody, yet the whole country is talking about the black economy. The name of the person who gives such information would be anonymous. We do not need to know the name of the person making the complaint; we just need to know the details of the person concerned and the social welfare office will

[Deputy Mary Hanafin.]

follow up on that. There has been a huge increase in the reports from members of the public, which have been helpful to us in combating fraud. If there is evidence, as there is from employers, of people being offered a job, albeit a low paid one, and turning it down, that is sufficient grounds to have somebody taken off benefit.

Senator Michael McCarthy: I thank the Minister for her reply. What would happen if a person made a spurious allegation and it transpires the allegation about the person purported to be in the black economy, breaking the law or receiving a payment to which he or she is not entitled is not true, are sanctions taken against the person who makes that allegation knowing it not to be true?

Senator David Norris: If I may make a brief point without disturbing the Minister's train of thought, I am a little concerned on the basis that the Minister referred to a possible investigation, but there are no guidelines except for this debate and I doubt if the entire island of Ireland is listening in avidly to what we are saying here this afternoon. There are no guidelines for the investigating officer to indicate that a jobseeker, by rejecting a job that is unsuitable, is acting legitimately. Some people may interpret the rules strictly. For example, an officer may say that while they know the person is a brain surgeon, he was offered a job as a flower arranger and did not take it, so shame on him. There does not seem to be any universal protection in that case. That is the point I am concerned about. I know there may be an investigation. Perhaps the Minister could arrange for a circular to be issued in the meantime. Can she reassure the House that those carrying out the investigation will understand that it is legitimate to turn down a completely inappropriate job. For example, a person of the Muslim faith may be required to work in a sausage factory and the person would find that extremely unappealing.

Deputy Mary Hanafin: People generally have found their experience of the social welfare office, once they are in receipt of payment, to be a positive one. The social welfare office does not take benefit from recipients unless there is good evidence to show that they no longer deserve it. When one considers the national employment action plan under which people are called to FÁS for interview with a view to guiding them onto various courses or jobs, a third of them do not turn up. They do not turn up for interview and suddenly they are taken off payment and off the live register. If nothing else, that is a good control measure. Therefore, calling people in and asking them what they are doing to better their prospects of a job is in the best interests of the client and also in the best interests of clamping down on fraud. I have forgotten the question Senator McCarthy asked.

Senator Michael McCarthy: I asked if sanctions apply to a person who makes a false allegation.

Deputy Mary Hanafin: If there is a vexatious complaint, the person about whom the complaint is being made might not even know a complaint has been made. It is not as if one would go off investigating them. For example, people complain about lone parents cohabiting. That is very difficult to prove because the lone parent can say it only happened yesterday.

Senator David Norris: It would be difficult to try anyway.

Deputy Mary Hanafin: How does one stop a back payment? I heard yesterday of an inspector who was sitting outside someone's door at 7 a.m. to see who was coming out.

Senator David Norris: That is disgusting.

Deputy Mary Hanafin: Exactly, and so does the inspector——

Senator Michael McCarthy: Absolutely.

Deputy Mary Hanafin: ——but that is part of the rules on cohabitation. We get many complaints in regard to that. People complain about those on disability payments being well able to work. What many do not realise is that as a lone parent one can earn €145 and still get one's full payment. One can still work when claiming disability benefit. People seem to think that it is a case of one or the other.

A total of 115,000 people on the live register also work three days a week or they are on systematic part-time work while being supported by social welfare. One can legitimately get a payment but also work. We need to get the balance right. In so far as any complaint is made about an individual, he or she does not know that a complaint has been made about them nor do they know who made the complaint. The protections are built into the system. The public has been very supportive of that.

Senator David Norris: I thank the Minister for her clear and cogent replies. It is always a pleasure to deal with a Minister who is on top of her or his brief. I am sure I will be asked whether I intend to press the amendment. I do not. However, I wish to explore one issue. I am horrified to learn that, as the Minister has let slip, at least one employee of the Department was sitting outside someone's apartment at 7 a.m. snooping. That is an appalling thing. It is a shocking waste of money and an invasion of privacy. I find it absolutely revolting. I hope the practice stops at once.

I also hope that ghastly little snoop, or Peeping Tom or Thomasina, was not paid overtime, because it was outside office hours. What was the motivation for sitting outside in a car in such a manner? It is horrible. We are a mixed society. I wonder if this was a person who had relocated from eastern Europe who had been formerly employed by the Stasi. It sounds dreadful to me. Could the Minister provide more information? Are there many such people around?

An Leas-Chathaoirleach: They are not Peeping Toms anyway.

Senator David Norris: Why not?

An Leas-Chathaoirleach: They are doing their job.

Senator David Norris: I expect Peeping Toms consider it a vocation.

Senator Michael McCarthy: I share Senator Norris's horror at the fact that anyone would park outside someone's door at 7 a.m. Whatever the excuse, that is hideous activity.

I thank the Minister for her replies thus far. Are sanctions imposed on a person if his or her complaint is not upheld? Do sanctions in law exist in the event of a person making a false complaint? I refer to cases where a complaint is not upheld and someone blatantly and in the knowledge that it was not the case, reported someone, following which the allegation was investigated, requiring an inspector to devote hours of work to processing it.

Deputy Mary Hanafin: No, there are no sanctions against a person making a complaint. In fairness, we cannot question a person's bona fides when what he or she is trying to do is save the public money. One does not create difficulty for the person against whom a complaint is

[Deputy Mary Hanafin.]

made because the person might not even be aware of it. Inspectors do not arrive on a person's doorstep and say that a complaint has been made. Complaints can be examined as a desk exercise in that one can check a person's documentation, Revenue details and employment record.

The example of lone parents is a particularly horrendous one. I did not speak to the inspector about the case in question but one should bear in mind that every scheme has conditions. If one is a jobseeker, one has to be seeking employment. If one is on a back to education payment, one has to attend a course. If one is in receipt of a disability or invalidity payment, one has to be restricted in the work one is able to do. If one is a lone parent, one has to be parenting alone; one must not be cohabiting. It is one of the very strict conditions of the payment.

The Department regularly carries out fraud and error surveys on all the various schemes. It found that there was a 6.4% fraud in the lone parent family payment. That is why one has to follow up on all of those issues. Cohabitation is a particularly difficult category to prove. It is much easier to investigate someone's income because one can cross-check with Revenue and we carry out data matches with various Departments. However, in the context of State money being expended — Members have spoken about clamping down on fraud and controlling expenditure, and they will do so again — one has to ensure that whatever the criteria are for those schemes, that they are being met. If one wants to change the schemes, *sin scéal eile*, but as long as we have conditions, such as for the lone parent family payment, that a person can only earn a certain amount of money and that he or she must not be cohabiting, then it is the duty of the Department of Social and Family Affairs to ensure that those criteria are being met. One does not want to be intrusive or to have Peeping Toms, but one has to ensure that where taxpayers' money is being spent it is going to the right people.

Senator Nicky McFadden: I agree with the Minister. I agree also with my colleagues from the point of view of people snooping. That is an outrage and I would hate to be that poor unfortunate social welfare inspector. However, at the same time it is unfair for people who are obeying the Department's rules and trying to work in low paid jobs to see people cohabiting and claiming two benefits when they should not be. I agree with the Minister's point about fraud. Something must be done in that regard. It is rampant across the country. I support the Minister in every way possible to stamp out fraud because we need to have a level playing pitch.

Senator David Norris: I am absolutely staggered by this revelation of the sexual vigour of the population; that this is rampant all over the country. What an interesting observation.

Senator Nicky McFadden: I referred to the fact that people who are living together are claiming doubly.

Senator David Norris: Many people are living together. I understand there is a question of fairness and that conditions are set down. However, I am interested in the intrusiveness of the situation, which I consider regrettable. I take it that the conditions refer to a situation where, for example, a woman or man — I assume men are entitled to the same payment or are they——

Deputy Mary Hanafin: It is mostly women.

Senator David Norris: It is mostly women but it could be men. I take it that this kind of prohibition really concerns the father of the children, or are the lone parents required as a condition to remain celibate for the period of their receipt of the money? I do not see why they should. Sexual activity is a perfectly natural human function. I do not see why it should

completely cease just because no one is providing for the welfare of one's children. A lone parent might well be enjoying an active social life and perhaps that is part of a process that would lead to the development of a stable relationship. A lone parent will never have a stable relationship if he or she is simply forbidden to entertain possible partners in that way. The restriction is rather narrow.

To be fair, the Minister said they are the rules and that is the situation that flowed from the existence of the rules but if we want to change them we should look at them again. Perhaps we should not have such a rule in order to reflect the realities of social life in this country. Some might find it regrettable that people behave in that way, but that is the case and at the end of the day it might be the children that are disadvantaged. If, for example, a young and healthy woman has a child and her marriage or relationship has broken down and in order to care properly for that child she gets a lone parent payment, and if then she is completely prevented from developing a relationship in a way that in the 21st century most people do, the child might be deprived of the benefit of having two adults in the household. I will not delay further. That is my last comment on the matter.

Deputy Mary Hanafin: There are thousands of lone parents in this country who do not come next, nigh nor near the social welfare system who are in employment and who make a full contribution to the economic life of this country and who resent the debate that takes place around lone parents who are on social welfare. However, there are approximately 90,000 lone parents depending on social welfare, a number which has grown substantially in recent years, and strict conditions attach to that payment. The basic criterion is that one is parenting alone. There are generous disregards to allow people to work and to hold on to their lone parent payment. However, the system in Ireland, which has grown up over the years, in many ways facilitates a poverty trap and mitigates against people forming lasting relationships or marrying because as long as the child is in full-time education, we continue to pay the lone parent until the child is 22 years of age. In the UK, it is ten years of age but it is being reduced to seven years of age. In most other countries, it ranges from between three months to seven or eight years of age but in Ireland, it can be up to 22 years of age.

There are policy implications for Ireland as a society. We want to protect children and recognise the difficulty which lone parents have. How many lone parents have we all met who fear losing the book? They want to hold on to the book no matter what. People have said to me they are afraid of getting an increase or even a better job because they fear they will lose the book. These are social policy issues but in so far as we are talking about fraud and control, there are strict criteria which must be met if somebody is getting a payment, irrespective of what that payment is.

Senator David Norris: Is celibacy a criteria? Is it as clear cut as that?

Deputy Mary Hanafin: "Cohabiting" is the word that is used.

An Leas-Chathaoirleach: Is the amendment being pressed?

Senator David Norris: It is not being pressed in light of the Minister's very helpful attitude and her undertaking that this will be addressed in the spring whenever that arrives. I hope it is a calendar spring and not a climatic spring.

Amendment, by leave, withdrawn.

Question put: "That section 6 stand part of the Bill."

The Committee divided: Tá, 29; Níl, 25.

Tá

Boyle, Dan.
Brady, Martin.
Butler, Larry.
Callely, Ivor.
Carroll, James.
Carty, John.
Cassidy, Donie.
Corrigan, Maria.
Daly, Mark.
de Búrca, Déirdre.
Feeney, Geraldine.
Glynn, Camillus.
Hanafin, John.
Keaveney, Cecilia.
Leyden, Terry.

MacSharry, Marc.
McDonald, Lisa.
Ó Brolcháin, Niall.
Ó Domhnaill, Brian.
O'Brien, Francis.
O'Donovan, Denis.
O'Malley, Fiona.
O'Sullivan, Ned.
Ormonde, Ann.
Phelan, Kieran.
Quinn, Feargal.
Walsh, Jim.
White, Mary M.
Wilson, Diarmuid.

Níl

Bacik, Ivana.
Bradford, Paul.
Burke, Paddy.
Buttimer, Jerry.
Coffey, Paudie.
Coghlan, Paul.
Cummins, Maurice.
Doherty, Pearse.
Donohoe, Paschal.
Fitzgerald, Frances.
Hannigan, Dominic.
Healy Eames, Fidelma.
McCarthy, Michael.

McFadden, Nicky.
Mullen, Rónán.
Norris, David.
O'Reilly, Joe.
O'Toole, Joe.
Phelan, John Paul.
Prendergast, Phil.
Regan, Eugene.
Ross, Shane.
Ryan, Brendan.
Twomey, Liam.
White, Alex.

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

Question declared carried.

SECTION 7.

Question proposed: "That section 7 stand part of the Bill."

Senator Nicky McFadden: This section concerns child benefit. I called this budget draconian and callous when I spoke on Second Stage because it proposes to take €16 per month from children. We have spoken about the compensatory allowance to help children and families on social welfare. This is the only payment directly to children. From my perspective as a parent, I used this money to educate and clothe the children. It was certainly not for luxuries.

I accept that the amount has increased dramatically over the years but we had much money in our country. Why should we not have used the money to educate and benefit our children? My question has remained consistent throughout the debate on this Bill. Why do children and the most vulnerable have to pay the price for the boom being blown when they had nothing to do with it?

The number of children in consistent poverty indicates the importance of child benefit because it goes directly to children. There are many cases where this was the only benefit which went to women, no matter how much money was going into a household. I hate to say this

because I am surrounded by my wonderful male colleagues but there are mean-spirited men. This money kept the wolf from the door and was available to families who needed support.

It was part of the Fine Gael budget proposal that child benefit would not be touched. We have had to endure years of Fine Gael being accused of taking the shilling from the old-age pensioner. This will go down in history as the cruellest and most callous of all cuts.

Senator Jerry Buttimer: Hear, hear.

Senator Pearse Doherty: I support the deletion of the section. This is one of the two most awful sections in the legislation, the other being the section that attacks those under 25. This section represents an attack on child benefit. I do not understand what young people and, in particular, children did to the Government to deserve the punishment that was meted out to them in last Wednesday's budget. This proposal is draconian and I hope the Government parties will be remembered for it for a long time to come. Government speakers have referred to their proud record on social welfare but that is similar to a defendant who has been found guilty pleading with the judge by using character references and saying he behaved himself in the past. It does not matter. He committed the crime and he should be punished for that. I hope that day will come and the people will have their say in passing judgment on the measures introduced by the Government.

With regard to the attack on child benefit, the Minister is technically correct that she has protected the children of social welfare recipients but instead of cutting payments by €8 a week for those who are unemployed and who have children, she has reduced the payment by €5 a week. The payment to an unemployed mother with a child will reduce and that will affect the child. The Minister has dressed this up by saying the child benefit is protected for such households but their payment will reduce as a result of the budget.

Child benefit is in place to compensate for the failure of the current and previous Governments to deliver supports for children. The State does not provide supports available in many European countries or, for example, in Northern Ireland where preschool and crèche facilities are publicly funded and available. Reference is frequently made to families being crippled by high mortgages but many other families are crippled by having to pay high crèche and child care fees. I pay more in crèche fees than in mortgage repayments every month. Such fees are like a second mortgage for many people. That has happened because of the failure of the Government to deliver child care supports in the children's early years and to provide State subvention to support children. There were two ways to help families deal with those costs — child benefit and the early child care supplement. The supplement was withdrawn in a previous budget in another attack on children and the only other support to help parents to meet the costs of child care is child benefit, which is being reduced significantly.

I understand the Minister will not listen to us but we still have to make the call on behalf of our constituents. This benefit is paid in respect of 40,800 children in County Donegal. Two Donegal Senators will be forced to vote on this issue later and they most likely will vote to take €16 a month off the majority of those children. It is appalling and if these measures are carried in divisions later, it will be our job in the Opposition not only to fight the Government on the legislation but to ensure members of the public are aware of the decisions their local Government representatives have taken in the Seanad coming up to Christmas. In our pre-budget submission, we presented proposals that could have delivered the savings and closed the Exchequer deficit.

I have been asked by my constituents why the Government has decided to protect the wealthy and attack the most vulnerable, including social welfare recipients. I could not understand this for a while because I fundamentally believe every Member in both Houses, no matter

[Senator Pearse Doherty.]

which party he or she represents, wants to do the best for his or her community. We all have different views, ideals, visions and ways regarding how we reach the end point but nobody sits in their office deciding how he or she can punish a section of society in a budget or legislation. We are in the Oireachtas to do our best. We can oppose each other and fundamentally disagree with each other, as we do on this legislation. I have tried to come to terms with why this is happening. If Government members want to do their best, why have they decided to punish those dependent on small amounts? The only fair conclusion I could draw is that the Government is completely out of touch.

The Government has decided to protect high earners because its members are high earners. The problem is Ministers are paid too much. The Minister and the Taoiseach will never understand what parents have to face and endure coming up to Christmas as a result of the measures they have introduced in the past three budgets, including withdrawing the Christmas bonus, and they will never understand the fear of parents about the measures in this legislation, which parents do not know how they will cope after Christmas. The Minister will never understand that earning €200,000 per year with a Mercedes parked at her backside and a driver escorting her to X, Y and Z——

Acting Chairman (Senator Fiona O'Malley): The Senator should keep his contribution civil.

Senator Pearse Doherty: I am.

Senator Phil Prendergast: He is being civil.

Senator Jerry Buttimer: What was uncivil about that?

Acting Chairman: We do not need to make references to people's——

Senator Jerry Buttimer: The Chair is being sensitive. I know she is embarrassed by the Government.

Senator Pearse Doherty: I am trying to be fair and to understand why these decisions were made. On salaries of €200,000 per year, with State cars and drivers escorting them from A to B, it is difficult while networking in the golden circle for Ministers to understand what it is like for families on the ground and to understand the fear and anxiety these measures are causing. That is a problem in politics and one of our proposals was a substantial pay cut for all Ministers, Deputies and Senators. The 15% reduction is a Mickey Mouse cut, given it includes a 10% reduction taken months ago. The Taoiseach and Ministers should not earn more than €100,000. We should be privileged to do what we do in the Oireachtas. The Taoiseach will still earn €240,000 annually following this pay cut. However, a group of 15 people with combined wages of millions of euro decided to take €16 a month off children. It is appalling and despicable and this is terrible legislation.

The Minister will defend this but because every Member is fair and wants to do the right thing, I cannot understand why other proposals for savings presented by my party and others to bridge the deficit by taxing those with massive wealth were not considered. Irish investors in recent months bought \$50 billion in US debt. We are repeatedly told the country is broke but that is not the case. The State is broke but there is massive wealth within it and the Government is allowing that wealth to go untouched. I do not understand that. I oppose the section and the only way to respond is for people to get angry.

Acting Chairman: The Minister will reply to all the Senator's queries. For the record, people will know how people vote here because it is on the public record. The Senator need not worry about people not knowing what way people vote.

Senator Pearse Doherty: I will do my duty to ensure that each Member will understand.

Senator Paudie Coffey: I want to add my voice to the opposition to the cuts in child benefit on behalf of middle Ireland, those on middle incomes who work and pay for every turn they make and everything they do. It is quite regrettable that the Minister proposed these cuts and that they will take force in the Bill. While child benefit is a substantial part of the public purse, over the years it has been a stable income for many families who have come to rely on it. Other Senators spoke about the day to day costs of having children in the current economic environment. For many families, the cost of child care today is more than a mortgage. Child benefit goes directly to looking after children. For those working, it goes towards child care costs, clothes, food and even education. To cut it removes income that people and families have relied on. It is an additional burden on those already paying for everything. I know many families and parents who are reluctant to bring a sick child to a GP because of the cost involved. These families work hard every day and contribute through their tax to the running of the State. This is the one universal payment made to families. Most mothers who receive the payment invest it directly in their children. It is a productive investment.

The Minister is a former Minister for Education and Science. We speak about free education but we all know the cost of sending children to school is increasing. The cost of the bus for those living in rural areas has increased almost three-fold if not more in recent years. Uniforms have to be paid for. Book grant schemes were removed from many schools. Basics such as arts and crafts for educational purposes in schools are provided for by parents, as are printing and photocopying. To a degree, it is a fallacy to state we have free education. Compare it to people in the Six Counties in the North who have free everything as far as I can see and similar families in similar circumstances do not pay for GP visits, dental visits, education or school transport.

Child benefit is the one payment this State pays directly for children and the cut is very regrettable. The payment goes to families and people most exposed to the current economic crisis in family formation age groups. These are young parents with young children who probably bought property at its highest price and are now in negative equity. They are also those who face redundancy, short hours or job loss. This is a huge blow to young families and it will have a larger impact than the Minister suspects. People have come to depend on the payment. They always knew it was there at the end of the month and that they could rely on it and invest it directly in their children.

Even at this late stage, I appeal to the Minister to reconsider this cut to child benefit. Fine Gael took a considered view. We realise as much as anybody that savings, efficiencies and cuts must be made throughout the economy. However, we identified child benefit as an area which was certainly worth protecting because it protects young people and young children. It allowed families to invest in children and care for them properly. I doubt the Minister will listen to my call to reconsider this. One hears many speakers on social welfare representing those who have no voice. Child benefit directly assists people who contribute to the economy and have done so for many years through PAYE and other means. They feel overburdened. They have high mortgages, high exposure and pay for any service they receive. This is an added blow to their monthly income. Will the Minister revise and reconsider this cut? It is a good productive and positive payment that goes to the children who are our future.

Senator Rónán Mullen: Cuirim fáilte roimh an Aire. Caithfidh mé a rá, mar adúirt mé inné, go bhfuil an-bhrón orm go bhfuil an chéim seo tógtha ag an Rialtas. Táim glan in aghaidh na

[Senator Rónán Mullen.]

gnéithe seo den Bhille. Bhí an liúntas leanaí an-tábhachtach riamh do theaghlaigh na hÉireann. Is bealach é trína léiríonn an Rialtas an tacaíocht atá á thabhairt ag an Stát agus an sochaí dóibh siúd a thógann páistí ar mhaithe linn uilig.

This is a very regrettable step by the Government. Child benefit is the key way in which the State shows the support of the entire community for the upbringing of children. Effectively, it involves the transference of money from those who do not have children to those who do. I fully empathise with what other speakers already stated; it is a very bad day when the Government slashes child benefit to any degree. Children are our future. The job parents do in bringing up children is an irreplaceable contribution to society and to attack child benefit is to attack in a very fundamental and damaging way the contribution parents make towards the upbringing of children. As I stated yesterday, as somebody who is not yet blessed with having children to provide and care for I believe that those without children should pay extra tax to support families with children. It is a no brainer in terms of the future good of society. The children of today will care for us in the future and support our pensions and happy existence.

Child benefit is an extremely equitable way of supporting the upbringing of children. Unlike other allowances, such as for child care expenses, child benefit goes to families where one parent stays in the home to bring up children and make a very valuable and important contribution and treats them equally with families who choose, because they have to as Senator Doherty stated, to put children into creches or arrange for child care in the course of the day. This is another advantage of child benefit; it is an equitable means of supporting families with children, whatever domestic or working arrangements they have.

As I also stated yesterday, the decision to cut child benefit is a first cousin of the very unfortunate policy move the Government took some years ago to introduce tax individualisation. That too was a decision against family life. It was a decision in favour of driving people out into the workforce and against recognition of the important work being done by those parents, male or female, who choose to stay in the home and contribute to the upbringing of their children. We wonder about the problems many children face today because of a lack of sufficient quality time with their parents. We have to be honest; we have created a society in which it is increasingly difficult for parents to have quality time with their children. Therefore, we should not wonder at the social problems that emerge because of the lack of quality time between parents and children. We have created a society where people are supposed to exist for the sake of the economy and not the other way around, which is the way it should be.

I take slight issue with what Senator Doherty stated. He is right to raise the issue that those on high salaries may find it difficult to empathise with those on social welfare or very low levels of income. That is a possibility and probably true of a class of people in society who may not be capable of empathising properly. However, I stop short of accusing the Government, collectively or individually, of that because I am very wary of getting into people's motivation for doing what they do. We can never explain motivation with the type of certainty that is needed for us to be allowed to pass judgment. I will simply confine myself to stating that this is bad policy; the Minister should not be part of it and the Government should not have anything to do with it. I make no assumptions about the Minister's motivation because I am sure she is as honourable as everybody else in wanting to see a just and harmonious society. However, I point out to her that she is seriously wrong-headed if she thinks this particular step contributes to the creation of a more just and harmonious society. It does not. It is an attack on family life.

I heard what the Minister had to say about the difficulty in means testing and taxing child benefit, but the approach of the Society of St. Vincent de Paul in its pre-budget submission was much better than what the Government is doing in cutting child benefit *simpliciter*. We

should see child benefit as non-negotiable, as something that involves the State recognising the contribution of every family, rich or poor, to society through the upbringing of children. We should be making our society a child friendly place with every step we take.

There are other ways to compensate for a high child benefit bill; that is why we have taxation. There are other ways to tax higher earning families. I have no problem with rich people enjoying the same level of child benefit as everybody else. I have no problem with rich people enjoying access to education systems in which teachers are paid, as is currently the case. However, that is not to say we should not find other ways to get those who are better off in our society to subvent and support its poorer members. We should not abandon the principle of universal provision in areas such as education, health care and child benefit.

I would like to see much more creative thinking about how we fund our budgetary commitments. NAMA is expansive, adventurous and risk taking in the face of the economic crisis, but we need to take a serious look at what other steps are needed for less well-off members. I am thinking of the family whom I discussed yesterday on Newstalk and who have lost possession of their house. They have a child with special needs. We need seriously imaginative solutions in supporting such families. In the case of child benefit, we should be looking at people such as those who have mortgages and those who have long since repaid theirs. That creates a serious differential between the haves and the have nots in society. In funding commitments such as child benefit and other aspects of social welfare, we need adventurous thinking to figure out who is being put to the pin of their collar and try to avoid hitting them. We need to find out who has that little extra and ask them to contribute to the common good at this difficult time.

Senator Larry Butler: I have listened carefully to the debate and it is very good, but I would like to draw on Senator Doherty's remarks about punishment. His party would know more about punishment than most. It uses its own punishment system.

Senator Pearse Doherty: I have to ask the Senator if he is accusing me of something. Of what are you accusing me? You are attacking children in the budget. You are telling under 25s to head across the sea.

Acting Chairman: Will the Senator, please, speak through the Chair?

Senator Larry Butler: I did not interrupt Senator Doherty.

Senator Pearse Doherty: You have passed a budget that is completely despicable.

Acting Chairman: Senator Doherty, will you, please, speak through the Chair?

Senator Pearse Doherty: You intervened twice which I believe was wrong of you, but you are allowing your Government colleagues to make accusations such as that against me and my party without even intervening.

Acting Chairman: Is the Senator making a point of order? He should, please, explain himself to the Chair. He interrupted another speaker, which is not in order.

Senator Pearse Doherty: I am asking you to intervene in this issue because it is an unfair accusation.

Acting Chairman: Is this a point of order?

Senator Pearse Doherty: Yes, it is. I am asking Senator Butler to withdraw the comment he made. Of what is he accusing me? This is a smokescreen because he is supporting a budget that is a disaster for the country and the economy.

Acting Chairman: The Senator has made his point.

Senator Pearse Doherty: He should withdraw those comments.

Senator Larry Butler: I have no intention of withdrawing them.

Senator Pearse Doherty: You are a disgrace.

Acting Chairman: Senator Butler is entitled to the same courtesy as Senator Doherty.

Senator Larry Butler: Excuse me, I did not interrupt you, Senator Doherty——

Acting Chairman: I ask Senator Butler to speak through the Chair.

Senator Larry Butler: ——I listened to what you had to say. Your economic policies make no sense.

Senator Pearse Doherty: As if your economic policy makes sense. You have made 165,000 people unemployed in the last year and you believe your economic policies make sense. Your budget has been planned to put a further 75,000 people on the dole next year and you think this makes sense.

Acting Chairman: I ask Senator Doherty to resume his seat. He will not be listened to. He will observe decorum in the House.

Senator Pearse Doherty: I am finished now.

Acting Chairman: I call Senator Butler and ask him to speak through the Chair.

Senator Larry Butler: I will do so. Many are making comments about cuts in child benefit and so on. It is not so long since Fine Gael lost power owing to a tax on children's shoes.

Senator Nicky McFadden: That is a very long time ago.

Senator Jerry Buttimer: This is worse.

Senator Larry Butler: Taxing children's shoes was a big issue at the time. Fine Gael lost power because of it.

Senator Paudie Coffey: How is this contributing to the debate?

Acting Chairman: Senator Butler to continue, without interruption. I ask him not to provoke other Members.

Senator Larry Butler: Do not try to lecture——

Senator Jerry Buttimer: Show us the economic manual for the last ten years.

Senator Larry Butler: I listened to Senator Buttimer earlier.

Acting Chairman: The Senator has not done so yet.

Senator Larry Butler: I listened to what he had to say and many contributions were valuable, to which I will respond now. I do not think the Opposition can lecture Fianna Fáil and the Government on what it has done on the issue of child care in the last few years. We probably have one of the best child care facilities in Europe. It is regrettable that we must take budgetary action to reduce such facilities.

Some of the Fine Gael policies are fantasy. There is no substantial evidence to back up any of them. The party is in favour of making cuts of €4 billion, but there is no unanimity on how——

Senator Jerry Buttimer: Read the proposals.

Senator Larry Butler: I have read them. The party lives in a fantasy world.

Senator Jerry Buttimer: Read them. Fianna Fáil members are living in a fantasy world.

Senator Larry Butler: When Fine Gael was in government, it gave five shillings to old age pensioners. That was an absolute disgrace.

Senator Paudie Coffey: That is wearing thin.

Senator Larry Butler: I want to bring the Senator back to when his party was in power and not delivering.

Senator Paudie Coffey: We were trying to save the economy from bankruptcy.

Senator Nicky McFadden: How long has Fianna Fáil been in government?

Senator Larry Butler: That is why the people remember these things at election time.

Senator Paudie Coffey: It looks like we will have to do it again.

Senator Larry Butler: If there is a difficulty in the economy, Fianna Fáil and the Government have the people to get us out of it.

Senator Jerry Buttimer: Remember the June local elections results.

Senator Paudie Coffey: The people are waiting in the long grass.

Senator Larry Butler: A total of €579 million has been put into education. That will benefit children and produce a job creation programme. These are things that were being said before the sos.

Senator Pearse Doherty: There is a 27% cut in the provision for school buildings.

Senator Larry Butler: This great investment in education will benefit children. A total of €46 million has been invested in science and technology programmes, while €141 million has been put into infrastructure and higher education. These are all positive provisions in the budget. We did some things that normally we would not like to do, but we must live in the real world. When one is borrowing €500 million a week to support social welfare——

Senator Pearse Doherty: Some of those borrowings are used to support tax breaks for property developers and to support the wages of the Taoiseach and Ministers. Do not blame it all on social welfare recipients.

Acting Chairman: Senator Butler to continue, without interruption.

Senator Pearse Doherty: What he is saying is crazy.

Acting Chairman: The Senator may not like it, but it is not for him to decide. Everybody is entitled to make a contribution.

Senator Pearse Doherty: He should be factual at least.

Acting Chairman: I ask the Senator to sit and listen quietly. The Minister will be invited to respond. You may resume, Senator Butler, but you are being provocative.

Senator Larry Butler: Yes, I am. I am responding to other speakers.

Senator Paudie Coffey: The Senator is drawing fire.

Acting Chairman: Senator Butler to continue, without interruption.

Senator Larry Butler: It would be a good idea for members of Senator Doherty's party to take degrees in economics to enable them to learn how to run the country, even from a Sinn Féin perspective. That would make a pleasant change.

Senator Paudie Coffey: Fianna Fáil is bankrupting the country for the second time in 30 years.

Senator Pearse Doherty: Senator Butler should name one proposal Sinn Féin made in its pre-budget submission. He is waffling and does not have a clue.

Acting Chairman: Senator Doherty is being most unfair. He has interrupted constantly despite not being interrupted when he spoke. Senator Buttimer cannot expect other Senators to refrain from interrupting him given that he constantly interrupts other speakers. I ask Senators to show courtesy and allow Senator Butler to continue without interruption. The Minister will respond to all the contributions.

Senator Jerry Buttimer: I expect interruptions.

Senator Larry Butler: The country faces a difficulty and the three main political parties agreed public expenditure should be reduced by €4 billion. The two main Opposition parties had proposals on how they would achieve this reduction. The Government had to devise a policy and introduce permanent measures as opposed to making short-term decisions, as many people proposed. Short-term decisions would have eventually cost us dearly in terms of borrowing. We must, therefore, meet budget restrictions.

I support the Minister who had a difficult job to do but did it extremely well given what she had to work with. We are making great investment in education, children and young people. When circumstances improve we will provide better support to families.

Everyone is hurting a little but it is important we all play our part. Over the weekend, a number of older people told me they were willing to help out. Senator Mullen referred to older people who do not have mortgages. It would be wrong to attack those who worked hard throughout their lives by taxing them on the basis that they do not have mortgages to pay. That would not make sense and I would not go down that route.

Senator Paudie Coffey: The Government tried it last year and got its answer.

Senator Larry Butler: I thank the Acting Chairman for her forbearance.

Senator Phil Prendergast: I join colleagues on this side in asking the Minister to explain the reason the Government did not target the very wealthy and those who avail of tax breaks, including property based tax reliefs, when it had an opportunity to do so. The Labour Party identified more than €400 million in savings which could be achieved by tackling these reliefs. Those availing of reliefs were not touched in the budget.

The Government learned through its focus groups that it would be unwise to attack older people because they tend to vote. The exception was blind older people.

I am horrified that carers, who provide 3 million hours of work per week, have had their payments cut. Representatives of carers appeared before the Joint Committee on Health and Children. A further meeting held in a nearby hotel was attended by many members of all parties. Those present heard cogent arguments for not cutting the carer's allowance. I visit carers who look after highly dependent relatives three or four times per week. Many of them lead awful, nightmarish lives and cannot understand what has been done to them.

The decision to cut child benefit by 10% has created a new poverty trap. I met a number of women in Ardfinnan and Fethard last week who are considering whether it is worthwhile to continue working. While €16 per month may not appear to be much, it will make a great difference to those who live on tight margins. The three women with whom I spoke will decide whether to become social welfare recipients. These are genuine cases. I have met people in these circumstances at my clinics. They will do the sums by setting their outgoings on child care and so forth against their income. Every week, 20 cars travel in from Ardfinnan because people cannot avail of the bus service, which is not full, yet a member of the Green Party is Minister for the Environment, Heritage and Local Government.

The Labour Party pre-budget submission clearly set out how to achieve the savings required in the budget but the Government refused to listen. Will the Minister explain the reason it was fine for rich people not to make a contribution when those in receipt of child benefit and social welfare payments, including blind people, the disabled and carers, were targeted in the budget?

I have been at meetings with carers' representatives which were attended by Members from all sides. We listened to their stories, watched videos and so forth. These individuals go to considerable trouble to travel to Dublin to inform Members about the difficult position in which they find themselves. They must work 24 hours per day, seven days per week. I am at a loss, therefore, when I listen to Senator Butler's remarks. I cannot understand the type of hypocrisy he has shown.

Opposition parties made genuine proposals for securing the €4 billion in savings we all agreed were required. The Minister indicated that the carer's allowance was the last item she wanted to cut. That cannot be the case when a large number of rich people were not touched by the budget. The pay cuts imposed in the budget are unjust and unfair. For example, the Minister for Finance and the person cleaning his office have taken the same pay cut of 5%. The budget has made the social divide much worse.

Will the Minister explain the reason the Government supported wealthy people who have a range of tax breaks available to them and can legitimately avoid paying tax by availing of loopholes? Those who can afford to put away several million euro in pension pots have been left alone. Why did the Government decide to target a group of people who are already suffering disadvantage?

On the economics of the cuts, if the three women I met last week choose to give up work, stay at home and avail of social welfare, it will cost €60,000 to support them. It will no longer be worthwhile for them to remain in employment given increasing child care and fuel costs. I have heard optimistic voices say they will get over Christmas. In January, when the cuts impact, the weather is colder and everything is dearer and appears more bleak, rates of illness,

[Senator Phil Prendergast.]

depression and suicide will increase, as will the number of children requiring psychological and psychiatric services, and people will be afraid to visit their general practitioner or hospital for cost reasons or because they fear contracting swine flu, MRSA or clostridium difficile. People are becoming more frightened and increasingly angry. I have never experienced anything like the reaction to this budget. People are withering.

Senator Paschal Donohoe: I join my colleagues in registering my strong opposition to the changes proposed. I do so for a number of reasons. My colleagues have noted the effects the change will have for different members of society. I propose to focus on two sectors of society. The first group comprises those whose main source of income is derived from social welfare payments. The second group comprises those in the middle, above the income thresholds needed for social welfare payments or supplements but for whom the amount of income they generate from work is insufficient to provide security and peace of mind. The Society of St. Vincent de Paul's pre-budget submission accurately described this group of people as the working poor. They are a part of society we depend on to a great extent for tax, for the effort they put into the economy and the work they do. They are also under great pressure. I am concerned the pressure they are under is set to grow.

The main cause of that will be the change in interest rates. The main change in the past number of years to trigger large increases in the amount of disposable income for people who own homes and pay mortgages has been the speed at which interest rates have decreased and how long they have stayed at consistently low levels. For reasons we are all familiar with, change will happen and interest rates are likely to rise in the near future or soon after. The current interest rates are needed to keep the economy going but it is not at a sustainable level. In many cases rates will need to increase in order to generate profit for the banking industry.

There are three particular consequences of this. I have heard some people's comments on this and I wish to add my voice to it because it is very important. I agree with Senator Prendergast's point on poverty traps. Recent Governments were good at recognising that if levels of social welfare payments or allowances were dependent on levels of income, people lost allowances as they worked more. That reduced the incentive for people to work or to work more hours. An edition of *The Irish Times* contained brilliant analysis of this phenomenon, which I referred to on the Order of Business in this House a couple of weeks ago. This compared the social welfare payments for a two-parent family with two children, where one parent was at work and one was not at work. Social welfare payments, tax allowances and rates of tax meant the difference in the total amount of disposable income was very small. This is the thinking driving some of the changes made to social welfare payments but I am concerned the introduction of the half rate qualified child increase and the qualified child increase of €3.80 will reduce the incentive for people to move from social welfare payments and will reduce the incentive for people to increase their income for fear of losing these payments. This is creating the kind of poverty trap that many of the Minister's predecessors identified as something that must be avoided.

I deal with many families in constituency work who say they want to work even in the difficult times we are in. They seek ways to bring more income to the family but they are reluctant to do so because of the social welfare payments they will lose. They do not want to do it because they will lose money. This is an amazing source of despair. I am concerned at the re-introduction of measures that seek to offset the reduction in child benefit because it flies in the face of much of what we have learned about reducing poverty traps and getting people working.

I also wish to emphasise the working poor, those who are in the middle and are neither poor enough to receive the full support of the social welfare system nor well-off enough to be secure in their homes and secure in the future income they will have. These changes will reduce the amount of income coming in but will create a mentality that they will lose next year what they have now. Senator Doherty referred to this point in his contribution, talking about parents with kids in crèches. I have two kids in a crèche and my payment to the crèche is almost as much as I pay on my mortgage. I am surrounded by families in similar situations. Thank God I am so well-off and so well paid for what I do. I am so lucky to be able to do this and be well paid for it. We do not talk much about these people. They were dependent on child benefit and its maintenance into the future to get through these difficult times and to ensure they have enough money to keep their kids in crèches. The low levels of income many receive through work — affected by tax increases and falling wages in the private sector and the wage reductions in the public sector, which we will discuss tomorrow — is another source of pressure and anxiety.

The last point concerns the increase in family income supplement. This is a supplement I hear much discussion about and it is used a great deal, particularly by community welfare officers. I am surprised at the take-up of this supplement, which is much lower than I expected. I am concerned that although we are increasing the supplement by €6 per week, the number of people in receipt as opposed to the number that could be getting it is not high enough to offset some of the difficulties these reductions will bring about.

Some of my colleagues have made the same points I have made. These measures will create a poverty trap. What will happen to the family supplement and the increase in it? How we can drive the take-up rate of family income supplement? I emphasise the case of those in the middle, those who are lucky enough to work and lucky enough to have one, one and a half or two incomes coming into the family and the change this will have on the money coming into these people and the change to psychology and to what they expect in the future.

On the Order of Business I mentioned that I attended the launch of the Children's Mental Health Coalition yesterday morning. I went along not because I have policy responsibility for this area but because I have a deep interest in the area due to the number of children I deal with in terrible difficulty through no fault of their own. The vast majority of families are doing their best but find themselves in despair about how they will help and how they will support their children. These families are not just the families in receipt of social welfare payments and who use the community welfare officer and the families we expect to have these problems. They are our neighbours and friends and people who live in estates and on roads dotted all around the constituencies and communities we represent. The importance and beauty of child benefit was that it was the one payment that had a high degree of certainty of going to those who needed it the most, namely the children.

It is disappointing that in the number of weeks leading up to this debate we have had several discussions on the Ryan report, the Murphy report and the need to cherish our children. One of our colleagues quoted the 1916 Proclamation this morning. It refers to cherishing all the people of our country equally yet we find that those who have the least and have the least say in the future of our country and its direction are those who will suffer the most because of this change.

Senator Jerry Buttimer: When one hears Senator Butler criticising others and throwing out remarks, one knows he is in trouble. He is defending the indefensible. Part of me admires his tenacity and fortitude. At least he is here. None of his colleagues is present.

I am not a parent but I am a devoted godfather and an adoring uncle. Some of my colleagues on both sides of the House struggle to balance their family, work and home lives. This section

[Senator Jerry Buttimer.]

of the Bill is grossly unfair. It reinforces the poverty trap. More importantly, it is no more than a blunt measure for savings. There is no thoughtful acceptance or sincere understanding on the part of the Government of where people are at. This section, like the rest of the budget, contains no stimulus, no economic plan and no social strategy for inclusion. Any effort to build a sustainable, caring and safe social environment has been abandoned and replaced with the polarisation of society. Senator Mullen was right to say that a differential now exists, thanks to this Government. People are being penalised.

I hate to single out Senator Butler, who is the only Member on the Government side present. He spoke about the great things Fianna Fáil did. Absolutely. Holy God, sure it ran the country into the ground for the last ten years. When Deputy Bertie Ahern was Taoiseach——

Acting Chairman: I ask the Senator to speak to the section before the House.

Senator Jerry Buttimer: I am speaking about child benefit, which is the subject of this section.

Acting Chairman: Good.

Senator Jerry Buttimer: Deputy Bertie Ahern and his Government could not wait to run out to Drumcondra to give money to people and say: “Look what I am giving you.” The largesse of Fianna Fáil ended with a bang. It was all squandered. I will not go into the details. The Members on the Government side know what they did.

Will the Minister tell the House who made the decision at Cabinet to single out the mother and the child? Who singled them out? Who made the decision? I am familiar with the concept of collective Cabinet responsibility. I sincerely hope the Minister with responsibility for family affairs did not acquiesce in this decision. I hope she did not lie down like Shep and agree to the plans of her Cabinet colleagues. That is what happened in the case of social partnership and we have it now again. I would like to refer to four e-mails I have received on this issue.

Acting Chairman: Is the Senator proposing to read the entirety of the e-mails?

Senator Jerry Buttimer: No. I will refer to them briefly.

Acting Chairman: That is okay, as long as it is relevant.

Senator Jerry Buttimer: It is good for the Chair to be impartial.

Acting Chairman: Did the Senator read them into the record on the Order of Business?

Senator Jerry Buttimer: No.

Acting Chairman: They are different.

Senator Jerry Buttimer: I appreciate that Members on the Government side are upset about the budget. I do not blame them for that. I understand where they are coming from. The first e-mail was from someone who complained that everything for children, including their activities, is expensive. They pointed out that children do not stop growing overnight and assured me that they need all the money they can get to buy clothes. The second e-mail argued that it was a disgrace that child benefit was being cut. The person in question used €120 from last month's child benefit to buy shoes with special insoles for their two boys. The third e-mail I received was from a person who used their child benefit to pay for groceries because they could not afford to live otherwise. The fourth e-mail was from a person who used their child benefit to pay for extra grinds and tuition for their son who needed extra help.

Fianna Fáil and its cohorts in government have lost sight of the fact that we are dealing with the lives of people like the four individuals who sent me those e-mails. It is easy to quote the Constitution and to speak about cherishing all the children of the nation equally, but society would be of no value today without the vision and bravery of the great men and women of 1916. All we have today is the soft touch. I remind Senator Butler, who mentioned that John Bruton tried to tax children's shoes in one of his budgets, that child benefit was not cut at that time.

Senator Larry Butler: It was so low that he could not cut it.

Senator Jerry Buttimer: If the Senator checks the records, he will find that John Bruton actually increased child benefit. This Bill is a fundamental attack on children and women. When I was growing up, my mother would get the children's allowance and go into town on the first Tuesday of each month. She would pick up the money and spend it on something for us. That is what it was about. That is replicated across every community in this country. Women use that money for their families.

In advance of the 1987 general election, the late Hugh Coveney, God rest his soul, made a comment on the old "Frontline" programme that may have cost him his seat. He was partly right when he said he did not need children's allowance, as it was then called, because of his income. Perhaps we should examine the universality of child benefit, but we should not engage in an attack such as that proposed in this Bill. We are all advocates of various special interest groups.

As an educator, the Minister, Deputy Hanafin, will understand the benefit of educating children so that they can be healthy and prosper. We are dismantling that again. This section of the Bill follows the same trend as the decisions of the Minister, Deputy Batt O'Keeffe, to cut the leaving certificate applied programme, reduce places, increase the pupil-teacher ratio, place an embargo on recruitment and freeze posts of responsibility.

How can people survive? Senator Donohoe spoke eloquently about the cost of child care. My brother and sister and others could speak about the same thing. This part of the budget is taking from people the discretionary money they used to pay bills, etc. That money was the lifeline that allowed people to survive at a certain level.

People are in trouble as a result of the reduction in private sector pay, the problem of negative equity, last year's cut in public sector pensions and this year's taxation decisions. I suppose we have all signed up to the Green Party's great model of carbon tax.

Acting Chairman: I draw the Senator's attention to the fact that he has been speaking for eight minutes. Two other speakers are offering. Senators may wish the Minister to reply before this debate adjourns at 5 p.m. I hope Members are conscious of what needs to be done if they would like the Minister to reply before 5 p.m.

Senator Jerry Buttimer: Is the Acting Chairman imposing a guillotine on the Bill?

Acting Chairman: Absolutely not. I am merely making a point.

Senator Jerry Buttimer: Will the Minister be present when the debate resumes?

Acting Chairman: Of course she will return. It might be better for her to respond to the comments on this section of the Bill while they are fresh in her mind. I am merely putting it out there.

Senator Jerry Buttimer: I would be very happy to resume my seat and to resume this contribution after the Minister has spoken, if that is in order.

Acting Chairman: Of course it is in order. The Senator has every entitlement to continue at that stage.

Senator Jerry Buttimer: I am not concluding my remarks.

Acting Chairman: I am merely trying to save time. Members have spoken on this section for an hour. I am not saying they are not perfectly entitled to do so. I am reminding the Senator that his colleagues might like the Minister to reply to their queries before we adjourn at 5 p.m. I am giving the Senator that option.

Senator Jerry Buttimer: I understand that the Minister has a busy schedule and that the business of the House has been agreed.

Acting Chairman: I ask the Senator to continue his remarks on section 7.

Senator Jerry Buttimer: Before I do, I would like to say, with respect, that the Acting Chairman's interventions have not been very helpful to parliamentary business.

Acting Chairman: Okay. I am not cutting the Senator off.

Senator Jerry Buttimer: You are, in effect.

Acting Chairman: I am not.

Senator Jerry Buttimer: You are imposing a guillotine. I am the only Senator——

Acting Chairman: Please speak on the section.

Senator Jerry Buttimer: I will not argue with the Chair. I understand where she is coming from in lots of ways.

This is a fundamental attack that should be reversed. Women and children, in particular, have suffered in the budget in many ways, which further accentuates the difficulty.

Senator Maurice Cummins: I should treat Senator Butler's comments with the contempt they deserve, but they need to be answered. He said the Fine Gael policies had not been costed or were fairytales. The Fine Gael policies advocated last Friday week were clear, had been costed and were about choices as to whether we hit the most vulnerable in the community or else taxed the wealthy. We advocated abolishing the cap on PRSI payments, not just for public sector workers but also for private sector workers who got off scot-free also. That is how we would have paid for it. I want Senator Butler to know this. If the Minister's own targets in regard to fraud were met, there would not have been a need to attack carers, those who cannot see and other people with disabilities. That is where we could have got the money. It is about choices such as choices as to whether we should hit the poor or tax the rich. Fianna Fáil has never been good at this because the policies it has advocated are like Wanderly Wagon economics. The people are fed up with that at this stage. Opinion polls will show that Fianna Fáil has never been as low because it is not listening to the people.

Senator Buttimer was right. The budget should have been about people but it was not. It was just a blunt instrument to satisfy the financial markets and that was it. Poor people were hit the worst, as well as public sector workers earning less than €30,000. They are the ones who are suffering, but the Government does not give a damn about them. It was a case of "Hit the

poor people; let the rich be.” The Government had choices; it made its choices and will have to live with them.

Senator Donohoe has made the good point that some have to pay an excessive amount for crèches which is supplemented by their child benefit payments. A cut of €16 a month is very severe for those who have a couple of children in a crèche. Admittedly, there are those who save their child benefit. I heard a person boasting about having €18,000 in his bank account. However, there are others who use their child benefit payments to put bread on the table and feed their children. There are many mean men who do not hand up a lot of money to the household and it is left to women to pay from their child benefit payments to put bread on the table.

The Government had choices. It could have done what we suggested. It could have decided to tax child benefit if it had wanted to, but it did not. It made the decision to bluntly and universally cut it. That was its choice. A Senator referred yesterday to the cutting of a shilling from the old age pension in the 1920s and another referred to taxing children’s shoes, which never happened. What will they say in 80 years’ time when they see that one of the richest countries in the world squandered the money it had available and preferred to finance bankers and bondholders and then take the money from people in receipt of child benefit? That is the legacy of the Government. That is what the people will think of at the next general election.

Senator John Paul Phelan: I am glad to have the opportunity to speak on the cut to child benefit proposed in the Bill. Senator Buttimer referred to many issues I wanted to cover in my contribution. He is right. Essentially, what we are all about is helping families and others. I object in the strongest possible terms to Government policy. Before the budget, many Government Members and their supporters decried child benefit because it was a universal payment. They then came along in the budget and used a universal method to cut it.

Those on higher incomes do not need the same level of child benefit; in some cases, they do not need any. I have no problem with this. However, for many families it is the difference between putting clothes on children’s backs and putting food on the table, or not being able to do so. I mentioned on Second Stage that I had recently been in the company of two women, one who had boasted — Senator Cummins referred to a similar incident — that she would give all of her child benefit payments to the child when he reached 18 years, although she said child benefit should not be touched in the budget; and the other who was from a very modest background and had four small children and who I knew depended on child benefit to meet bills and keep the show on the road. It is very unfair of the Government to penalise both equally. That is effectively what is being done and it is absolutely wrong.

I come from a very rural part of Ireland. In my area there are many households and many women rearing children. In some instances, child benefit is the only money they get into their hands, particularly for women who are not working outside the home but who are very much working in the home. That is the sad reality of what is being proposed in a cut to child benefit of this magnitude. I urge Senators on the other side to see the error of their ways at this juncture and to rethink how we can more fairly reconstitute the child benefit system in order that it would be brought within the taxation system. Most would agree with this. Ultimately, however, those on the lowest incomes and those who depend on social welfare should not suffer the same monetary reduction in their income — in fact, it is a much greater reduction in real terms when one takes into account the universal hatchet job done on child benefit, as proposed in this section of the Bill.

Senator Joe O’Reilly: The problem one has at this stage of the debate is that one tends to repeat earlier arguments. However, against that, the arguments are of such seriousness and

[Senator Joe O'Reilly.]

validity that they merit repeating. The big point about child benefit is that it is a universal payment, available across the board. It is a payment particular to children who are not in a position to generate their own income or determine their own destiny. This is something passed on to them directly by society. Any reduction in this is wrong for the very reason that it is a direct attack on the guaranteed income of children.

Child benefit is a very important payment for women and children. We all prefer to talk about ideal homes and families where the situation is wonderful and idyllic. Tragically, that is not the reality for many families. There are still women in our society who, although we deplore it, are the victims of abuse to the extent that adequate money is not passed on to them for the wrong reasons, which include that they have negligent partners and sometimes partners with substance abuse and addiction problems. For those women and the children in their care, child benefit is their lifeline and of enormous importance. For that reason, we strongly oppose this cut. We discussed the matter at meetings of our parliamentary party over a number of weeks before the budget and the point was always argued that child benefit should remain untouched. We costed this proposal and provided alternatives. It is important to vulnerable children.

The cumulative effect on people on low incomes must be looked at. Those earning less than €30,000 in the public service will now be the victims of this decrease, plus 5% of their salary, the pension levy and the income levy. Adding this cut will aggravate the situation.

In County Cavan small farmers have seen their incomes devastated. CSO figures confirm this, as do Teagasc figures for 2008, showing incomes of €8,500. All available data confirm small and mixed farmers face a real decline in income in the region of 41% in the last two years. Those farmers throughout County Cavan have families for whom the cut in child benefit will have a colossal impact.

Many people in County Cavan worked in construction. Those who have been dislocated from the industry will be in a vulnerable position with the reduction in child benefit. I ask the Minister to reflect on this and consider changing the legislation, even at this late stage.

Deputy Mary Hanafin: I am taken aback that for once Senators are showing a complete lack of perspective. The arguments made today would be valid if we had abolished child benefit, but we are talking about a cut of €4 a week. There are people for whom that cut might be significant, but the recommendation in the McCarthy report was that we cut it by €30 per week for the first child and €67 per week for subsequent children.

Senator Maurice Cummins: The Tánaiste said that was rubbish.

Deputy Mary Hanafin: The recommendation of the Commission on Taxation was that it should be taxed which Senators have recommended today. If we were to do this, a middle income earner would see an effective reduction in child benefit of €66. If two people are earning, they are paying tax at 41%; therefore, child benefit would be taxed at that rate, meaning it would be reduced to €100. That would be far more penal for working families. It was not just because of administrative reasons, but that is one of the reasons I did not support such a measure.

This is a universal payment, but it is not a universal cut. We have protected those at the bottom who are dependent on social welfare and in low income jobs. Both here and in the Dáil Members have talked about the meanness of men. It is not a general attribute, but there are women, even in the high income bracket, for whom this is their only payment. I recognise this, which is why we did not take it from them. Much thought has gone into making this cut.

Senator John Paul Phelan: There will be a meanness test now for men rather than a means test.

Deputy Mary Hanafin: People on low incomes need child benefit to support their children; that is why we have protected them. In an effort to avoid creating a poverty trap, we ensured an increase was also given to people in receipt of family income supplement, protecting those on low incomes who are working. The cut was kept to a minimum.

Parents of any nine year old to an 18 or 22 year old, depending on their education, currently receiving child benefit remember what it was like when their child was born. In 2000 the rate of child benefit was £53.96. It is now €166 and being reduced to €150. They are still getting almost €100 more per month than when their child was born. Equally, it was £71.11 for the third and subsequent children in 2000, which figure is now €203. The very same parents are the first to acknowledge the cut but also acknowledge the increases in recent years.

Huge investment has also been made in the provision of child care and community places to support those on lower incomes and in the provision of a pre-school year, a genuine contribution to both parents and children. This can ensure better outcomes for all children and will take effect from January.

I would never question the bona fides of those Senators making this argument. We all realise the pressure families are under. I will not tolerate, however, any Senator questioning my bona fides or those of other Ministers.

Senator Paudie Coffey: The Government is cutting the allowance.

Deputy Mary Hanafin: We were not born Ministers; we were born real people with real families.

Senator Maurice Cummins: They would do well to remember that.

Deputy Mary Hanafin: We have real siblings, parents and children. We have been elected to Dáil Éireann by our constituents who hold us accountable.

Senator Maurice Cummins: They will certainly hold the Government accountable at the next election.

Deputy Mary Hanafin: We meet them every day; therefore, we know their needs and demands. We are accountable to them. It was disingenuous, therefore, of Senator Doherty to question our bona fides in the work we do.

As Ministers, we are very well paid. Senators and Deputies are also very well paid. That is why, as Ministers, we took a formal, legal and permanent cut of 15%. We are still well paid — I am not making an issue of it — and there is no point trying to prove otherwise. When we are faced with having to reduce expenditure, we cannot just look at income; it cannot all come from revenue raising measures. We had to reduce our expenditure in order that we could make the structural changes that will apply for the next number of years.

Fine Gael also recommended cutting expenditure on social welfare.

Senator Maurice Cummins: We did not recommend cutting child benefit.

Deputy Mary Hanafin: It recommended cuts to the lone parent payment, the farm assist scheme, for the unemployed, the young and widows.

Senator Maurice Cummins: No. The Minister should read the document.

Deputy Mary Hanafin: Let us be genuine about the arguments we are making. Senator Buttimer accepted this when he quoted some elements of the Fine Gael policy

We would all prefer to be in a position where we could do what the Government has done successively in recent years, to increase child benefit by 300%. We should keep the matter in perspective; we still support families and parents. I am sorry we have to introduce the cut of €4, but we are protecting those on lower incomes and social welfare.

Senator Maurice Cummins: And bond holders and the bankers.

Question put.

The Committee divided: Tá, 29; Níl, 20.

Tá

Boyle, Dan.
Brady, Martin.
Butler, Larry.
Callely, Ivor.
Carroll, James.
Carty, John.
Cassidy, Donie.
Corrigan, Maria.
Daly, Mark.
de Búrca, Déirdre.
Feeney, Geraldine.
Glynn, Camillus.
Hanafin, John.
Keaveney, Cecilia.
Leyden, Terry.

MacSharry, Marc.
McDonald, Lisa.
Ó Brolcháin, Niall.
Ó Domhnaill, Brian.
O'Brien, Francis.
O'Donovan, Denis.
O'Malley, Fiona.
O'Sullivan, Ned.
Ormonde, Ann.
Phelan, Kieran.
Quinn, Feargal.
Walsh, Jim.
White, Mary M.
Wilson, Diarmuid.

Níl

Bacik, Ivana.
Bradford, Paul.
Burke, Paddy.
Buttimer, Jerry.
Coffey, Paudie.
Coghlan, Paul.
Cummins, Maurice.
Donohoe, Paschal.
Fitzgerald, Frances.
Hannigan, Dominic.

Healy Eames, Fidelma.
McFadden, Nicky.
Norris, David.
O'Reilly, Joe.
O'Toole, Joe.
Phelan, John Paul.
Regan, Eugene.
Ryan, Brendan.
Twomey, Liam.
White, Alex.

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

Question declared carried.

Progress reported; Committee to sit again.

Budget 2010: Motion.

Senator Liam Twomey: I move:

That Seanad Éireann:

noting that:

- the Budget forecasts a further cut in employment levels of 65,000 in 2010, after the estimated fall of 165,000 this year;

- the OECD, the European Commission and the IMF have concluded that, after the end of the debt-fuelled property and public spending bubbles, a return to the export-led economic growth of the 1990s is the only route for Ireland out of recession and back to full employment;
- the National Competitiveness Council has identified high business costs and bottlenecks in energy, broadband and water infrastructures as the biggest barriers to growth in exports;

condemns

- the poverty of ambition and vision in the Budget with regard to economic renewal and protecting employment;
- the €1 billion cut in the capital programme (which will alone destroy at least 10,000 jobs);
- the use of scarce resources to cut taxes on car imports rather than to support exporters, which will lead to a diversion of money out of the economy;
- the failure to provide for any across the board cost relief to struggling exporters and other businesses in areas such as employment taxes, local authority rates and energy costs; and
- the lack of social solidarity in proposed social welfare cuts which will adversely impact on the most vulnerable in society.

As we approach the end of the year, it is appropriate to have another discussion on the economy and where we are going in that respect. When we had debates on the economy in this House at the beginning of the year, members of the Government parties pointed out that

5 o'clock economic factors were mainly responsible for the mess we are in at present. It is interesting that in the first line of the Government amendment to the motion there is a recognition that we are facing the worse economic crisis since the foundation of the State. There is also a recognition that the Government parties had something to do with the mess we are in at present. Unfortunately, the Government is still living under a certain degree of delusion given that the Government amendment to the motion states that “the actions taken by the Government to manage our way through this crisis have been bold, decisive, innovative and effective”. I will leave it to the Government spokespersons to speak about what has been bold, decisive, innovative and effective in the Government’s management of the current crisis. We have not seen that type of decision making by the Government in the management of this crisis.

This might be the time for us to reflect on what actually happened. The Government has been incredibly slow to acknowledge or even discuss how we ended up in the mess we are in at present. The new Governor of the Central Bank said we should discuss what happened, but the Taoiseach has poured cold water on that idea.

Perhaps the former Taoiseach, Deputy Bertie Ahern, the Taoiseach, Deputy Cowen, the Minister, Deputy Harney and a former Minister, Charlie McCreevy, were Ireland’s version of a gang of four. In the same way that China’s Gang of Four utterly destroyed that country during the Cultural Revolution, our gang of four or meitheal ceathrar, to use its Irish title, has destroyed our economic future. It is time to have a proper debate on that. Perhaps it is because the Taoiseach, Deputy Cowen, and the Minister, Deputy Harney, are still in power that we are not facing up to what happened in this country during the past decade.

[Senator Liam Twomey.]

What happened when Fianna Fáil took power in 1997? On what was our economic growth built? Every Member of House knows that it was built on our exports. This country was revolutionised in the 1990s to the point that the growth in our economy was export led. The level of public spending was a great deal lower at the time but ours was one of the most competitive economies in Europe, which is the reason we earned the title, the Celtic tiger economy. We genuinely were a Celtic tiger economy in the late 1990s. Unfortunately, following the then Government's winning of the 2002 election, things started to go wrong. The first action it took was to put the breaks on the economy because there was a slight shock to the world economy. That should have been a warning to the then Government as to what could happen. It seemed to dismiss all common sense, especially in the period from 2004 and 2007, and we saw this country brought to the edge of financial ruin.

There is a need to have a strong debate in this House on what went wrong. Was it something that happened prior to 2004 or something that happened during the short period from 2004 to 2007 that landed us in the mess we are in at present? Was it cheap credit that put us there? Credit was cheap and it was easy to borrow money, thanks to our joining the euro currency. We got very cheap rates in regard to the economy. Was it the behaviour of the banks that caused this problem? They were lending to customers at very cheap rates. Did issues such as the granting of 30-year mortgages contribute to this problem? When I got my first mortgage in the early 1990s, one would not be given a 30-year mortgage. Twenty years was the limit. A limit applied to the amount of one's salary one could use to borrow money and, most importantly, one could not get a 100% mortgage. Suddenly the banks were lending money to borrowers. Was it that which drove prices mad? I remember hearing Ministers at the time, including then Minister for Finance, Deputy Cowen, say the values of properties in Ireland were undervalued according to international standards, yet at that time property prices in the centre of Dublin were nearly exceeding property prices in the centre of London. That was complete madness. That should have been acknowledged but was not.

Could the regulator, if it was truly independent, have stopped this? I raised the question previously as to whether the Governor of the Central Bank at that time was a little too close to the Government and whether he had a role to play in this. We need this sort of discussion about what happened to our economy. Why has it all gone so badly wrong?

We cannot move forward until we have had a comprehensive look at what went wrong in our economy in this period. We blame bankers, regulators and the Government, but we need to apportion the blame in a way that we can learn from this. That is something that has not happened. All members of the gang of four should present themselves to an Oireachtas committee to explain their role in this respect. As long as we are in denial about what happened during this period in our economy, we will not be able to move forward. If the Government members are afraid to do that, I will call on other Members on this side of the House, some of whom have written extensively on this issue. Senator Shane Ross has written a book on this. We should start to put on the record a clear idea as to what the hell happened to our economy during this period.

We also need to get solutions to the current mess we are in, as we did for the mess in the early 1990s when we focused on competitiveness and jobs. We focused on building a competitive, export-driven economy. At that time the world economy was also emerging from recession and we were lucky to be able to ride on that wave and that is what delivered the Celtic tiger to the people of this country. We need to develop an export-driven economy. The Government parties and the Government's pre-budget statements have clearly pointed out that we need to focus on building an export-driven economy for the future, yet we have seen nothing in Government policy up to this point to suggest how we will achieve that. No clear indication was given

in the budget that there will be anything to drive forward the export-driven type of economy that got us out of the mess we were in at the beginning of the 1990s. We must consider what is happening in that regard. We need to keep people working.

I wish to focus on the reform of work practices for those employed by the State. Not just Ministers but some of the senior members of the union leadership need to discuss the matter. Benchmarking was initially decided upon to improve productivity and change work practices within the public service and the Civil Service. However, there was no significant change in work practices in the past four to five years. The union management said they collapsed the partnership talks and that all bets are off in terms of implementing reform of work practices. The Government should get back into talks with the unions because if it does not, the only option open to the Minister next year will be to cut public service pay further and undermine pensions and social welfare payments.

The unions should consider the reform agenda and the changes they were proposing before the partnership talks collapsed. They should consider how to implement change in the next 12 to 18 months in order to prevent further erosion of the living standards of civil and public servants. Otherwise, the Minister will have no other option but to make further cuts. This is an opportunity to see whether the reforms and changes to work practices that were due to be discussed at that time could be implemented in order to prevent the need to increase taxes or further cut public sector pay next year. The Minister must go back to the unions in that spirit. There is too much confrontation currently for a country that is in crisis. There is a serious need for the Minister to go back to the unions and see whether we can push forward the agenda for change.

The Minister must also be brave himself. The Government has indicated that the pay of judges is a constitutional matter. That is not true. The issue arises if the State tries to hinder the Judiciary by docking its pay. That argument would not stand up under the Constitution if every single person in receipt of a payment from the State — from those on social welfare to the Taoiseach himself — receives a pay cut. How could that be seen as unconstitutional if the members of the Judiciary are affected? The Minister should include that provision in the Finance Bill in February and send it to the President, who can refer it to the Supreme Court for it to be tested on the grounds of unconstitutionality. The Supreme Court can make rapid decisions on constitutionality that we are afraid to take on board. That issue needs to be addressed.

There is a need for the Minister to show he has the bottle to tackle the issue and not to be looking for quick fixes. He should just do it. That is one issue he should definitely take on board. Solutions exist other than just hitting people who are vulnerable, disabled and poor and taking a *carte blanche* approach to attacking the public service and the Civil Service whenever the Government is short of a few bob. We cannot be that simplistic in our approach.

There is a need also to have a proper discussion on where we spend money on the capital budget. Broadband is a mess and needs to be addressed. Water infrastructure also needs to be addressed. The leaks about the budget are only superseded by the leaks from this country's water infrastructure. We also need to examine closely the green agenda and whether we can do more. For instance, if the Green Party was so keen on cars being the cause of damage to the environment, perhaps we could introduce a law to ban cars above a certain size in this country.

The Minister must re-examine social welfare changes. I have been contacted by people outlining how difficult it is to get casual labour for building work or people to drive trucks. The reason is that it is so difficult to get into the social welfare system and equally difficult to get back into it following a job offer for a short period. That is causing problems for people who

[Senator Liam Twomey.]

require staff on a short-term basis. Another huge problem arises in terms of carbon tax in that natural gas is not available. That is causing uncompetitive conditions for companies, especially in County Wexford. I await the Minister's response. There is a need for us to have a good look at the economy.

Senator Paschal Donohoe: I second the motion. I welcome the Minister of State, Deputy Calleary. This is the first time I have addressed him since his appointment. I was in the same class as him in college. We were both in the same room for lectures on international economics.

Senator Marc MacSharry: Did it not serve you both well?

Senator Paschal Donohoe: It served us both very well. We learned about the economics of monetary integration, labour economics and other such issues. I am delighted to see the Minister of State doing so well. I am also delighted with his portfolio. I wish him the very best of luck with it in the future. The area for which he has responsibility, especially in regard to FÁS, is important in terms of many of the issues relating to the motion that we are discussing.

I wish to pick up on the comments made by my colleague, Senator Twomey, especially his point that the only route forward for the economy is one that is export-led as that will help us to regain our competitiveness. He referred back to the 1990s as an example of how that was done. He is dead right. Many others agree with the point he made. However, there is one big difference between the situation in which the country finds itself and where we were at in the 1990s. Now, we are in the middle of a global recession but in the 1990s when our country was moving forward we were operating in a global economic environment that was benign. As we addressed our competitiveness and produced the right goods and services, the benign and positive environment ensured that others wanted to buy our goods and services, which helped pull our country forward. That is no longer the case.

We now find ourselves in a global economic slump where this country is doing far worse than it should be. One just has to look at the United Kingdom, our key export market for goods and services, and the difficulties that economy is facing in terms of cutbacks and rising taxation levels. It is on a par with us or is arguably worse. The strong export markets on which we have depended in the past are weaker than they were in the 1990s and that will pose a huge challenge to us.

The other challenge we face is what is happening to interest rates. I made a similar point in the discussion on the Social Welfare and Pensions (No. 2) Bill. When our country moved forward in the mid-1990s and up to 2003, it was doing so in an environment in which interest rates were either flat or falling, or if they went up they did so temporarily and they came down again. The likely situation that the global economy and the local economy will face is increased interest rates in the future. The other factor that will affect many of the other export markets in which we compete is that the level of tax paid by many of the consumers on whom we rely to buy our goods and services abroad will increase also. They are important points that are germane to the discussion.

We can consider what happened in the 1990s and say we need to return to that model, which we do, but that is only a start. That is the essential first step we have to take. The reason for that is that the environment in which this country is competing and looking to secure and retain our economic independence is far more challenging, difficult, insecure and volatile than has been the case in recent times, and certainly than was the case in the 1990s. The kind of measures that we need to put in place and the plans we implement must be of a higher quality and impose far greater rigour than heretofore. They also need to be more agile and nimble than they have been in the past. That is a point our party well understands.

I have made this point many times previously in debates such as this one. Before I became actively involved in politics I worked in a company that exported goods and services. I saw jobs being created and jobs being lost. If we wish to get that kind of integration in place again and make it positive what we have done in the past will not be good enough anymore. I am reminded of one of the many definitions of “insanity”, that is, one does the same thing again but expects a different result. Measures taken will take the country so far, but they will not return us to the prosperity and security we all want. My party recognises this and has put in place proposals and made suggestions about how we can do it. It is important to reflect on the degree to which politics has changed for those of us who are unlucky enough to be in opposition. We accepted that savings of €4 billion had to be found; we spelled out how we would do it and brought forward specific measures. The budget was announced last Wednesday and the previous Friday my party said what it would do differently. We recognised the need for wage levels in the public service to be cut and argued how we would do it differently.

On jobs recovery, the quality of our plans, including their detail and costing, is superior to that of any of the plans the Government has. One should look at our NewERA plan and the plan to reduce employers’ PRSI, how that would be funded and the number of jobs that would be retained and secured. The quality of thinking and the type of proposals being made are far ahead of what other Opposition parties are producing and easily on a par with what the Government is doing. They are more in touch with the competitiveness of the outside world and the challenges the country faces.

I refer to the plan for the smart economy which I am sure will be mentioned. Show me examples of a deadline, a specific measure, a costed plan or anything against which progress could be measured in that document? I would be delighted to see any such examples. For a plan which has been proposed to try to move the economy forward, it is sorely lacking in vision and any detail.

Having gone through my party’s plans and what we want to do differently, I would like to comment on the Government’s amendment to the motion. The job of such amendments is to challenge the Opposition, but this one take things a step too far in terms of its grip on reality and where matters stand. It states this is the worst economic crisis since the foundation of the State and that the Government has identified the right priorities and taken the right action. Last Wednesday’s budget was the fourth attempt at a budget correction by the Government in the past 18 months. Having looked to bring in up €6 billion in taxes, it reduced the tax take by €8 billion. If that is the decisive action we are to see, we need to see less of it.

Senator Marc MacSharry: I move amendment No. 1:

To delete all words after “That” and substitute the following:—

Seanad Éireann:

noting that:

- in its response to the worst economic crisis since the foundation of the State, the Government has over the last 18 months identified the right priorities and taken the right actions to stabilise the public finances and restore our competitiveness so that we can benefit from the emerging recovery in the global economy;
- the actions taken by the Government to manage our way through this crisis have been bold, decisive, innovative and effective;

[Senator Marc MacSharry.]

- the Government's concern in all of its actions has been to protect jobs, to provide a functioning banking system and to return this economy to the path of sustainable growth while, at the same time, seeking to do so in a manner that is fair and that protects the most vulnerable;

welcomes

- the fact that, because of these decisive actions, the Government is now in a position to stabilise the deficit;
- the approval by international bodies such as the European Central Bank, the European Commission, the IMF and the OECD as well as by the international media and the international markets of the measures taken over the past eighteen months, and by the Government in Budget 2010;
- the provision of nearly €136 million in 2010 for an additional 26,000 training and job support placements bringing to 180,000 the total number of places available to the unemployed;
- the wide range of measures taken in Budget 2010 to stimulate the economy and sustain employment through the reduction of VAT and Excise; VRT relief; establishing a review of the credit system; providing €171 million to help the forestry and agriculture sectors; allocating €130 million for energy efficiency measures and boosting the promotion of tourism;
- the fairness demonstrated by the Government:
 - in protecting older people by maintaining the state pension at its current historically high level;
 - in ensuring that reductions in social welfare rates were less than the fall in prices over the past year;
 - that welfare-dependent families will be fully compensated for the reductions in Child Benefit;
 - the Government's commitment to protect those in mortgage arrears and to extend mortgage interest relief;

and commends

- the Government's strategy which is forecasted to return this country to modest economic growth during 2010, with positive annual growth being achieved for 2011 and beyond; and
- the Government's commitment to develop the long-term capacity of the economy through public investment spending of 5 per cent of GNP in 2010 — one of the highest in the EU — and €5.5 billion each year for the years 2011 to 2016.

I join others in welcoming the Minister of State, Deputy Calleary. I take the opportunity to wish him the best of success. I was not in his class, but we had the opportunity to work together in the Chambers of Commerce movement for approximately five years. Therefore, I know him

very well and his capabilities. The Legislature is lucky to have the benefit of his expertise, youth, determination and focus. I extend my very best wishes to him.

I thank Fine Gael for using its Private Members' time to speak on issues relating to the economy, as there is no issue more important. As is often the case with Senator Twomey, we must always look to what happened in the past. It is reminiscent of a Christmas pantomime; we have had so many debates on the economy in recent weeks and it is a case of, "Oh yes, you did; Oh no, you didn't" in terms of who blew the benefits of the boom.

I will outline my position on what happened. The volume of exports declined throughout the 1990s. They was replacement by an unsustainable transaction based tax which was fuelled by stamp duty which, in turn, was fuelled by a national and international financial regulatory regime which we now know got us into serious trouble. With the benefit of hindsight, one could say certain things could have been done differently. As for the one or two economists who have said they called it how it was or how it panned out, a stopped clock is right twice a day. All of the party manifestos will show all parties were looking for increases in expenditure in all ministerial Votes, whether it be in public sector pay, on capital projects etc. We were all looking for more.

Circumstances, however, have changed and it is incumbent on all of us to change our minds, focus and policies. That is what the Government has set out to do. The OECD, the IMF, countless economists and media publications and people involved in the financial sector have all acknowledged that the Government is following the correct policy and has the correct focus. The first thing we should try to do, in the context of our competitiveness, is get our cost base right. In the budget last week there were many serious and painful measures which all households in the country will have to contemplate. Pain will have to be endured by people who, arguably, are not best placed to take the pain the budget insists must be endured. No one would set out by design to cut levels of social welfare or public sector pay or take €1 billion from the capital budget. The reality is, however, that these measures are necessary, although considered draconian by some, as we must get our cost base right. I regret that a changed economic environment in Ireland and internationally, as other speakers said, demands that such serious measures be taken.

Since the announcement of the budget last week, those of us on the Government side have been getting e-mails from public servants, people on social welfare and genuine cases who will suffer a little as a result of the budget. I regret this, but it is necessary and further steps will have to be taken. There will be another budget next year and the year after that and they will take steps which will be unpalatable, as happened in the budgets of 1987, 1988 and 1989.

The days of large allocations to the sports capital programme are over for now. There is no room to play politics or policies exclusively focused on vote getting and self-promotion. It is about providing the right economic policies for the day. Given the change in circumstances, different policies will be required as we look to the future. I am confident the Government has taken a serious approach. In the budget, with the other measures taken in the supplementary budget announced in April and the budget announced in the previous October, substantial correct actions have been taken.

I refer to retailers. I come from a Border county where we have had a very serious problem in terms of leakage to the North. Almost €500 million in revenue has been lost. In response to this, we saw a reduction of 0.5% in the rate of VAT which we hope will help. There has also been a reduction in excise duties. I welcome these measures. In Sligo a group called the Fair Dealers, as I mentioned on the Order of Business a week or so ago, has come together and reduced prices and offered certain incentives to shoppers in order to counter the effects of cross-Border shopping. SIPTU, even on the back of the difficulties it faces with its members as

[Senator Marc MacSharry.]

a result of last week's budget, has come together with this group and called on all its members in the north west to shop locally to support employment in this jurisdiction, rather than enhance the prospects of Her Majesty's Government. It has shown remarkable leadership. I call on the trade union leadership, at least in the six Border counties, but perhaps also throughout the country, to show such patriotism. I know it is a difficult time. Notwithstanding its intention to hold strikes in the coming months in protest against the budgetary measures that had to be taken, that is the leadership the country requires from all sectors of society, not only from these Houses and the trade unions.

In terms of small and medium-sized enterprises, in the budget the Minister indicated a credit review system. We are all aware of many small businesses which are struggling to ensure they have access to necessary capital to maintain and create employment and to ensure they can continue to go about their daily business and try to make a profit. This will ensure they can continue going about their daily commerce, creating employment to try to make profit. I welcome the Minister's intention to establish the credit review system

With local authority charges a significant cost for the business community, I ask the many county managers around the country, as they focus on budget meetings over the next period of weeks, to look for a reduction in commercial rates where possible. There has been a reduction in the cost of living over the past year of approximately 6% and businesses are finding it extremely difficult. I ask that this measure be implemented. I welcome the efficiency review of local authorities, to be completed in mid 2010, which was also mentioned by the Minister.

With regard to the social welfare cuts, of course we regret that these necessary reductions have had to be made. It is important to remember that since 1997, unemployment benefit has gone up 120%. Child benefit has gone up by 330%. It is painful to cut this but I repeat that nobody would set out by design to cut the rates. It has become necessary to do so. Senator Donohoe mentioned that we all agree a €4 billion reduction must be achieved but it is how it is to be done that divides us. It is important we have difference in politics as it is otherwise just public administration.

I will finish on the issue of mortgages, although there is much I would like to have said otherwise. As Members know, I am involved with a group seeking the prevention of family home repossessions, which continues to lobby for legislation to effectively prohibit the granting of a court order for the repossession of a primary family residence. Will the Minister of State raise the issue with both the Minister for Justice, Equality and Law Reform, Deputy Dermot Ahern, and the Minister for Finance, Deputy Brian Lenihan?

The Irish Banking Federation protocol with MABS is admirable and seems to be working so far but we must have a foundation which protects families in legislation. Organisations providing sub-prime mortgages, such as Stepstone and Start Mortgages, are not covered in that regard. The Minister of State might raise the matter.

Senator Feargal Quinn: I welcome the Minister of State, Deputy Billy Kelleher. Before the Minister arrived there was an interesting chat between two past college mates, Senator Pascal Donohoe and another Minister of State, Deputy Calleary. I gather they were in the same class. I beat them by approximately 30 or 40 years and I also did national economics under Professor George O'Brien and Professor James Meenan back in the 1950s.

I mention this because we have had a little history lesson tonight, with Senator Twomey giving a long history of what went wrong. There is a certain place for history but there has been too much study of the past in recent weeks and we should look to the future to see how we will solve these problems. In 1987 there was a similar crisis and we had a major difficulty.

The Government of the day indicated it would have to make some very tough decisions and the leader of the Opposition, in Tallaght, indicated his support for that. We must have something like that now. We are hearing too much from those who believe anything the Government is doing or any tough measures are wrong. I have some difficulty with that.

From that perspective I will vote in favour of the amendment supporting the budget. A business leader in good times brings his people with him, as it is easy to do so. There are profits and he can go to unions and employees to see how to share them. When there are tough times, he will outline the tough actions to be taken. I am a little worried to hear that we should be going back to social partnership and getting agreement. If unions do not agree with a course of action, a business leader must outline the tough medicine that must be taken in order to succeed.

British Airways may be losing £800 million and its unions have indicated it will go on strike for 12 days. There are times to support the Government or business leaders as well as times when we do not. A business leader may need support because times are tough, and that is so now.

I understand where Fine Gael is coming from as it is an Opposition party. I am also disappointed because everybody is feeling the pain at the moment. I would like to mention a few points in the wider context that should also be considered. In the context of introducing wide-ranging cuts in expenditure, we must not forget the economic collapse in Iceland. We can also consider what has happened to Dubai in the past number of weeks. It is a warning sign that must be heeded, and it has raised the question of whether a country could default on its debts, or bring about sovereign default. That includes Ireland. Only a few weeks or months ago *The Economist* was asking if Ireland could survive. It is great to see the newspaper this week state that Ireland has taken the appropriate steps, indicating that “Ireland shows the rest of Europe what austerity really means”. That means taking a tough decision at a time when it had to be taken.

Dubai is a small country but the volume of business it does is massive so it has a knock-on effect. Some economists are saying that we in Ireland could move from a fiscal frying pan to a fiscal fire. Dubai’s problem could be the start of a bigger crisis so we must take some tough decisions. Dubai’s problems have prompted some economists to reappraise the assumption that the EU — I suppose they mean Germany — would come to the rescue if we could not get ourselves out of our current difficulties. What we know is that we must do everything to stop our country from going bankrupt. We need to aim for a cautious fiscal policy along with transparency in order to demonstrate clearly that we are not a tin-pot dictatorship.

We need Opposition support on this occasion. Greece is experiencing severe financial crisis and many commentators believe the Greek Government is not doing enough to steady the ship. There is a perception that the Greeks are not taking responsibility or doing enough to fix their problems. Greece has a deficit of around 12% but representatives have said the public sector and welfare cuts that were announced with our budget last week would not necessarily work for them. We can see what has happened to the Greek economy.

On the other hand, many in the international community and financial journals see Ireland as taking the necessary steps with this new budget. We are seen as a country which is taking proactive measures to improve our position. The fall in Ireland’s interest rate premium is a sign that bond markets are viewing the actions by the Government positively. Our unemployment rate of 12% this year is showing some signs of stabilising and our exports are also holding up surprisingly well.

The measures taken by the Minister will help our competitiveness but we need to follow up on many more measures across the board. For example we should look at stronger competition

[Senator Feargal Quinn.]

policy and address our energy costs, which remain extremely high. A survey of multinational companies conducted by The Irish Management Institute and National Irish Bank in October found that respondents saw energy costs as their biggest concern, and labour costs in Ireland, at 81%, were rated as the second most expensive operational cost in Ireland relative to sister operations.

A quote by a representative of a multinational company published in the survey struck me:

Cost is the major challenge facing our Irish operation. Virtually all offices globally have a competitive advantage over our Irish operation. I have no doubt that if our company did not now have a substantial presence in Ireland we would almost definitely not establish one.

That is a very worrying sentiment. At the moment, it is extremely hard for businesses and Ireland is a very expensive place to live. We need to reduce costs and such moves would provide the best stimulus for our economy.

We must remember in this country that we are not down and out. Next year, our economy will be back to around 2005 levels. We need politicians and the public in general to be much more optimistic about our country. Manmohan Singh, then the new Finance Minister of India, presented an emergency budget in 1991. In his speech, Mr. Singh pointed out that the new government had inherited an economy in deep crisis. The budget deficit was more than 8% of GDP and the current account deficit was 2.5% of GDP. In the concluding part of his speech, Singh stated:

I do not minimise the difficulties that lie ahead on the long and arduous journey on which we have embarked. But as Victor Hugo once said, “No power on Earth can stop an idea whose time has come.” I suggest to this House that the emergence of India as a major economic power in the world happens to be one such idea. Let the whole world hear it loud and clear. India is now wide awake. We shall prevail. We shall overcome. Those were Mr. Singh’s words in 1991. Such positive sentiments are needed instead of the political posturing that is holding up our recovery. Mr. Singh set out a programme of fiscal responsibility and other reforms that laid the basis for the subsequent boom in India. As a result, many believe India, largely unaffected by the current recession, will become the world’s third largest economy after China and the United States within 20 years. There is no reason we cannot stage a similar recovery. However, we currently need cuts to ensure our survival. Squabbling over what happened in the past and who did right or wrong is not what we need. We have to take responsibility for our own situation and show patriotism in our hour of need. There is a danger that we, in Ireland, despite the great example set during the flooding of recent weeks by people helping their neighbours and supporting one another, can be criticised for selfishness. We act in a selfish manner on too many occasions. I urge everybody to take a long-term view. If we are to succeed, we must take the tough medicine now to make us healthy in the future.

Senator Niall Ó Brocháin: I thank Fine Gael for tabling the motion, as this is an important debate. A tough budget has been passed and we need to focus on providing a stimulus in a big way.

I welcome Senator Quinn’s comments because he has great experience of recessions and been involved in setting up forward-thinking companies in difficult times. We should reflect on his experience. As a Green Party member, I will refer to the green stimulus package. The Government is bringing forward interesting initiatives and more will follow. I am sure Senator Boyle has highlighted the Green New Deal, but, according to the UN Secretary General, Ban

Ki-moon, we are suffering through two great crises — one is the economic crisis and the other, the lack of energy resources. He believes both crises can be solved simultaneously. By using the Green New Deal to develop renewable technologies and create a sustainable future, we can solve them together. This presents a great opportunity for us.

I am from Galway and refer to the document, *Travel to Work and Labour Catchments in the Western Region*, published recently by the Western Development Commission. The number at work between counties Clare and Donegal is almost 250,000. People do not realise how many work in the west. Galway city, where I live, has 64,000 jobs, even though the city's population is not much larger this figure. Many commute to work. One of the campaigns of which I am proudest is that launched to open the western rail corridor. Commentators say nothing is happening under the Government and that there is no stimulus. The corridor was due to open on 9 January 2010, but, unfortunately, that has been put back as a result of the recent flooding in County Galway, which is another issue. It will open as soon as possible in the new year and people will be able to travel between the second, third and fourth largest cities in the country. The fact that they could not do so prior to this is appalling. The ability to travel by rail between Limerick and Galway will provide a great boost for business and be a great stimulus.

I am a great believer in the national spatial strategy. The focus on stimulating and creating jobs in Dublin alone is not the way forward. We must examine stimuli on a regional basis. I regret, therefore, that the focus on the eastern region. It is important that Senators from the west stick up for the region because the focus is too much on jobs in the east.

Senator Marc MacSharry: Hear, hear.

Senator Niall Ó Brolcháin: However, the west has huge potential for wealth creation, particularly because the currencies of the future will be water, food and energy, which are necessary for us to survive. Many countries are experiencing climate change issues such as drought, yet Ireland is suffering from a deluge of water and, by all accounts, the position will worsen. Despite the difficulties it presents, water is a fantastic resource and we do not pay sufficient attention to its value. Many businesspeople are talking about exporting water in tankers to Dubai and so on. I do not favour this, but I do acknowledge water is a valuable resource.

Agriculture is a crucial resource. Ireland does not concentrate enough on the potential of horticulture, particularly in the context of energy use. The combination of renewable energy resources and horticulture presents significant possibilities in the west. The west has the potential to meet 4% of the world's wind energy requirements, which is extraordinary.

The potential for jobs growth in the west is enormous. This year 15,422 new green jobs have been created in the State. This is the fastest growing sector and green jobs are an important part of the new economy and the Government's strategy. Significant stimulus packages were put in place for renewable energy projects and home heating and insulation schemes. Every house should have a high standard of insulation in the shortest time. The Government is hoping to properly insulate 1 million houses, which will reduce expenditure. Approximately €6 billion is spent on imported fossil fuels annually and we want to keep that money at home. I spoke to the Minister for Communications, Energy and Natural Resources earlier and he confirmed that Ireland was meeting 15% of its energy requirements from renewable resources and that we hope to increase this percentage significantly in the coming years.

Despite the negative comments made about the provision of a stimulus, the Government proposes to spend 5% of national income, twice the international rate, or €40 billion in the next six years. A stimulus package is being put in place, but I agree with Fine Gael that we need to revive the community spirit of the past. I recently watched an interesting documentary. My father worked for the Sugar Company. During the Lemass era extraordinary community

[Senator Niall Ó Brolcháin.]

spirit was displayed to stimulate the economy by getting the sugar factories up and running and building Ardnacrusha dam. We need to regenerate the latent great Irish spirit. We can and will do so now.

An Cathaoirleach: I compliment the Senator on his maiden speech.

Senator Alex White: As is the convention, the Cathaoirleach beat me to congratulating Senator Ó Brolcháin on his election to Seanad Éireann and to wish him every good fortune on a personal level in his time here. I do not want to take from my congratulation of him but listening to his most interesting contribution, none of which I could disagree with, it struck me — as some of Senator Ó Brolcháin's colleagues in the Lower House have discovered, perhaps somewhat painfully — that one cannot carve up the Government programme and identify and seek to defend solely one particular area of Government policy, whether green energy or green jobs, and I accept how extremely important is that policy objective.

The motion and counter-motion tabled today speak about last week's budget and the measures taken in it. Neither of the two parties in Government can walk away from any action of the Government. It is all very well for Senator Ó Brolcháin or Deputy Gogarty in the Lower House to seek to deal with one aspect of the budget that gives them cheer and ignore all of the other aspects of the budget that are causing real hardship and pain for so many people at this time. That is what the Fine Gael motion identifies and I congratulate Fine Gael for tabling it. It is not characterised by political posturing, as was suggested by one of our colleagues in recent minutes. I do not accept the Opposition is engaged in political posturing by attacking the budget or by producing comprehensive documents.

I speak for the Labour Party and in the week prior to the budget, as challenged by many colleagues on the other side of the House, we published proposals which formed part of the public debate. These were in the document Jobs & Recovery, which not only dealt with the question of the deficit and how it needed to be addressed but, against the better instincts of many on the Opposition, accepted and agreed to a set of parameters put forward by the Government. The outcome of our proposals would have yielded in excess of €4 billion in savings.

I am always interested in the language used in these debates. I understood Senator MacSharry to have stated these things have to be done and social welfare has to be reduced, which by extension he also means that pay of public servants on €30,000 a year has to be reduced by 5%. I fundamentally disagree with him. It is not the same thing to state that €4 billion has to be found and then state that one has to cut the pay of people on €30,000 a year or social welfare. One does not follow from the other. In fairness to Senator MacSharry, he acknowledged that the debate is about how this is done. They were the parameters of the debate in the week or two prior to the budget. I repeat that I and my party do not accept that we have to reduce social welfare by 4% or that we have to reduce the pay of people on €30,000 a year by 5%.

I am not happy to state, as Senator MacSharry stated in response to people who might criticise it, that I am sorry about it. It is not enough for politicians simply to state they are sorry or express their personal upset about it, and I do not deny people are upset. Of course people are upset and find themselves in a difficult situation. However, that is what politics is about and it is simply not good enough to turn around and state that it has to be done. I do not accept the particular decisions made by the Government on pay and social welfare had to

be made, not only with regard to negotiating a €1.3 billion cut in the public pay bill but also on non-pay savings. The Labour Party document included proposals on non-pay savings of €900 million, in case anybody thinks we were afraid or wanted to walk away from that aspect of the budget.

Every day, reports emerge from what occurred two weeks ago in the public service pay talks. At the weekend, more information came out on what was available to be agreed and that has not been denied by the Government or anybody on its behalf. It seemed that an extremely radical set of proposals was available to be agreed. I am still scratching my head about why precisely the Government pulled the possibility of that agreement at the 11th hour. That story has not been told sufficiently clearly. We are told that the figures did not add up; that it was because of the Fianna Fáil backbenchers; that there was a revolt in Cabinet and all types of things, but further clarity is essential for us to establish what occurred.

Senator Twomey stated the Government should go back into talks with the trade unions but the Minister of State knows that in any talks or negotiations there has to be a level of trust. There are no talks without trust. There is no point in Senator Quinn or anybody else telling the Government to get into talks and agree something. There is a dynamic that characterises a period of negotiation and people should negotiate in good faith with a view to making an agreement. However, one cannot order people to agree something; that is not agreement, it is anathema to agreement.

When people speak about what happened in 1987 we should remember it was done on the basis of agreement with the trade unions and the so-called “social partners”. To denigrate the notion of agreement now, as appeared to be done by some speakers in this debate, is quite damaging. Either we want to have an agreement for recovery in this country and bring people with us or we do not. One party cannot state that everyone must agree on its terms because that is not agreement, it is a recipe for disaster and of course people will leave the negotiating table if they feel trust has broken down. I do not know how the Government will persuade the trade union movement to come back into talks. I do not know whether it thinks it should do so or is interested in doing so. I hope it is but I genuinely do not know how it will persuade people who were let down so comprehensively at the last minute to return to the negotiating table.

I was interested to hear Senator Quinn speak about *The Economist* and the fact that it had lauded the Irish budget as demonstrating to the rest of Europe what austerity was about. Obviously, some people’s test of the success of a budget is how austere it is, but it is certainly not my test. Of course the deficit has to be dealt with but the notion that one can decide how successful a budget is on the basis of how austere it is is a very deeply conservative approach and one that has won much praise, mainly from the British Tory party. I heard Norman Lamont on BBC Radio 4 getting very excited about the Irish budget. Perhaps that is why my party leader was motivated to describe one of the parties on the other side of the House as the Celtic Tories; the loudest cheer and praise for the budget came from the right wing of the British Conservative Party.

How will we return to a level of progress in this country? I respectfully state that a Budget Statement is an important opportunity for a Government not only to do the immediate job required on the public finances, and we accept that has to be done, but also to present to the public and all sectors of the electorate, not only one or other that is favoured, the possibility of a better way and to present a vision for a better economy and a better Ireland. Regrettably, that has not been done in this budget. Any initiatives that might give people hope or a sense of a positive future are lamentably absent.

[Senator Alex White.]

I find it amazing that the Government bothered to use the word “stimulus” to describe the reductions in VAT, excise and VRT. Something far more radical and bolder is required than anything the Government has put forward. I welcome the investment of €136 million in job support and training, but it is negligible when taken in the context of our overall problem. We need something far bolder. The amendment claims the Government has been bold, effective and decisive. I believe it is none of those things.

When making social welfare cuts, we hear the argument that prices have come down. Many people who are depending on social welfare were not on social welfare a year ago. Their incomes have essentially collapsed. People who have been working but are now unemployed are facing a situation where their household income has collapsed. Telling them that prices have gone down in the past 18 months is cold comfort.

During these Private Members’ debates, I sit down and read the motions, which often irritates the other side. For the Government to claim that it has “identified the right priorities and taken the right actions” and to ask us to support its amendment to the perfectly reasonable motion put forward by the Fine Gael Party is simply not taking us seriously. There will be no serious progress on turning our economy around until there is a change of Government in this country.

Minister of State at the Department of Enterprise, Trade and Employment (Deputy Billy Kelleher): I welcome the opportunity to speak on this issue and I look forward to listening to the rest of the contributions.

We have to speak about the budget in the context of the difficulties we are facing. Senators opposite referred to the acceptance of €4 billion in savings to stabilise the budget deficit. That is very noble from the Opposition, but when it gets down to specifics, the proposals get very watery. No matter what motion the Government brought forward to the Dáil to reduce the deficit, there would be opposition from the other side of the House.

Senator Jerry Buttimer: We supported the bank recapitalisation the first day.

Deputy Billy Kelleher: I am quite sure that would not be different in this House.

Reference has been made to the difficulties faced by this country. Everybody accepts that the challenges are enormous. The purpose of the budget last week was to stabilise the public finances, to reduce the budget deficit by €4 billion and to send out a strong message that Ireland is capable of dealing with its own difficulties. Most people say we are just sending out signals to the money markets and the bond markets, but it is critical that we have an international reputation and that we can back this up with the policies brought forward by the Government. We will be borrowing about €20 billion next year to run the country, provide public services and pay public servants. If we had to borrow with a damaged reputation, it would cost much more to insure that debt and we might get to a stage where we could not borrow any more. That is a critical situation for any country.

Senators referred to Iceland, the default on sovereign debt by Dubai and the difficulties being experienced by Greece. We could not allow Ireland’s international reputation to be damaged any further. If we had a damaged reputation and were not seen to be capable of getting our own house in order and dealing with the huge challenges we face, foreign direct investment would not come to these shores. A huge number of jobs have been created in recent years by IDA-backed companies and other companies that have come here. We only have to go down to the IFSC to witness the contribution it makes to the economy, with 26,000 people employed. If our reputation was damaged, the international markets would take a very different

attitude, as would international investors. Some people are dismissing the bond markets and money markets, but these are critical because they are where the Government gets its money for borrowing.

We have no difficulty in debating the budget. There were difficult choices to be made. These had to be made to reduce the budget deficit by €4 billion. The decision to reduce the pay of public servants puts a huge burden on families in the public sector. This Government fully acknowledges that and is aware they are under pressure. However, if we are to find savings, this was a critical area of addressing the deficit.

It is important to recognise the increases in social welfare year after year before this budget, which were far ahead of the consumer price index inflationary measurement. That was acknowledged for many years. I can remember the Opposition parties bringing forward a budget with social welfare increases of €1.50 per week, even though they were governing during the good times. I do not want to go back over the history, but I wanted to put our actions in the context of the social welfare increases right across the board. We tried to poverty proof people on low pay through family income supplement, through child benefit and early childhood supplement.

Senator Fidelma Healy Eames: There was no independent assessment for poverty proofing.

Deputy Billy Kelleher: Let us be quite clear. The reduction in child benefit for those on family income supplement, low pay or social welfare will be compensated by increases in child dependant allowance. There are issues in the budget that should be highlighted, even though I do not expect the Opposition to do so. However, if Members are discussing the issues in public fora, it is important to put out the facts rather than mislead the public.

Senator Jerry Buttimer: The Government abolished the Christmas bonus and cut payments to the poor, the handicapped and the blind.

An Leas-Chathaoirleach: The Minister of State, without interruption.

Deputy Billy Kelleher: The reductions will put pressure on families and on people who are living on the margins and finding it very difficult. We acknowledge that, but we did not go out to try to diminish anybody's living standards. When we try to find €4 billion, it is not tenable or feasible for any Senator to state in this House that they could have found it somewhere else.

Senator Fidelma Healy Eames: The Minister of State should listen to the facts.

Deputy Billy Kelleher: I have read the Fine Gael document, and although it is a very fine document, it is built on aspiration.

Senator Fidelma Healy Eames: It is costed and it is accurate.

An Leas-Chathaoirleach: The Minister of State, without interruption.

Deputy Billy Kelleher: It is very difficult to put a figure on aspiration when we have to deal with the critical issue of trying to stabilise the finances. That document is about selling the family silverware at a time when it is very difficult to bring any investment into the country——

Senator Fidelma Healy Eames: That is rich considering what the Government has done with Anglo Irish Bank.

An Leas-Chathaoirleach: The Senator will make her contribution later. The Minister of State, without interruption.

Deputy Billy Kelleher: The other issue of great importance is the attempt to stabilise the credit and banking systems in this country. Throwaway remarks have been made and a simplistic view propagated that the Government is taking from those without means to give to the banks. A functioning, modern economy must have a stable banking system.

Senator Fidelma Healy Eames: What good is Anglo Irish Bank to Ireland?

Deputy Billy Kelleher: Internationally banks have been under——

Senator Fidelma Healy Eames: The Minister of State should answer the question.

An Leas-Chathaoirleach: Allow the Minister of State to continue without interruption, please.

Deputy Billy Kelleher: If a country wishes to develop its economy, it must have a stable banking system.

Senator Fidelma Healy Eames: The Government is failing again.

An Leas-Chathaoirleach: We must have silence in the Chamber. The Minister of State must be allowed to continue without interruption.

Deputy Billy Kelleher: The difficulties in the credit institutions have not been completely resolved and will have to be addressed again in 2010. As everyone is aware, credit is not flowing to the broader economy and this is having a drag effect on economic growth and stimuli. I hope growth will return by mid or late 2010.

I must refer again to what the Government is trying to achieve in the banking system as the issue is of critical importance. The myth that the Government is reducing the deficit by €4 billion and giving it directly to the banks must be dispelled because it is unfair on all those who are trying to deal with these serious issues.

Senator Alex White: Is it not the case that the €4 billion is part of the deficit?

Deputy Billy Kelleher: The bank guarantee introduced on 29 September 2008 was a fundamentally important factor. At that time, significant international pressure and madness in the money markets could have resulted in a systemic collapse of the important Irish banks.

Senator Alex White: The madness was of our own making.

Deputy Billy Kelleher: As we approached Christmas last year, Anglo Irish Bank was nationalised. One must consider the decision in the context of the time. The meltdown in the financial markets had created a global crisis. Failure to nationalise Anglo Irish Bank would have had a knock on effect on the other banks.

Senator Fidelma Healy Eames: The bank should have been wound down over time, as the Fine Gael Party proposed.

Deputy Billy Kelleher: Anglo Irish Bank was nationalised for the specific reason that it was of systemic importance and failure to nationalise it would have had a knock on effect on the other financial institutions.

The Government then capitalised Bank of Ireland and Allied Irish Banks and took equity in both banks. This was the first step in ensuring the stability of these two banks which are of systemic importance to the economy and flow of credit.

Senator Fidelma Healy Eames: The measures did not have any effect on people.

Deputy Billy Kelleher: Ireland faced major difficulties arising from a loss of competitiveness and a dependence on the property market, which had experienced an inflationary bubble due to the availability of cheap credit and a rapidly growing economy. Notwithstanding these problems, it has been acknowledged internationally that the Government made brave decisions at the time which helped us avoid a further meltdown of the financial institutions.

Senator Fidelma Healy Eames: That is not the conclusion of a report published today.

Deputy Billy Kelleher: The National Asset Management Agency Bill has been passed and is being implemented. The Minister for Finance referred to an important feature of the budget which appears to have gone unnoticed. The budget made provision for establishing an independent appeals mechanism for those who are refused credit by any institutions subject to the deposit guarantee. We hope other financial institutions will also subscribe to the mechanism.

Senator Alex White: Will the banks be compelled to comply with the outcome of appeals?

Deputy Billy Kelleher: Yes, that is critically important. The Minister, in his Budget Statement, indicated that if a bank refuses to lend on appeal, it must state its reasons in writing within a specified period, at which point the matter will be revisited.

Senator Alex White: That is not compulsion.

Deputy Billy Kelleher: In such circumstances, the bank must lend.

Senator Alex White: What is the sanction if the bank refuses to do so?

Deputy Billy Kelleher: Mr. John Trethowan will draw up proposals in this regard. The process is in train and the new mechanism will be of critical importance because, as every Senator and Deputy knows, there are difficulties in getting credit flowing into the broader economy.

On competitiveness, Ireland lives or dies by its exports. In recent years, we have lost competitiveness in the international arena. Ireland is an acknowledged location for foreign direct investment. Our highly innovative, educated workforce and willingness to respond to challenges is also acknowledged. There is no greater challenge than the issue of competitiveness. It is the key to recovery. While we can discuss many other issues, if we are not exporting and promoting our products internationally in a competitive manner, the pie we must all share will become much smaller.

Senator Alex White: The Government should have thought of that in 2005 and 2006.

Senator Fidelma Healy Eames: The Senator has hit the nail on the head.

Deputy Billy Kelleher: On the budget proposals for dealing with competitiveness, the stabilisation of the public finances sends out a clear message. The flow of credit into the small and medium size business sector will be addressed in the context of the capitalisation of the banks and proposals made in the budget. The costs of electricity and energy are also key components of competitiveness. While the Government has been accused of trying to force down wages, wages in the private sector are forced down by the market in the same way as it forced up wages during periods of economic growth.

Senator Alex White: The figures do not support that contention.

Deputy Billy Kelleher: Labour unit costs have declined by 4% here and increased by 3% in the rest of Europe. Ireland is becoming more competitive in the European Union, in particular in the eurozone. Exports held up well in 2009 and the indications are that 2010 will also be positive. While we face major challenges, we must take all the opportunities available to us. Competitiveness is the key to resolving the difficulties we face.

It is vital to highlight the variables around the world which are causing difficulties for Ireland. Senators referred to cross-Border shopping. The increase of 0.5% in the VAT rate last year and excise rates were not the issue. The single most important reason for people travelling to the North to shop is the depreciation of sterling *vis-à-vis* the euro by 30%.

Senator Fidelma Healy Eames: The issue is much wider than that.

An Leas-Chathaoirleach: Senator Healy Eames may contribute later. She should allow the Minister of State to speak without interruption.

Deputy Billy Kelleher: I am trying to be helpful by pointing out that sterling has depreciated by 30%. The Senator should be aware of that.

Senator Jerry Buttimer: That is an unfair comment. Senator Healy Eames has the facts to hand.

Deputy Billy Kelleher: The weakness of sterling has created the added difficulty that tourists from the United Kingdom will not visit Ireland. In addition, exporting to the UK is extremely difficult for exporting companies. These are major challenges which are, unfortunately, outside our control. We must, therefore, try to be as competitive as possible by cutting and paring costs where possible to enable companies to survive and export. Unfortunately, jobs are often lost as a consequence. The shedding of jobs is the human side of the pressures exporting companies are experiencing.

The view that private sector companies do not mind shedding jobs is incorrect. Most employers I know find it difficult to call employees to a meeting in their office or canteen to inform them that some of them will lose their jobs because of the difficulties the company is experiencing. I do not like the view that such decisions are taken in a harsh, cold and calculated manner or as part of a hire and fire approach. In my experience of dealing with the private sector, the opposite is the case and employers genuinely try to hold on to employees for as long as possible.

As the Minister of State, Deputy Mansergh, discussed the budget in detail last week, I will not refer to the detail of the budget. However, it provides for a PRSI exemption to encourage employers to recruit people who have been on social welfare for a number of months. In addition, the Government has introduced a stabilisation fund and employment subsidisation fund. These funds are being used. They are assisting companies to retain employees and encouraging employers to take on new staff.

Senators referred to stimulus packages. A broad stimulus package is in place. More than €5.5 billion will be spent on capital works in 2010 and the Government is committed to spending the same amount on an annual basis until 2016. Ireland's capital expenditure programme as a proportion of GDP is much higher than the European Union average of between 2.5% and 3%. I remind Senators that much of the funding for the programme is borrowed. We must, therefore, be conscious of the need to rein in the amount expended on running the State. That has been acknowledged internationally. It is not just about money markets, but also about Ireland's reputation. The reputation of any Government and its people is critical to ensuring

we have a standing internationally. This applies not only to borrowing money but equally to attracting inward investment to the island. Cé mhéad nóiméad atá fágtha agam?

An Leas-Chathaoirleach: The Minister of State has gone over his time but he was interrupted on a number of occasions.

Senator Alex White: He is well able for it.

Deputy Billy Kelleher: I consider them helpful interventions rather than interruptions.

Senator Fidelma Healy Eames: Well done.

Deputy Billy Kelleher: The motion outlined by Fine Gael gives us an opportunity to explain to this House why the Government has taken this necessary action. Many of the decisions were unpalatable and difficult for many members of the Government. The Government had to make these decisions in the national interest to ensure we had credibility, to ensure we could survive in 2010 and to ensure the Government and the Oireachtas will be making decisions on behalf of the people rather than some outside body that may have to visit these shores if the Government were not willing to make difficult decisions and stand up and be counted. That must be acknowledged.

No political party wants to have confrontation with its employees. I say this in the context of the public sector and the Civil Service. This Government is fully aware that it has asked the public sector to carry a heavy burden in our difficulties. We acknowledge this will have a negative impact on their lives. I said in the Dáil last night that it is best to take these decisions now rather than find we are not capable of paying our way or that we do not have the capacity to fund social welfare, health, education and the public service. These decisions are necessary. I look forward to the rest of the debate.

It would be useful if we debated the issues based on fact. Unfortunately, some of the contributions on the figure of €4 billion, particularly from the Opposition, are mythical. They do not stand up to scrutiny. I advocate taking any good ideas from the Opposition but clearly——

Senator Liam Twomey: On a point of order, no Minister has expanded on what the Minister of State is saying, that the figures are mythical or do not stand up to scrutiny.

An Leas-Chathaoirleach: That is not a point of order.

Senator Fidelma Healy Eames: He is right.

Senator Liam Twomey: These are just words thrown out but they do not stand up to scrutiny. No one on the Government side has said that. My apologies, a Leas-Chathaoirleach.

Deputy Billy Kelleher: While we were dealing with serious issues in the public finances and the crisis facing the country, we considered what we had to do.

Senator Liam Twomey: The Minister of State is going back on what he said.

Deputy Billy Kelleher: The Fine Gael policy document contains a number of assumptions that certain key components, such as electricity supply, would generate a certain amount of money if sold. That can be seen as aspirational.

Senator Liam Twomey: That is a different explanation from what the Minister of State said earlier.

Deputy Billy Kelleher: I will let the Senators rebut these points in their contributions and I will gladly listen in silence.

Senator Liam Twomey: The Minister of State is welcome to interrupt me.

Senator Jerry Buttimer: I welcome the Minister of State and remind him that he is vested with the power of a Minister of State. I remind him that he is also an elected representative for the people of Cork. He spoke about a stimulus but this budget has no stimulus package. The Cork docklands, with which the Minister of State is familiar, have been cast to one side. Other Senators mentioned the national spatial strategy and the national development plan. This budget has nothing to offer as a stimulus. I applaud the Minister of State for his great speech but I remind him that he is not a director of IBEC, he is a Minister of State.

Senator Quinn and others are living in parallel universes. Fine Gael has shown willingness and has embarked on a plan for the economic recovery of the nation. We have put forward an alternative vision to the budget and a jobs creation package and, along with the National Competitiveness Council, we have identified exorbitant business costs and bottlenecks in energy, broadband and water infrastructure. In rebuttal of the remarks of the Minister of State, the Fine Gael budget is fully costed and contains a comprehensive set of proposals to get the country back to work. The fundamental task we have is to get people off welfare, out of poverty and working. Job creation is very important. I understand the embarrassment of Members on the Government side about this budget. They are getting a pummelling at the doors and in the pubs.

Senator Ned O'Sullivan: No.

Senator Jerry Buttimer: Some Members are afraid to go out. I understand that and I do not blame Members on the Government side. I know that Senator O'Malley agrees with me.

Senator Fiona O'Malley: Senator Buttimer should make his contribution and allow me to make mine.

Senator Jerry Buttimer: We have produced a set of policies to get people back to work. We will defend the interests of the weakest and most vulnerable in society. The Minister of State is wrong; we have always put the country first. That was seen with the banks, when Fine Gael put the country first. We did not play party politics with it. This is in contrast to the Government, which never listened and will not take on board suggestions and goes head first into everything. We saw this with NAMA and the VAT increase it had to roll back on.

On matters of the economy and fiscal management, Members on the Government side should come out of their parallel universe and get into the real world with the rest of us. I will not take lectures from former Progressive Democrat or Fianna Fáil Members, under whose period of office the country went to the edge of the abyss. These are the facts. One can talk about the bonds market, credit ratings and any other fancy words but the reality is that the living conditions of our people have deteriorated. In particular, the Government has socked it to the public sector and those who have not benefited from the Celtic tiger. Shamefully, it has plundered the public sector, including ordinary people at the front line of society who are educating, defending, protecting and caring. That is the reality.

This is the fourth budget attempt in 18 months. The Government failed in each of its four budgets to get this right. It has mismanaged it each time. The unemployment register has continued to go up. No document, budget or policy briefing has got it right. The Department of Finance has got it wrong. My apologies, I should have asked to share time with Senator Healy Eames.

An Leas-Chathaoirleach: How many minutes does Senator Buttimer wish to share?

Senator Jerry Buttimer: How many do I have left?

An Leas-Chathaoirleach: Four minutes remain.

Senator Jerry Buttimer: I will give her three minutes. I will be nice to her.

Senator Ned O'Sullivan: Very decent.

Senator Jerry Buttimer: I will not do unto Caesar what others have done to Caesar.

Deputy Billy Kelleher: *Et tu Brute?*

Senator Jerry Buttimer: The motion before us is commonsensical, simple and devoid of politics. It allows us to show a better, alternative method.

Senator Fidelma Healy Eames: I appreciate the Minister of State remaining in the House. I have listened to his comments. He debates well and presents a good case but I contend that he is not dealing with the facts. He probably saw today's report in the *Irish Independent* entitled "Ireland's recession misery amongst worst in Europe":

[http://www.independent.ie/topics/Ireland/Ireland's budget misery is the fourth worst in Europe, according to a new measurement devised by the credit ratings agency Moody's. The agency invented a "misery index" based on unemployment and inflation during the "stagflation" of the 1970s. In the present global crisis, Moody's has produced an index based on unemployment and budget deficits. Spain ranks worst, followed by Latvia, Lithuania and Ireland.](http://www.independent.ie/topics/Ireland/Ireland's budget misery is the fourth worst in Europe, according to a new measurement devised by the credit ratings agency Moody's. The agency invented a)

I invite Members to look at where we feature among the top OECD countries. I disagree with the response to our motion, which states the Government has "identified the right priorities and taken the right actions". The Government is selling young people out. They are being forced to choose between staying at home and living with their parents, and emigrating. Young graduates are not being given any incentive. Senators on this side of the House have said time and again that it is outrageous that no job stimulus is being provided. Young people are needed if we are to build a knowledge and innovation economy and to produce the competitiveness to which the Government refers. As things stand, they are looking at the boat. One third of those under the age of 25 — some 84,000 young people, including many graduates — are unemployed at the moment. If the Government is not looking at their needs, it does not have the right priorities.

Many public servants have been demoralised by this budget. Teachers have told me they were able to take the pay cuts, but they are not able to take the pension cuts. I seriously ask the Government to reconsider the pension cuts. Benchmarking has been well and truly rolled back by means of the pay cuts of 13.75% between last year and this year. While I agree that had to be done, I do not agree with the rolling back of the pension. I ask the Government to examine this aspect of the matter for the sake of the children. Morale is down in a serious way. As the parents of young children, the Minister of State, Deputy Kelleher, and I want our kids to benefit from high educational standards. We need good education outcomes to produce the graduates who will make Ireland a competitive nation. We are seriously undermining teachers right now. The Government is cutting the building programmes at a time when it is talking about getting people back to work. The primary programme has been cut by €306 million, or 27%, even though the primary school population is increasing. The secondary programme has been increased by 5%, but the third level programme has been cut by €140 million, or 30%.

[Senator Fidelma Healy Eames.]

I would have said more on this issue if I had been able to speak for ten minutes as I had expected. The Minister of State made a serious charge against Fine Gael's budget proposals when he said they are based on myths and are largely untrue. I invite him to discuss the proposals, which are fully costed, with our finance spokesman, Deputy Bruton, with whom I will certainly raise this issue. We do not put mythical documents in front of the people.

Senator John Hanafin: I would like to share time with Senator O'Malley.

An Leas-Chathaoirleach: Is that agreed? Agreed.

Senator John Hanafin: The truth of the matter is that the Government was faced with a crisis. The banking situation in Ireland was such that it was well recognised that there was a need to slow down growth in the property sector. We were talking about a soft landing.

Senator Liam Twomey: That is what the Government was telling the people.

Senator John Hanafin: The world economy made sure it was anything but a soft landing. We were well prepared for that.

Senator Fidelma Healy Eames: Oh my God, John.

Senator John Hanafin: We expected that there would be a significant fall-off in property.

Senator Fidelma Healy Eames: That is unreal.

Senator John Hanafin: We expected that a large number of people who were involved in construction would probably return to eastern Europe. As the economy had been going well, we expected to be able to divert funding to capital projects like roads, ports, the second terminal at Dublin Airport and the metro. That was the plan. We all know that Lehman Brothers collapsed, followed by Freddie Mac, Fannie Mae, AIG, Bear Stearns, Northern Rock and Bradford & Bingley. In April 2008, people asked whether the manner in which the world economy did its business would change. The first thing the Government had to do was to stabilise the banks. We led Europe in doing that. When we guaranteed all deposits in Irish banks, the major European economies told us it was the wrong thing to do. Within three months, they had all done the exact same thing.

Senator Fidelma Healy Eames: We got nothing for it.

Senator John Hanafin: We stabilised the banking situation in this country. The second job we had to do was to stabilise our finances. There are a number of ways of stabilising finances. We have gone as far as we can go on taxation. We could not tax these people as if they were cows to be milked, or draft animals to be forced to work harder. In fact, they were working as hard as they could. Business was doing the best it could. We recognised that the sturdy animal pushes the cart. We are giving recognition to that fact now by making cuts. There was no alternative. If an alternative proposal had the acceptance of all sides of this House, I am sure we would have taken it. If there was a proposal for making cuts that stood up, I am sure Fianna Fáil would have put it forward.

Senator Fidelma Healy Eames: I am not sure

Senator John Hanafin: One cannot reduce current budget spending by selling the family silver to pay for current budget spending.

Senator Fidelma Healy Eames: What about the €54 billion?

Senator John Hanafin: One must reduce one's current budget spending. That is what we are doing now. Along with that, we are talking about a Government that is involved in enterprise and is ensuring the economy will go at an even keel. It has been suggested we are uncaring. The reality is that this Government does not lack compassion — it lacks money. We looked at all the different sectors, including those who receive social welfare benefits. The 3% increase in social welfare in 2008, when taken with deflation of over 6%, meant that such people had enjoyed a net gain of 9%, which was unsustainable in the current budget system. We had to make a 4.1% cut while protecting the old and the vulnerable. It had to be done. It was as simple as that. It is a question of the fairness of the taxation system and the fairness of this Government. Efforts were made to ensure everybody plays his or her part. I accept the public sector has been hit hard, but it is not as if we do not have the figures. We know what is happening in the private sector. We know how many jobs have been lost. We know how many jobs are vulnerable. We know that people have taken pay cuts. It is incorrect to suggest that one group is being asked to take an unequal share of the burden. It is not as if we expect private sector workers to take their cuts in the future — they have already taken their cuts.

Senator Fidelma Healy Eames: Why did the Government not hit the quangos?

Senator John Hanafin: Last year, there was a 7% decrease in the cost of doing business in Ireland. That reflected the international situation. Notwithstanding all of that, having nearly seen a collapse in the world economies in April 2008, as I mentioned, we have reached a point at which people can say they have seen the bottom. We know where we are going. We feel the Government is doing what is necessary, even if it is tough, to ensure this economy will continue and will be in a good position when the world economies start to pick up. We have invested substantially in capital projects in areas like transport. We are ensuring that those who are most vulnerable are well catered for.

Senator Fiona O'Malley: It makes me extremely cross to come in here time after time to listen to Fine Gael, particularly but not exclusively, lamenting every little cut or everything that has happened. In both of the debates we have had today, it has claimed that it would have found much more. Senator Buttimer was waving a document and presenting it all to us. When I asked him for it, he gave me a little quarter of a page. I assure Senator Healy Eames that it is a mythical document. That is what I got when I asked him to give it to me so I could see what Fine Gael would do. I wanted to know how Fine Gael's argument stands up.

Senator Liam Twomey: We were not expecting the Senator to want so much information.

Senator Fiona O'Malley: I would appreciate some silence. A few months ago, Fine Gael said it would cut 50,000 public sector jobs. Now we have to listen to Senator Buttimer giving out to the Government about public sector savings. The trouble with Fine Gael is that it has never been consistent. It galls me to have to listen to it. Its members are doing more damage to their own party than to the Government. Fine Gael is involved in fantasy politics. I am not a member of any political party at the moment.

Senator Liam Twomey: The Senator has not forgotten her roots.

Senator Fiona O'Malley: By God, I am proud that Fianna Fáil is finally standing up and taking the difficult decisions in the national interest.

Senator John Hanafin: Hear, hear.

Senator Fiona O'Malley: Maybe it is a first for Fianna Fáil but by God, I hope it is the way of the future for Fianna Fáil because it is necessary. If there is one thing we discovered about the 1980s, it was that nobody would say stop to the level of borrowing that was happening. Look what happened to us. For ten years we were crippled. At least this Government is now seizing the situation and doing something about it. It will be tough. Speaker after speaker asked if we realise how tough it is. Nobody takes any pleasure in taking money from people on limited social welfare incomes. It is not done with any sense of delight. However, the reality is we have to curtail our spending because, if we do not, it will add up and all the money we need to spend on social welfare and capital projects would go on interest payments. It is basic economics and maths. That is why it needs to be done.

The Fine Gael party has its new economic guru. However, it is having difficulties internally in that regard and I heard its former leader give out about Deputy George Lee and say he talks a lot of rubbish, to paraphrase his comments.

Senator Liam Twomey: Ray MacSharry was not too keen on Charlie McCreevy and Bertie Ahern is not too keen on the Taoiseach. The Senator's side is good at internal fighting itself.

An Leas-Chathaoirleach: Senator O'Malley, without interruption.

Senator Fiona O'Malley: I begin to lament the idea that Fine Gael would one day be in charge of this country because it is not remotely consistent. If it is going to set itself up as an alternative Government, it should acknowledge the intelligence of the electorate. It should not constantly try to talk out of both sides of its mouth.

Senator Liam Twomey: Considering the mess the Government has made of the country, the Senator has a fair cheek. It has banjaxed the country.

An Leas-Chathaoirleach: Senator Twomey, please.

Senator Fiona O'Malley: There have to be cuts if we are going to try to balance the books.

Senator Liam Twomey: The Senator has a fair cheek.

Senator Fiona O'Malley: Fine Gael never sought to acknowledge that.

Senator Liam Twomey: The Government has banjaxed the country and this is the rubbish she is coming out with.

An Leas-Chathaoirleach: Senator, please.

Senator Liam Twomey: I apologise. I will respond in time to that rubbish the Senator has spoken after banjaxing the country herself.

Senator Fiona O'Malley: It is a requirement of the country and an absolute requirement of a sovereign government to be able to stabilise the finances on behalf of the nation.

Senator Liam Twomey: At long last.

Senator Fiona O'Malley: That is what Fianna Fáil, the Green Party and this Government sought to do in this budget.

Senator Liam Twomey: It did in its eyeball.

Senator Fiona O'Malley: We take no pleasure in the difficult measures that had to be taken but it is what is necessary.

I will conclude on the following point. I have just heard on the news the deeply regrettable comment from one of the education union leaders that this Government will get no co-operation from his union. That is disgraceful. What he is putting up for ransom is the education of children. He should withdraw that comment. It is deeply regrettable that he would say something like that and penalise the children of this country for tough decisions the Government has had to make.

Senator Joe O'Toole: I welcome the Minister of State, Deputy Kelleher. I suppose I should comment with regard to the trade union leader but I did not know of the comments to which Senator O'Malley referred, so I will put that back until the next opportunity.

In fairness to the points made by Senator O'Malley, as a disinterested observer, I must say that the criticism of Deputy George Lee was unfounded and unfair. I disagree with most of what he says but he does not talk in the way that was suggested. He has a rational view that I happen to disagree with much of the time. It was unfair to say otherwise.

In terms of what Fine Gael has decided to do, it had said it was prepared to go with 15,000 fewer staff in the public sector and it worked out the cost of achieving that. That was real, and those figures are agreed to by the Department of Finance. Fine Gael also said it would abolish the upper limit for PRSI, which I would find far more acceptable than cutting the lower levels of social welfare. There are many things which Fine Gael suggests that are doable, and there are also many things the Government suggests which are doable. I do not stand here as a critic of everything I hear. I listen to everything and I try to come to a conclusion on it.

In terms of where we are going as a country, I supported the Government's view on the credit guarantee scheme for the banks in September 2008 and the NAMA project, and I also had no difficulty with the special purpose vehicle. I liked those because they were big decisions and, while we will not go into the point about why we found ourselves where we were, we did find ourselves there. They were big, brave decisions and I thought they were necessary decisions. They were not the only decisions, however. Fine Gael also had proposals at the time. I thought the Government proposals were more doable and because they were in power, I also felt it was better to support the Government. However, I would not rubbish the Fine Gael suggestions, nor did I. I simply said that, of the two, I preferred the position being put forward by the Government.

However, I now look at the Government and, in the words of Padraic White on Sunday, find it very disappointing, lacking stimulus and lacking strategies for stimulus. Mr. White is a person who has been working on behalf of the State under many Governments over the years, and that is his view. The Government lacks imagination. With regard to the debate on the credit guarantee, all through the debate on NAMA and all through any public utterances I have made, the Government — I will be careful not to say it was dishonest — has not explained the question of credit. I have said time and again that no amount of support for the banks will make credit available until the banks reach the tier 1 level of assets they need in order to let money out. I heard the Minister on budget day again say he will put forward guidelines to the banks. He can do that all he wants. I spoke to three bank directors who told me they would have a look at them but they will only do it if it serves their purpose.

There are other things we could do and I ask the Minister to consider them. There are plenty of different debt instruments, economic instruments and finance instruments that could be used. To take a perfect current example, the biggest or second biggest aeroplane manufacturer in the world is Boeing. Yesterday, it produced its new plane, the Dreamliner. It has advance

[Senator Joe O'Toole.]

orders for 800 planes, which is put in context by the fact only 1,000 747s were ever sold in all its years.

One might wonder where the money is coming from. Here is what is done. The United States established a bank called the Export-Import Bank in the 1930s in order to make credit available for export or, in certain cases, for exporting companies to pay for the importing of raw materials which would then be exported. It does that through a number of instruments and it works as follows. Let us say the Irish Government owns the bank in the Irish situation. The bank guarantees a loan for exporting, separate to the normal banking operation. It knows that an Irish business will export an aeroplane to an airline company based in, say, Africa. The problem for the African company is that it cannot get the money to buy the plane, although it wants to do so. The exporter is prepared to take certain risks in order to sell it. What the exporter does is to make available certain collateral to the bank, which makes the money available to the company buying the plane, which might be done directly or by way of buying a bond, and the bank can then chase the money if there is any problem afterwards by chasing the borrower and the exporter of the plane.

In the past 18 months, this has been happening in many areas because many of the Boeing planes are being financed in this way. Here we talk about export guarantees because politicians will never do their homework on these matters and that is the only term they understand. I am simply suggesting there are many ways of doing this. The Department of Finance should be showing a lead in this regard. It should be looking at the different vehicles, special purpose or otherwise, and looking at the different kind of debt instruments, bond instruments and financial instruments that can be used to support proper exporting and viable exporting companies. That is not happening and we are having a huge problem as a result.

We will not be able to force the banks to lend but the Government can organise a set-up through the bank it owns, or another bank that is set up for this purpose, and it can guarantee the bonds through the bank. It is like the deposit guarantee except it is the guarantee of a bond. It is no different than us selling our bonds in Europe and having to buy them back. It is a similar process to that — a kind of reflex process — but it allows us to support exports in a way that is financially acceptable. What might happen in these cases is that the bank we are talking about, call it the export-import bank, produces a bond which it can sell to Irish investors. Senator Donohoe referred earlier to the number of Irish investors who have invested in bonds in the US and probably in Europe also in the past number of months. There is money available and people will put it into viable projects.

Relying on the banks as we know them to start making credit available will not happen for a long time and, while it will happen eventually, there are different ways of doing it. I do not see any sign of anybody in the Department of Finance coming up with new instruments. Part of the problem is that sub-prime lending has become a dirty word. There is nothing wrong with sub-prime lending, the whole credit union organisation is based on it, where a loan is given to someone on the basis that he would not get it somewhere else but that organisation trusts him to pay it back. In the local credit union the loan and the liability will be managed all the way through. If it gives someone money to build a butcher's stall and it is not built, it will be on the case two weeks later.

What happened with sub-prime lending in the United States was that as soon as the loan was made to Joe O'Toole, it was sold to someone else, who bought the loan expecting me to make the repayments except I could not and no one cared. The original lender no longer had responsibility for the debt or for the exposure. There is nothing wrong, however, with sub-prime lending if it is correctly managed.

Another issue is securitisation. This is a simple, straightforward issue. Someone with a constant income sees a debt capitalised. It is then worth something and can be sold for a discount of that amount. These instruments exist so that if there is a good loan that can be guaranteed, where someone we can trust will pay it back, and we can give an additional guarantee on top of that, that securitised loan, which is capitalised to a certain extent, is a marketable product.

None of this is happening. The problem with the banks is they are dull in the head, they do not have it up there. There is no imagination, creativity or understanding. They are bankers but they are often confused with business people, entrepreneurs and risk takers. The whole business of banking is no risk.

This Fine Gael motion has raised important issues. I listened to the Minister's speech and I agree with many of the things said, the things that must be done and what we are trying to achieve but it will not happen without stimulus and without shaking up the whole banking system and financial services to bring out new products and to give support while taking more controlled risks than was the case before.

Senator Ivor Callely: We all agree that we go into the budget with an unsustainable gap between our income and expenditure. We needed strong and decisive leadership to address that and this budget shows Ireland is capable of addressing its problems head on. The budget represents a comprehensive approach to addressing the problems the country faces. We have won the support of the general public but, equally, we have won the support of the European and international markets.

We must now ensure we maintain our attractiveness as a location for multinational investment, indigenous enterprise, jobs and export-led growth. It is only by doing so that we can earn our way as a country with profitable enterprise, growing employment and the means for the State to provide services to those in need.

I wanted to go into the figures in the Fine Gael motion and those in the Government amendment on unemployment. Unemployment is best measured by the quarterly national household survey. The last seasonally adjusted figures for July to September 2009 released by the CSO earlier today show 279,800 people unemployed.

In looking at these numbers I am struck by the terrible waste of time and energy these numbers represent, while I am conscious of the enduring need for additional resources in the community and voluntary sector. We are all aware of the impact that unemployment or under-employment has on individuals. I have seen it in my area. It ranges from health issues, to family issues, marital breakdown, addiction and mental health problems. At the same time there is a pressing and growing need among the community and voluntary sector for additional supports. Such groups generally have a need for more people, more money or both to carry out their roles. These organisations play a vital role in the social fabric of Irish life and the localised services they provide can make an enormous difference to entire communities and to the disadvantaged and vulnerable in our society.

Among the unemployed, there is a large number of committed, eager and well qualified individuals who could provide enormous benefit to these community and voluntary groups. There should be a system that could marry the pool of available resources, in the form of the unemployed or under-employed individuals, to the needs of the community and voluntary sector. I propose that community and voluntary groups would be encouraged to provide short-term opportunities, which I refer to as the national community volunteering scheme, to the unemployed to carry out work in the community that would not otherwise be performed

Community groups would pay the unemployed person the same money as he or she is entitled to from the Department of Social and Family Affairs. The scheme would operate

[Senator Ivor Callely.]

similarly to the community employment scheme run by FÁS but with a number of key differences relating to eligibility. FÁS schemes generally require participants to be unemployed for 12 months whereas a targeted scheme where eligibility is established after four weeks would be more appropriate in the current environment. In addition, the scheme would be under the control of the Department of Social and Family Affairs which would refund the equivalent money to the community or voluntary group. Thus there would be no additional cost to the State while there would be clear direct and indirect benefits to all concerned.

Such volunteering could be done on a whole or part-time basis. There may be some minor administrative requirements associated with this proposal, such as a need for clear guidelines to ensure work carried out did not displace existing paid employment. Equally, any benefits for the unemployed person, such a medical card entitlement, should not be affected by such volunteering. There would also be a lower threshold in terms of hours volunteered and possibly a time limit for involvement of 12 months.

Perhaps the most important benefit is the sense of self-worth that such volunteering would give to the individuals concerned. Communities would also benefit directly and for society in general there should be a reduction in the negative impact that unemployment has on individuals and communities. I will be asking my Government colleagues to review this possibility urgently so that the benefits to individuals, communities and society at large can be assessed and acted on without delay.

There are also further possibilities in terms of providing support to the community and voluntary sector on the part of those who are in employment and I have recently called for a mechanism whereby such individuals could participate.

Senator Liam Twomey: I had not received the news item from the RTE website before I made my contribution that David Begg has said there is no prospect of reinstating social partnership talks, a regrettable prospect. I wonder if it was the same obtuse behaviour by the Taoiseach and the Minister for Finance that collapsed the talks that I saw tonight from Senator O'Malley who is completely deluded in refusing to accept that Government policy is in any way to blame for the position the country is in.

Senator Fiona O'Malley: We have gone beyond that. I thought the Senator was against social partnership.

Senator Liam Twomey: It is unbelievable. Government Senators making their contributions tonight have all blinded themselves to the fact that they have landed this country in an unmerciful stew. To get ourselves out of this mess, there is a need to restore the trust of a huge sector of society that is completely alienated. There is a serious need for the Taoiseach and the Minister for Finance to restore that trust before this country is plunged into even more crisis with public sector strikes and, from reading this article, potential strikes in the private sector. That will do nothing to rescue the country from the current financial mess. The Taoiseach should give a full statement to the House about what happened in the talks with the public sector unions.

All this talk of stabilising the economy is right in one area, the Government has stabilised the bonus payments for next year for the bankers, thanks to the €54 billion of taxpayers' money that is being given to them. The Government has done nothing, however, to improve the flow of credit to small and medium-sized businesses.

Senator Fiona O'Malley: Would it be preferable not to have a banking system?

Senator Liam Twomey: Senator O'Malley throws out these things and there is not much sense in what she says. Perhaps Ministers do not think too much about it either.

Senator Fiona O'Malley: Would it be preferable?

Senator Liam Twomey: A total of €54 billion is 33% of GDP. That is not petty cash that was used to stabilise the banks.

Senator Fiona O'Malley: Does the Senator mean the billions of euro we have to borrow annually?

Senator Liam Twomey: Neither is the €400 million guarantee given to the banks. We are paying a fortune for what Senator O'Malley calls stabilising the banking system. A banking system may be stabilised but it is doing nothing to restore credit flow into the Irish economy to create and maintain jobs and to make this economy grow.

Senator Fiona O'Malley: All in good time.

Senator Liam Twomey: Blathering out remarks at will does nothing to improve the situation we are in. This is just another slash and burn budget. The Government has shown little imagination and thinking and it will do nothing to improve the situation. Sadly we will find ourselves in exactly the same position next year because we have seen no action for improving the job prospects of people in the workforce.

Senator Fiona O'Malley: The Senator might have seen on the news that unemployment is growing at a much slower rate. They are all vital indicators for growing the economy and certainly for a recovering economy.

An Leas-Chathaoirleach: Senator Twomey without interruption.

Senator Fiona O'Malley: He is provoking me.

Senator Liam Twomey: Senator O'Malley wants us to congratulate this Government not for improving the unemployment rate and not for stopping the loss of jobs in the economy but to congratulate the Government for slowing down the rate of the numbers losing their jobs. If that is her standard for improving things——

Senator Fiona O'Malley: No, it is not but it is a good direction to be heading. Tankers are not reversed overnight.

An Leas-Chathaoirleach: Senator O'Malley, Senator Twomey has only one minute left.

Senator Liam Twomey: The Senator is great at quoting international literature. Anything that shows the Government debt is increasing massively and unemployment is still increasing, does not bode well for the future. The guys on the Government side need to be more imaginative and come up with solutions to sort out this country pretty quickly. Attacking the Opposition does nothing to improve the situation. We have put forward our proposals. I must endeavour to obtain a more detailed——

Senator Fiona O'Malley: I would appreciate it. We have a reduction in current spending programmes and a reduction in social welfare. The Opposition is the most dishonest shower.

Senator Liam Twomey: In answer to Senator O'Malley it is on the Fine Gael website but it might be too much for her to read the fuller version of those documents.

Senator Fiona O'Malley: I would prefer a copy.

Senator Liam Twomey: I will provide one if it is that difficult for the Senator. I will endeavour to get her a copy.

Senator Maurice Cummins: There is an awful lot of shouting. Senator O'Malley was Acting Chairman earlier and she was trying to stop us all.

Senator Liam Twomey: I am hoping the Government will take on board our proposals. I will start by sending a copy of the Fine Gael proposals to Senator O'Malley because this Government needs a few new ideas, it needs to be more imaginative and it needs to wake up and get this country working again otherwise it will not be funny anymore.

Amendment put.

The Seanad divided: Tá, 29; Níl, 22.

Tá

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

Leyden, Terry.
MacSharry, Marc.
McDonald, Lisa.
Ó Brolcháin, Niall.
Ó Domhnaill, Brian.
O'Brien, Francis.
O'Donovan, Denis.
O'Malley, Fiona.
O'Sullivan, Ned.
Ormonde, Ann.
Phelan, Kieran.
Walsh, Jim.
White, Mary
M. Wilson, Diarmuid.

Níl

Bradford, Paul.
Burke, Paddy.
Buttimer, Jerry.
Cannon, Ciaran.
Coffey, Paudie.
Coghlan, Paul.
Cummins, Maurice.
Doherty, Pearse.
Donohoe, Paschal.
Fitzgerald, Frances.
Hannigan, Dominic.

Healy Eames, Fidelma.
McCarthy, Michael.
McFadden, Nicky.
Norris, David.
O'Reilly, Joe.
O'Toole, Joe.
Prendergast, Phil.
Regan, Eugene.
Ross, Shane.
Ryan, Brendan.
Twomey, Liam.

Tellers: Tá, Senators Camillus Glynn and Diarmuid Wilson; Níl, Senators Maurice Cummins and Liam Twomey.

Amendment declared carried.

An Cathaoirleach: Is the motion, as amended, agreed to?

Senator Liam Twomey: No.

Question put: "That the motion, as amended, be agreed to."

The Seanad divided: Tá, 29; Níl, 21.

Tá

Boyle, Dan.
Brady, Martin.
Butler, Larry.
Callely, Ivor.
Carroll, James.
Carty, John.
Cassidy, Donie.
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Ellis, John.
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Keaveney, Cecilia.

Leyden, Terry.
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McDonald, Lisa.
Ó Brolcháin, Niall.
Ó Domhnaill, Brian.
O'Brien, Francis.
O'Donovan, Denis.
O'Malley, Fiona.
O'Sullivan, Ned.
Ormonde, Ann.
Phelan, Kieran.
Walsh, Jim.
White, Mary M.
Wilson, Diarmuid.

Níl

Bradford, Paul.
Burke, Paddy.
Buttimer, Jerry.
Cannon, Ciaran.
Coffey, Paudie.
Coghlan, Paul.
Cummins, Maurice.
Doherty, Pearse.
Donohoe, Paschal.
Fitzgerald, Frances.
Hannigan, Dominic.

Healy Eames, Fidelma.
McFadden, Nicky.
Norris, David.
O'Reilly, Joe.
O'Toole, Joe.
Prendergast, Phil.
Regan, Eugene.
Ross, Shane.
Ryan, Brendan.
Twomey, Liam.

Tellers: Tá, Senators Camillus Glynn and Diarmuid Wilson; Níl, Senators Maurice Cummins and Liam Twomey.

Question declared carried.

Social Welfare and Pensions (No. 2) Bill 2009: Committee Stage (Resumed) and Remaining Stages.

SECTION 8.

Question proposed: "That section 8 stand part of the Bill."

Senator Nicky McFadden: I thank the Minister for attending once again. I seek clarification on the section which relates to the payment of PRSI in error by an employer or a self-employed person. A four-year time limit is introduced for the claiming of refunds, which will have a detrimental effect on a claimant. What percentage of people per annum make such an error? How much does the Department expect to save in making this change? Does the Minister consider it fair that if someone pays PRSI in error, a four-year time limit is imposed on claiming back the money? I do not consider it fair. What does the Minister hope to achieve by the introduction of this amendment?

Senator Jerry Buttimer: The explanatory memorandum outlines the introduction of a four-year time limit. Why is the Minister imposing a time limit? People make a contribution to their State pension. I have received telephone inquiries about this section in the context of the return of contributions as outlined in section 8(3). Is the Minister in some way creating a back-door system to deprive people of their entitlements? We are changing the goalposts as set out under

[Senator Jerry Buttimer.]

existing provisions. I look forward to hearing the Minister's explanation on self-employment contributions.

As someone who has been involved in part-time employment, who was made temporary whole-time and then permanent, before changing to the Oireachtas, I am aware that the issue of pension contributions is a difficult one. I do not claim to be well versed in economics, but I know from dealing with officials in the Department of Social and Family Affairs that if one misses a deadline, one gets caught up in loopholes. It is a conundrum. I would like the Minister to respond on the issue of retrospective payment. I am concerned that the insertion in the Bill of a time limit on the return of contributions will create a knock-on effect and penalise people in the context of this budget being a computer printout to balance the books. I would like the Minister to outline her rationale for this change.

Senator David Norris: I also have a few questions for the Minister. Will the time limit operate both ways? It will apply to contributions that have been inaccurately taken from a contributor such that the State will be in the debt of the person. If it is the other way around and there has been underpayment as a result of the State's inefficiency due to an oversight on the part of the payer, will this be subject to the four-year time limit? It seems that what is sauce for the Government should be sauce for the individual citizen also.

Section 8(4) states, "Regulations may provide for the method of calculation in the amount of any contribution due to be repaid". I would not have thought many calculations would be required. I would have thought also that if an overpayment became clear, the overpayment would be self-evident. What may be concealed behind section 8(4), which would concern me, is that a method of calculation may be arrived at which would not be to the advantage of the citizen in claiming a refund. I would have thought people who made these contributions did so on the basis they were very often deducted automatically from their income and they simply assumed the authorities had it right. I am not convinced of the need for a limitation of this kind. Is this kind of four year limit in operation in any other financial institutions, such as banks? Can the Minister give any precedent for this? I know there is a statute of limitations in criminal cases, for example. There have been a number of situations where the banks have been very cavalier with investors' or savers' money. Do similar rules in apply in ordinary financial life?

Minister for Social and Family Affairs (Deputy Mary Hanafin): The idea behind the reclaiming of PRSI contributions for four years is to bring it in line with the tax system. Senator Norris asked if it applied elsewhere; it applies in the tax system. It does not cut both ways.

Senator David Norris: It should do so.

Deputy Mary Hanafin: This is the same as in the tax system. If one owes money to Revenue, it can take it from one no matter how long one owes it. However, if it owes one money, one only has four years within which to get it back. It will be the same with PRSI and it brings it into line with the tax system.

As regards how much money is involved, in 2008, refunds were paid to 14,500 people costing €21.3 million. That was a huge increase on previous years. That includes those people who had made a contribution and were getting a rebate within the four year period about which we are talking but also those who go back much further. One can go back to 1953 but, in effect, people generally only go back to 1988 when insurance for the self-employed was introduced.

There is a disadvantage for the customer in so far as he or she will only have four years to reclaim the money. From a Department point of view, there are savings to be made on the

money that will be repaid. There are huge administrative savings because every year an individual assessment must be done when different rates of PRSI applied. If that can be done more speedily not only will we save on administration, it also means the payments can be made more quickly.

Senator Nicky McFadden: This is grossly unfair because it is money owed to people who made a mistake. It is their money. I believe this is illegal. This is not acceptable. The Minister said €21.3 million had been recouped. That money belongs to the people. To put a four year limit on it is outrageous. I have met people who are trying to put stamps and contributions together to make up their pensions, as I am sure the Minister has in her clinics. It is only when they plan to retire that they try to accumulate their stamps. It is grossly unfair to put a four year limit on something that is an entitlement. The money belongs to the person who has paid the stamp.

Senator David Norris: The Minister raised more questions as far as I am concerned. Can she give me an explanation as to why in these circumstances there was such a considerable increase? I cannot think why. It is not as if people who were hard pressed were trying to defraud. It is coming the other way, unless the State was trying to get more money, as the banks did. What was the reason for this statistical spike?

I understand the Minister's difficulty in terms of the calculations because it changes every year for the tax rate. I appreciate that in terms of personnel, time occupied and so on. Computers can usually do these things fairly quickly if they are programmed correctly.

I am absolutely shocked to discover that this does not work both ways. This seriously disadvantages the citizen and is definitely not fair. I will definitely vote against this section on that basis alone. It is wrong because what is sauce for the goose is sauce for the gander.

When I challenged the Minister to produce precedent, she produced the tax system where similarly the citizen may be held in a difficult situation because of the limitation. The citizen is again disadvantaged by the State. The same agency is doing it, so it is not really a terribly convincing precedent. I would be much more convinced if the Minister had cited a bank or a building society and perhaps she can, although I rather doubt it.

The Minister is a fair-minded and decent person and I am sure she must at least *sub rosa* agree with me that there is unfairness if the citizen, who is after all a vulnerable individual, is treated in a less fair manner than the State treats itself.

Senator Jerry Buttimer: Much of what I want to say has been said by Senator Norris. This is a bit like Big Brother.

Senator David Norris: I never said that.

Senator Jerry Buttimer: This a bit like Big Brother. To paraphrase Senator Norris, the State is out to get the citizen. It is putting an unfair burden on the contributor, the taxpayer. I understand from where the Minister is coming but it should work both ways. The malaise in social welfare will further confuse people. Is the Minister open to holding a series of information meetings around the country with citizens who do not understand the issues of PRSI, stamps and entitlements? Despite the Department's publications, there is complete confusion.

People should not be at a disadvantage. If they are due a rebate or a contribution, they should receive it. As Senator McFadden said, people attend the Minister's clinics who are short stamps, who have broken service or who are in the wrong PRSI class. They should be given the benefit by the State as well as some latitude. This section is placing an unfair burden on the contributor.

Senator Paddy Burke: This closes the door on the citizen because it comes into effect on 1 January next. We are dealing with employment contributions, self-employment contributions, voluntary contributions and optional contributions. It will be done and dusted on 1 January next. As Senator Buttimer said, there are people who have made mistakes, who are in the wrong category and who may not have taken the right option. They may find themselves in better financial circumstances now than previously but this will cut off all avenues.

There should be some type of amnesty for two or three months to allow people to regularise their social welfare contributions and to bring this to the attention of citizens because there are people who may not be fully aware of what is happening. I appreciate that in some cases there is a cost — the Minister indicated it was €21 million last year and could well be the same next year — and there is an effort to plug every possible hole but this is a bit of a hammer blow. It closes the door from 1 January so there should be some form of amnesty. As Senator Buttimer noted, what is going to happen should be brought to the attention of the citizen.

Senator Martin Brady: Many points have been made but I want to speak on an issue I raised earlier, when the Minister was not here and a Minister of State was in attendance. We all deal with constituents and people who feel vulnerable and in trouble. The main complaint I get in my constituency in Donaghmede is that people try to contact the local social welfare office in Kilbarrack but the phone rings out for half an hour. That may be an exaggeration but the point is the people cannot get an answer from social welfare staff.

I end up sending clients to the office because the service is inadequate. They feel nobody wants to know about them and nobody bothers with them so when I send them to the office, there is a queue. These people are treated like dirt. One might not think I am on the Government side saying this but these are the complaints I get.

Acting Chairman (Senator Cecilia Keaveney): The only difficulty is it is unrelated to the section.

Senator David Norris: He is into it so we will hear his little Christmas message.

Senator Martin Brady: These people are entitled to be looked after and treated with respect. Staff should be deployed from other Departments to deal with the clients. I could go on all night about——

Acting Chairman: The Senator will not, unless it deals with the section.

Senator Martin Brady: ——representations. It may be nothing to do with the section but as I do not speak very often, I am entitled to make the point.

Acting Chairman: The Senator is entitled to do so on Second Stage.

Senator Martin Brady: I know that. I may be out of order but I have said my piece and it is on the record.

Senator Jerry Buttimer: He is speaking sense.

Deputy Mary Hanafin: Since 1994 people have been able to get refunds without any time limit, so it is not as if people have not had an opportunity to do so up to now. It is now appropriate to bring the process in line with the tax system for the reasons I have outlined. It does not affect some of the people Senators were talking about, such as people who underpaid or were trying to build up their entitlements. That has nothing to do with the issue at all. People who have not yet retired may have discovered they do not have the right entitlements

and depending on the scheme, they may be able to purchase them, and that process is unaffected.

This only concerns people who have overpaid PRSI and are trying to claim it back. It is about getting it back for the four years. It is hard to tell why there are so many more claims now, although there are much more insured people because more people are working. The contribution to the social insurance fund has grown as a result. I am not sure of the extent of it but once a person qualifies in some schemes, a lower rate of PRSI is paid. For example, if a person qualifies for widow's pension, it is deemed that the person is getting as much social welfare benefit as is likely so a lower rate of PRSI is paid. In that case, a person is entitled to claim some of it back. There are similar schemes where money can be refunded.

With regard to whether the process is legal, the date has been challenged a number of times, even this year, with the Revenue Commissioners and it has stood up. It has been proven to be legal.

Senator David Norris: I asked the Minister if there were other precedents in financial life.

Senator Nicky McFadden: To pick up on my colleagues' idea of an awareness campaign and compensation, these are two important points. If a process is stopping, people need to know so they can make a claim before January. Will there be an amnesty?

Deputy Mary Hanafin: The amnesty has been there since 1994.

Senator Nicky McFadden: People do not know it is stopping.

Deputy Mary Hanafin: People could have claimed money back in that time. The reality is people do not know they have overpaid unless an accountant examines the matter or a claim has been made for a new scheme etc. I do not know if there are other examples in the financial sector but even if there were, it would not affect what the State is doing. We can only work from a departmental perspective.

Awareness and information are critical. I appreciate social welfare offices are very stretched but we have taken in approximately 350 additional staff from other Departments, the Department of Agriculture, Fisheries and Food in particular, to try to relieve the pressure. Citizens Information offices around the country are providing a significant service, backed up by full-time workers and a team of volunteers who give out great information. The website and leaflets are very informative and easy to read, and I know Senators have such documentation in offices and clinics all over the country. That is the best approach for people.

Question put.

The Committee divided: Tá, 29; Níl, 20.

Tá

Boyle, Dan.
Brady, Martin.
Butler, Larry.
Callely, Ivor.
Carroll, James.
Carty, John.
Cassidy, Donie.
Corrigan, Maria.
Daly, Mark.
de Búrca, Déirdre.
Ellis, John.

Feeney, Geraldine.
Glynn, Camillus.
Hanafin, John.
Keaveney, Cecilia.
Leyden, Terry.
MacSharry, Marc.
McDonald, Lisa.
Ó Brolcháin, Niall.
Ó Domhnaill, Brian.
O'Brien, Francis.
O'Donovan, Denis.

Tá—*continued*

O'Malley, Fiona.
O'Sullivan, Ned.
Ormonde, Ann.
Phelan, Kieran.

Walsh, Jim.
White, Mary M.
Wilson, Diarmuid.

Níl

Bradford, Paul.
Burke, Paddy.
Buttimer, Jerry.
Cannon, Ciaran.
Coffey, Paudie.
Cummins, Maurice.
Doherty, Pearse.
Donohoe, Paschal.
Fitzgerald, Frances.
Hannigan, Dominic.

Healy Eames, Fidelma.
McCarthy, Michael.
McFadden, Nicky.
Norris, David.
O'Reilly, Joe.
O'Toole, Joe.
Prendergast, Phil.
Ross, Shane.
Ryan, Brendan.
Twomey, Liam.

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

Question declared carried.

SECTION 9.

Question proposed: "That section 9 stand part of the Bill."

Senator Nicky McFadden: This section deals with self-employed people who reach the age of 66 and declare additional income that changes the number of contributions on their record. This may result in a higher rate of a State pension contribution. Previously, lump sum payments were backdated to the age of 66. I understand this section eliminates that back payment, which is grossly unfair. How many people will this affect? How much does the Department expect to save? Does the Minister think it is fair? Self-employed people are discriminated against in the social welfare system. They do not receive the same benefits as people in the other sector who receive dole and social welfare payments. This seems grossly unfair and I will oppose the section.

Senator Maurice Cummins: Self-employed people or those paying PAYE who go into State employment are not aware that they can make voluntary contributions. Is there a mechanism whereby they can back pay their voluntary contributions to qualify for a State pension as they approach retirement age? There may be people who were not aware that they could pay voluntary contributions on arriving in this House or going into State employment. They may not discover it until a year or two later. Does this provision shut the door by stating they cannot pay voluntary contributions if they have not done so in the first year? If that is the situation it is grossly unfair. Will the Minister explain the position to us?

Senator David Norris: I welcome Senator Kieran Phelan to the Chair; it is the first time that I have been subjected to his benevolent rule.

Acting Chairman (Senator Kieran Phelan): I will be firm and fair.

Senator Jerry Buttimer: Just the way he likes it.

Senator David Norris: As one would expect from a gentleman from his part of the country.

Acting Chairman: I hope you will not give me any trouble.

Senator David Norris: He is definitely from Queen's County as were my ancestors. Enough of this nonsense.

I am not unusually gifted in mathematics or in the computation of tax figures. All I remember is what affects me. I am not sure whether this means I should be ruled out of order for having a vested interest but I can make a point to the Minister. I was employed for quite a number of years by the College of the Sacred and Undivided Trinity near Dublin, normally known as Trinity College or Dublin University. At a particular period a number of years ago the pension system was changed from one where we were on PRSI and paid the stamp. We had eight or ten years under our belt. I asked whether it was possible to make voluntary contributions and I was told firmly "No". I am not sure whether that was correct and I will not re-open it. I discovered one of my colleagues who retired approximately two years ago successfully made a claim. I pursued this matter with a social welfare office and it emerged that on the strength of my contributions I was entitled to €104 per month. I am not worried about whether I was misinformed on whether I could make a voluntary contribution. However, I wonder whether people such as me are in a position, should they wish, to make this type of claim or is it completely closed off? It was rather an odd situation where the system was changed mid-stream. I am not that bothered about the €104 per month but it is an interesting principle.

Deputy Mary Hanafin: With 53 schemes in the Department I will not even pretend to know all the intricacies of each of them. I will be happy to speak to somebody about the individual cases raised here. All the section does is align a situation. At present, a self-employed person can make a claim and years later pay up the contributions, but the pension is paid from the date of the claim. What this states is that if one makes a claim and pays, one will be paid from then. It does not affect anybody making a claim in future. All it does is stop back payment for somebody trying to get around the system by making a claim now but not making payments for a number of years. It is aligning the date of the claim with the date of the payments and the pension is paid from the date of the payment not the date of the claim.

Senator Nicky McFadden: What if a person overpays? Is there a limit, similar to the provision of the Bill we discussed previously, if a self-employed person overpays?

Deputy Mary Hanafin: It is generally the other way around. Approximately 20% of State pension cases are where claims are made retrospectively. In the case raised by Senator McFadden, it would be governed by the four year rule.

Senator Paddy Burke: Regarding the case described by Senator Norris, in some instances one can draw a reduced State pension and what is being closed here might prevent people from receiving a reduced pension. I understand one needs ten years for a reduced pension. Does this provision close the door where any back pay is owed or where people could go back a number of years to make the required number of contributions to obtain the State pension?

Deputy Mary Hanafin: No, it does not. All it involves is that people have paid the contributions for the pension for which they are eligible. Whether it is a part pension or a full pension it is a matter of ensuring all the contributions are paid at the time the State pays them.

Question put and declared carried.

SECTION 10.

Question proposed: "That section 10 stand part of the Bill."

Senator Nicky McFadden: This section provides that where unpaid contributions are paid subsequent to the date of the claim, the pension will be payable only from the date on which the contributions are paid. In essence, this is similar to the previous situation we discussed. Another door is being closed. The Minister is aligning all of the schemes, and there is no problem with that if people know their rights and they need to check this matter. There needs to be an awareness campaign. This should be advertised. It is not good enough to state the Citizens Advice Bureau will inform people if the closing date is January. Will the Minister allow more time for it to be highlighted to people? That would be fair.

Senator Jerry Buttimer: Once again, there is confusion and a lack of clarity. The Minister speaks about aligning it with taxation, which is fair enough, but my fundamental difficulty is that this comes into operation on 1 January 2010. Today is 16 December. If the Bill is passed and signed into law when will it come into effect? My point is that between 22 or 23 December to 4 January everything is shut administratively and people switch off. Then we get to the first week of January when it is too late and, as the Minister is aware, there may or may not be a flood of people coming into social welfare and community welfare offices and all they will be told is that the legislation specified 1 January 2010.

I am not a mathematician and I get confused about social welfare. I appeal to the Minister to allow for an awareness campaign on the changes that will occur when this Bill comes into effect. With the best will in the world, people will not understand it and there will be absolute chaos after 1 January. Can we extend the deadline to give people a transition period? People will be lost in the holidays during the next two weeks. I ask the Minister to allow people a period of grace.

Deputy Mary Hanafin: This is one of those sections where 1 January has no good, bad or indifferent impact. There is no impact on when a person makes a claim, but when he or she makes the claim for the pension as a person who has previously been self-employed, then he or she pays up the money at that time. From that time, the money will be paid. As soon as such people bring in their claim, they will be told about their money. If they say they will bring the money back next month or next year or in five years, they will be told their pension will only be paid from the time they pay their contributions. The starting date of this legislation has no bearing at all on this section.

Question put and agreed to.

SECTION 11.

Question proposed: "That section 11 stand part of the Bill".

Senator Pearse Doherty: I oppose this section. It deals with many of the issues we have discussed already, such as medical, optical and dental benefits, as well as the medical appliance scheme. This will cost us dearly in terms of dental hygiene and so on. I have spoken to people who will be directly affected by this. I hope people will get their applications in before the end of the year and before this measure is enacted, but I hope the Minister will look at the provision at this late stage. The requirement to keep it is not there. How much does the Minister estimate that limiting these schemes will save the State?

Senator Nicky McFadden: This is a retrograde step. People pay PRSI and this was a benefit to that payment. My aunt went around schools with mouthwash before water was fluoridated. We suffered from tooth decay in this country many years ago. This is a backward step that will backfire on us in years to come, because we will have to pay more as a result.

I welcome the fact the Minister has not got rid of one annual check up. However, what is the point in having one annual check up when one cannot have a free scale and polish, filling, extraction and so on? Some 91,000 dentures were paid for last year, but that scheme is now being abolished. Many people will be discommoded because of this. We have had a very good service and our dentists have provided good value for money with this scheme. Oral health is a vital part of our well being. All sorts of serious diseases can transpire due to bad oral health. This is a draconian move.

I wonder how people will be able to pay to visit their dentist. If they are being cut at every other angle, they will not have the money to pay for dental treatment. That will be far down the pecking order when it comes to heat and food.

Senator David Norris: I have been approached by the dental profession from two angles. There has been a very considerable diminution of their income, and they feel that dentists who rely largely on the operation of this scheme will be put out of business. I am a little bit less sympathetic to them on that issue. However, I have had subsequent communication from them which indicates the benefit to society of the dental scheme. It is used very extensively, and it shows there is a clear need for it.

Out of 2 million insured persons in 2008, up to 400,000 availed of the free check up and the total cost to the State was €13.5 million. This is an oral examination and it is a pre-emptive method of assessing whether there will be further problems down the road, which will save on further costs and further pain. A total of 446,000 took advantage of the free scale and polish, but this will also be abolished. Some 500,000 fillings were paid for and the scheme provides for the State to pay the dentist €33.50 per filling and contributes a further 15% discount on patient fees for those earning less than €65,000. The ESRI has established that there is a markedly lower likelihood of people attending dental clinics if they come from lower income groups. This means the abolition of this particular scheme will disadvantage the most vulnerable. That is a pity.

There were 93,000 extractions paid for under the scheme, at cost of €3.3 million, which is not enormous. The scheme provides for the State to pay the dentist €26 and for those patients earning less than €65,000, the amount is capped at €14.15. This is now to be abolished. This will really cut people where it hurts. The provision of 91,000 dentures has largely but not exclusively been for elderly people. These are not cosmetic things, but are appliances which allow elderly people to masticate their food and assist in their digestion, their diet and general well being. Oral disease has a significant impact in terms of pain, suffering, impairment of function and reduced quality of life.

The dental association commissioned Dr. Brenda Gannon from NUIG to conduct a cost benefit analysis of the scheme. She is a reasonably independent minded person, even though the group commissioning the report had a vested interest. Her study shows that the return on the investment is very positive and that the benefits outweigh the cost of the scheme by a multiple of between 2 and 2.6. She presents evidence of improved dental health afforded by this scheme and she establishes the fact that there will be a considerable loss of tax revenue following any decision to abolish the scheme. The inevitable redundancy and ongoing welfare costs which would arise show significant extra costs. I am making, supported by factual data, three related points. A considerable number of citizens find this scheme to be of advantage. As the figures show, approximately 1.5 million people, an enormous number, availed of the various elements of the scheme in the past year. The proposal will result in 1.5 million people being substantially disadvantaged. The three legs of my argument are the large number of people involved, the human toll of the proposal in terms of pain, the prevention of dental decay and more serious conditions, extractions and so forth and the analysis done by a

[Senator David Norris.]

respected academic which shows that far from saving the State money, the measure may cost money. I respectfully ask the Minister to reply to them.

Senator Jerry Buttimer: I do not speak for the Irish Dental Association and, as with Senator Norris, I am not particularly concerned about the diminution of dentists' income. The important point is the effect of the measure on patients and dental and oral hygiene. The Minister is of a generation when dentists visited schools, although in Cork we went to City Hall. As Senator McFadden pointed out, by restricting treatment this measure is regressive and retrograde.

I seek clarity on one matter. Subsection 2 states: "The amendment effected by *subsection (1)* shall not apply to any treatment or benefit approved on or before 31 December 2009 pursuant to and in accordance with section 138 and regulations made under it". Must a patient obtain approval from the Department or from the dentist providing the treatment before treatment can commence? As the Minister is aware, some dental treatments are completed over a protracted period. If a person commences a course of treatment on or before 31 December 2009 and it extends into 2010, will the new regulations apply? This question may appear basic but I have received several telephone inquiries about the issue.

I am concerned that the regulations governing dental treatment are being changed. The briefing note provided by the Irish Dental Association includes a detailed and comprehensive analysis of the number of people who have availed of various treatments. I will not repeat the figures cited by Senator Norris. Given the change in diet, including the increase in sugar consumption, of which I am as guilty as anyone else, people must be allowed to avail of dental services. What is the purpose of PRSI if we cannot avail of these benefits?

Many fine dentists who receive money under the scheme will be affected by the measure. Has the Minister considered what will be the knock on effects of restricting the scheme in terms of waiting lists for dental services?

Deputy Mary Hanafin: I was asked the reason people pay PRSI and contribute to the social insurance fund. People largely do so to secure protection by way of the State pension and unemployment assistance, even if most of us do not envisage becoming unemployed. The attitude of most people is that they pay into the social insurance fund to obtain a pension when they retire. One of the side benefits of these contributions is the treatments to which people have had access.

The social insurance fund will be in deficit by the middle of 2010 and the scheme will require subvention to the tune of €1.2 billion. For this reason, we must try to find savings. We announced we would curtail rather than close this scheme for one year and the decision will be reviewed next year.

I accept the advances that have been made in oral hygiene and sight. When I met representatives of dentists and opticians they told me the item they wanted to maintain most was the examination because it indicates if there is a problem or disease. We heard a wonderful story on radio this morning about a lady who had a brain tumour identified during an eye test. This protection will continue to be afforded.

Some of the figures Senator Norris cited were duplicated because a person who had a filling may also have had an extraction. We envisage that approximately 400,000 people will claim for a dental examination and 200,000 will claim for an optical examination in 2010.

As most people are aware, competition in the optical industry has been intense in recent years. One can now have an examination done for as little as €15 and glasses are available at low prices. We have not seen this type of competition in the dental area where there has not

been a reduction in prices. Perhaps these measures will prompt moves in the right direction and result in increased competition, which would not be any harm.

The Department envisages achieving savings of approximately €54 million from the scheme next year. By retaining the examinations, people will continue to undergo eye tests and oral examinations which can identify ongoing problems.

On Senator Buttimer's question, if a treatment commences before the end of the year, the full treatment will be covered. Prior approval for any treatment must be obtained by the dentist from the Department. Once approval has been secured, the dentist may commence the treatment. As such, the measures will not impact on those in the position set out by Senator Buttimer.

Senator Norris referred to preventable diseases. The Department accepts the progress made in this area and as a result of fluoridation. All these measures have had a major impact. However, the social insurance fund is in deficit and we need to make savings, while seeking to protect the basic scheme. These measures protect the examinations and provision of hearing aids. In addition, those on low incomes may obtain optical and dental treatment on the medical card. The measures relate to those who avail of treatment on the basis of their PRSI payments.

Senator Nicky McFadden: These measures are a retrograde step. Good oral health is vital from the point of view of pain and suffering. Some people will no longer be able to afford to have a tooth extracted or filling done. While I accept that the examinations have been retained, this is a paltry measure given that people will no longer be able to avail of treatments, even in emergencies. This is a cruel, cold and callous measure which hits the most vulnerable again. The budget is outrageous.

Senator Shane Ross: I oppose the measure. The threatened abolition of the scheme affects two groups of people. Those who support the measure tend to paint dentists as some sort of fat cats, which is not necessarily true, and do not consider the problems it will present for patients. I do not know what the figures are but from listening I gather that some 2 million people can take advantage of this. This will lead to serious dental problems for those who cannot afford dental treatment. Dentists are very expensive and many people will not go to dentists as a result. The dental health of the nation will suffer as a result. Some of the figures have already been quoted. Of the 2 million insured, 400,000 availed of a free check-up. That is a lethal measure to lose. Some 466,000 people availed of the free scale and polish at a total cost to the State of €16 million. It is not a major sum. This is now to be abolished. In 2008 some 500,000 fillings were paid for under this scheme which is to be abolished. The cost to the State was €18 million. Some 93,000 extractions were paid for in 2008 at a total cost to the State of €3.3 million. These are small savings and people will suffer as a result. The extraction element is to be abolished as well. Some 90,000 people had dentures treatment under this scheme and the total cost to the State was €2.5 million. We are considering abolishing a benefit and a cost benefit analysis is not certain to show it will pay.

Dentists are often regarded as easy targets because people think it is not a problem if one hits dentists. Hitting dentists involves hitting patients and represents a double whammy. I do not understand the thinking behind the attack on oral health. This encourages the neglect of people's teeth because they cannot afford to pay for some of these measures that are free under this scheme. I beg the Minister to think of this as a false saving. In the long term I am not sure there will be savings. The thinking behind these cuts is that it will look right in the budget figures now but it will not look right in five years' time.

Senator Paddy Burke: I have been contacted by a number of dentists about this issue. The Minister referred to those on low incomes availing of this through the medical card system but

[Senator Paddy Burke.]

not all dentists participate in the medical card scheme. There will be a huge waiting list in this area. I hope the Minister will address this.

A large number of people use the service. I think it is cost neutral because the industry is under pressure from Northern Ireland and eastern Europe, where many people go because expenses have become so high in the sector, like every other sector in our society.

Senator Phil Prendergast: Hear, hear.

Senator Paddy Burke: The dental industry is under pressure from Northern Ireland and eastern Europe and this measure will exacerbate the problem. Those not availing of the insurance will go to the nearest area outside, which is Northern Ireland. I hope that will not be the case but it probably will be. We will see a significant number of job losses in this area so the measure is counter-productive. Senator Norris referred to 93,000 extractions out of 2 million eligible people at a cost of €13.5 million. The amount of money is quite small when one takes the industry into account, the service it provides and the health of the nation's teeth in the long run. The Minister should re-examine this section.

Senator Jerry Buttimer: I missed some of the Minister's contribution concerning dentists who start work on patients before 31 December.

Senator David Norris: They will continue.

Senator Jerry Buttimer: I take it the work will continue, they can claim retrospectively and approval is granted by the dentist. The Minister referred to competition and Senator Burke made a good point about how people are travelling abroad to other jurisdictions. The Irish Dental Association made a submission commenting that a new economic study shows that with removal of subsidised and free treatment the Government and patients will end up paying €3 for every €1 currently spent on the PRSI scheme. It continues by pointing out that the lost revenue and income, redundancy costs and increased hospital care for dental treatment and incidence of oral cancer will add to the long-term bill for this mistake. I would like to hear the Minister's rationale for this. As Senator Burke said, this could become cost neutral and I appeal to the Minister to reconsider this section of the Bill.

Senator David Norris: I agree with the general sentiment that it is time we moved on. We have spoken at length about the dental situation but the optical situation is also significant. Three or four years ago I visited an optician seeking a change of prescription. The optician told me to see a specialist, which I did, and I was told that I had macular degeneration of the retina. In my case this is irreversible. When people from Fighting Blindness were briefing me I mentioned that I had the disease. They asked me if they could use me. I agreed and did a few advertisements and interviews for them. This led to much unjustified sentimentality. One of my neighbours said to me that I would do anything for a vote. This was not the case; I was rather embarrassed. I received an enormous number of cures, ranging from the perfectly sensible to the absolutely insane. The type of disease I have may take a long time to develop but it is irreversible at the present state of knowledge. There is a wet and dry version and I cannot remember which I have. The people from Fighting Blindness contacted me because the other type can be reversed but people need to check their eyes every year. If this is done as a result of our campaign, the eyesight of a significant number of people will be saved. We also ought to underline the significance of the eye check in terms of people's well-being.

Senator Pearse Doherty: In my initial comments I asked about the cost to the State this section of the Bill will save. The Minister did not outline this or perhaps I missed it.

Senator David Norris: I think the Minister said it was €54 million.

Senator Pearse Doherty: We must make decisions and bridge the deficit, as Sinn Féin has acknowledged and has shown how it can be done. Sinn Féin acknowledges that PRSI contributions will be in deficit next year. That is one of the reasons we proposed the removal of the ceiling on PRSI contributions, bringing in €119 million. I know the Minister was uncomfortable listening to my earlier contribution but this is about the decisions we take. Whether they availed of it last year, 2 million people can avail of the scheme but the Government has decided to hurt them a wee bit more. In some cases the pain will be real because people cannot avail of treatment due to the poverty trap. This cut can be put in the context of many other cuts and some people will feel they cannot pay for dental treatment. The Minister refers to this reducing the cost of dentists. If costs could come down, we would all welcome it because they are quite high. Dentists operate businesses and must remain in business but it would be welcome if they could become more competitive. Let us not cloud the issue. There is no way on this wild earth that by introducing this scheme, 2 million people will somehow have cheaper dental care. There is no doubt that as a result of this section of the Bill, 2 million people will have an increased contribution to pay in regard to dental treatment and optical treatment. Let us be clear that it is not the purpose of the Bill to create competition; it is to save the State money because the Government has decided not to take other decisions and to let the impact fall on those who need this type of treatment. That is the reason I oppose the Bill.

Deputy Mary Hanafin: Senators Ross and Norris highlighted the importance of the examination. In Senator Norris's case, if he had not had that examination, the unfortunate finding of macular degeneration would not have been discovered. We have kept the examination so that such issues can be identified, including oral cancers which other speakers have mentioned. I have no doubt that if people think something is free, they will benefit from it. The examination for both eyes and teeth will still be free and we anticipate that some hundreds of thousands will benefit from that.

To make it clear to Senator Buttimer, the dentist gets approval from the Department. It is not that the dentist gives approval. If the treatment has started or he has approval, obviously that continues into next year, can be finished and will be paid for.

The issue of people travelling abroad for dental treatment is quite true. We do not see people going abroad for eye treatment because of competition and because prices have come down so much here. It was interesting that when the McCarthy report considered the social insurance fund and the treatment benefit scheme, not only did it recommend that it should no longer be there at all and suggest we cannot afford the scheme, it also indicated the treatment benefit scheme may have contributed to higher prices for dental treatment in this country. The competition authority has made a number of recommendations in trying to promote competition in the dental services so consumers can get better value for money but dentists have not taken it up.

There is a view that perhaps we are contributing to this lack of competition because there was a steady and regular payment coming from the State. Hopefully, the revision to the payments and to the scheme will encourage competition among dentists. It is very interesting that none of us have received much by way of representations from opticians — it is nearly all from dentists. Opticians were firmly of the view that what they really wanted to hold onto was the eye test because that was what could identify all of the problems.

We have made the saving of €54 million, which is a not insignificant sum for a fund that will be in deficit by the middle of next year. We are keeping the basics open, and the hearing aids

[Deputy Mary Hanafin.]

and so on are being kept as well. It is not as if that scheme was curtailed go deo arís but we will return to it next year.

Senator Shane Ross: I thank the Minister for her reply. The saving is €54 million, which I do not dispute because that is an acceptable figure. I have just been contacted by some dentists in the last few minutes. I was asked to ask the Minister the following. While the savings are being made, what is the estimate of the Department of Health and Children or the Department of Social and Family Affairs of the long-term cost to the health of the nation of abolishing these schemes? What damage will be done to health, which will cost the nation a lot of money in the long term? Has any analysis been done on this whatsoever or is it simply a case of “€54 million, bang, we have saved that”? Do we have any idea or are we just taking a purely short-term, knee-jerk reaction to this?

Senator Jerry Buttimer: How long will it take for the dentist to get approval from the Department? If somebody tomorrow morning goes to the dentist and makes an appointment to start work on dentures, root canal work or bridging, how long will it take? The Minister stated the dentist has to get approval from the Department. Will that process take weeks or days? Will the fact the dentist made contact with the Department on 17 December be taken into account? Is that too late? There is ambiguity in the Minister’s reply which requires further clarification.

Senator Paddy Burke: Senator Ross makes a very good point. Some €13.5 million is being taken through this section. We want to maintain the health of the nation’s teeth but jobs will be lost through this. How does the Minister intend to keep the health of people’s teeth at the current level? While some people will qualify under the medical card, many will not and they will not go to the dentist because they will not have the money to do so. Given this, there will be job losses, fewer dentists and a worsening of the level of treatment.

Senator Nicky McFadden: With regard to provision for dentistry within the HSE, the service is practically non-existent and is constantly being cut. In the past three years, there has been very little service, even for emergency work. With the embargo, staff are not being employed.

Deputy Mary Hanafin: First, the scheme has not been abolished. The scheme is still in existence and, while it is more limited, it does offer the examination. People always had to pay towards their fillings and extractions. It was only a grant that was paid. The only treatment they got free was the examination and two scales and two polishes per annum. If people wanted an extraction or filling, they always had to pay something and they will still have to pay. The challenge is for the dentist not to be ripping them off completely. Hopefully, that will happen.

With regard to Senator Buttimer’s point, again, the dentist gets approval from the Department in advance. Normally, it is given immediately on the telephone.

Senator Pearse Doherty: On the Minister’s last comment, although we have already dealt with competition, the Minister is now saying the State pays a subsidy for extractions, fillings and the other treatment to which people had to contribute, and she said it is up to dentists not to be ripping them off. I take it she claims they are ripping off the client at present through the contribution from the State, and are ripping off the State as well. Her comment in regard to dental practitioners is very serious and I ask her to clarify it.

Senator Jerry Buttimer: I questioned the Minister earlier in the context of the Irish Dental Association study. She speaks about competition. My concern is that, from talking to those involved in dental practices, I am genuinely concerned that this will lead to a loss of people providing the service. I appreciate that the Minister claims it is not gone, which I understand. However, the nature of the changes in the Bill will act as a deterrent. Even for my simple

request, I was confused until minutes ago when the Minister told me the request could be made by telephone.

The Government and patients will end up paying €3 for every €1 spent on the PRSI scheme. It will lead to a loss of revenue, redundancies and to hospital care for dental treatment. As other speakers have said, it will contribute to a decline in oral hygiene. While I am not flying a flag for dentists, this scheme should not be touched. We need to allow people to go to their dentists, to make their contribution and get the rebate. The Minister has made the changes in the Bill. It is an attack on a vital service, which is a thread running through the budget, which is unfair. That is the fundamental point.

Deputy Mary Hanafin: There is much evidence for a lack of competition in the dental industry. The first is the fact so many people are travelling abroad, the second is the McCarthy report, which indicated that the Government scheme may actually be contributing to higher prices, and the third is in regard to the recommendations made by the Competition Authority, which have not yet been implemented. These identify that prices could come down. We saw this in the optical industry, with good value now available. People no longer go abroad and eye tests are available for €20 and spectacles for €40. There is nothing like that level of competition or keen pricing within the dental industry.

This is solely about saving money for one year. We do not believe in any way that it will have a long-term impact on oral hygiene. The only thing that was free in the past was the examination and scaling and polishing. People can still get a free examination and we encourage them to continue to benefit from that; the State will pay for that. The contribution towards the rest will not be paid by the State for this year.

Senator Pearse Doherty: I do not want to drag this out because we have spent some time on it and I take the point about competition. We would all welcome reduced prices in dental practices.

The Minister mentioned this is just for a year and there will be no impact on oral hygiene for the 2 million people who can avail of the service. Why then is the subsidy being reinstated next year? The Minister has arguments for the reinstatement of the scheme so why cut it in the first place? I do not understand the logic of this. It is as if the Minister does not believe this should be cut in the first place because she is saying it will be put back in place in a couple of months.

Deputy Mary Hanafin: I have had to repeat every single answer I have given Senator Doherty. I said cutting it for one year would have no long-term impact. Indeed, the international trend is for governments not to get involved at all in funding dental care except for those who cannot provide it for themselves, who will be covered by the medical card. I accept there are not many benefits for a worker under the PRSI system while he is still working. It is a valuable scheme but it is purely for financial reasons in making the saving for this year that we are doing this. We have worked to maintain the key elements of it.

Senator Pearse Doherty: The Minister should acknowledge she has not repeated the answer to every question I have asked. It is disingenuous for her to say that.

The Minister acknowledged the mid-term PRSI deficit next year will be astronomical and it is likely to increase with the increasing number of people on the live register, as forecast by the Government in the budget. The Government has already said there is a €4 billion deficit that must be bridged next year. The country will still be borrowing to pay the running costs of the State. We will not be in a completely different environment in 12 months. Can I get a clear indication of why we are to reinstate this scheme?

[Senator Pearse Doherty.]

I am arguing we should not get rid of the scheme in the first place. If we are doing it now because we do not have the money, we will not have the money next year either. The PRSI deficit has already been outlined. It will not be any better next year with so many people unemployed. Will the Minister acknowledge that and give a clear answer to that point?

Senator David Norris: If I did not think it might be taken up as a slur, I would say that some of my best friends are dentists. I am not inimical to their making a living. I have also received some very good dental treatment in this country.

In general, I accept the Minister's point that the tests are still available to the disadvantaged but we then move into a situation where they are disadvantaged if they seek treatment. That is cruel. They are being made aware of an existing problem and then being penalised or even prevented from getting treatment. They will know there is a problem that cannot be resolved without treatment. That is an unfair, perhaps unintended, consequence of this measure.

An Cathaoirleach: Would the Minister like to reply to any of those points?

Deputy Mary Hanafin: I am sure the Seanad would prefer to deal with this year's budget instead of trying to predict next year's.

Question put.

The Committee divided: Tá, 29; Níl, 21.

Tá

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

Leyden, Terry.
MacSharry, Marc.
McDonald, Lisa.
Ó Brolcháin, Niall.
Ó Domhnaill, Brian.
O'Brien, Francis.
O'Donovan, Denis.
O'Malley, Fiona.
O'Sullivan, Ned.
Ormonde, Ann.
Phelan, Kieran.
Walsh, Jim.
White, Mary M.
Wilson, Diarmuid.

Níl

Bradford, Paul.
Burke, Paddy.
Buttimer, Jerry.
Cannon, Ciaran.
Coffey, Paudie.
Cummins, Maurice.
Doherty, Pearse.
Donohoe, Paschal.
Fitzgerald, Frances.
Hannigan, Dominic.
Healy Eames, Fidelma.

McCarthy, Michael.
McFadden, Nicky.
Norris, David.
O'Reilly, Joe.
O'Toole, Joe.
Phelan, John Paul.
Prendergast, Phil.
Ross, Shane.
Ryan, Brendan.
Twomey, Liam.

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

Question declared carried.

Senator David Norris: On a point of order, can the Cathaoirleach confirm that all Stages are being taken and if so, whether there will be a break between the end of Committee Stage and Report Stage to provide for the eventuality that some people may wish to put forward Report Stage amendments.

An Cathaoirleach: The business as ordered was for all Stages.

Senator David Norris: Without a break.

An Cathaoirleach: If Members wish to put in amendments there will need to be a break as they would need to be processed.

I ask Members to be quiet to allow the business of the House to continue.

SECTION 12.

Question proposed: “That Section 12 stand part of the Bill.”

Senator Maurice Cummins: This section deals with mortgage interest relief. The Minister might explain what the section proposes in respect of mortgage interest relief and the supplementary welfare allowance.

Deputy Mary Hannifin: This section provides that when entitlement to mortgage interest supplement is being determined on the supplementary welfare scheme, if that person has already received a mortgage interest relief or any subsidy paid by the local authority, that would be taken into account.

Question put and agreed to.

SECTION 13.

Question proposed: “That section 13 stand part of the Bill.”

Senator Maurice Cummins: This section provides for the introduction of the cut in job-seeker’s allowance and to bring the supplementary welfare allowance in line with the cutbacks in that area. We have spoken at length about the cutbacks in benefits for young people. The cuts in benefits envisaged for young people is a recipe for emigration. They are not being given any hope of employment. The schemes advocated are little more than a token effort by the Government to create some training places. This cut is an attack on young people. We are not giving them any confidence in the political system or any hope of jobs in the future. We have opposed the cut in benefits down to €100 and €150 and we will be opposing this section.

Senator Paddy Burke: I agree with Senator Cummins. The Minister said that if a person is offered a job, he or she would have to accept the pay and conditions attached to it and that if the person did not accept them, they would no longer be entitled to social welfare benefit. The Minister might elaborate on that. She did not indicate whether the pay involved would be above the minimum wage. I understand the onus will be on a person to make an offer of employment and the terms of employment will be that the pay will be above the minimum wage at the very least, and that if the person refuses the terms of employment, he or she would not be considered again as being eligible for social welfare benefit.

Senator Pearse Doherty: I spoke on this issue earlier and during Second Stage. The attack on those under the age of 25 is the worst aspect of this legislation. When we dealt with the previous section I did not get to ask the Minister if she had obtained legal advice on this

[Senator Pearse Doherty.]

provision. I apologise in advance if she has given this information to the House. I understand that such a provision has been introduced for those under the age of 20 in a previous budget. I am not a legal expert, but this provision is fundamentally unfair. It IS an attack on young people who are unemployed. There could be a good case for legal action on this issue. What is proposed is ageism. How can young people be singled out and told to take a reduction in their payments and that not apply to a person who is 26 or 27 years of age? Their circumstances are the same. I heard contributions from Members on the other side of the House yesterday to the effect that when young people turn a certain age all they want to do was go on the dole. Those comments were disgraceful and they should be refuted by the Minister, as they were made by colleagues of her party. What they said was ridiculous.

Some 32% of young males are unemployed through no fault of their own. Some of them have come out of college. Some of them are trained teachers but because of cutbacks and increases in class sizes there are no jobs for them. They have no option but to depend on social welfare.

I note the Minister said a young person with no education has the option of staying here and taking up training and they will get their social welfare payment or the option of going abroad and they will get sterling £50. She mentioned that amount of pounds. I am sure she is aware that of the EU 15 we have the third worst social welfare payment for a single person. The member states with a payment that is lower than ours are the UK and Greece. That suits the argument the Government has put forward of making a comparison in terms of the rate of payment with our neighbours across the Border. The Minister did not mention all the other benefits people living in those jurisdictions receive. We should talk about the payments people receive in other members states that are ranked much higher than Ireland in terms of provision for single people. This myth that we have the most generous social welfare system in Europe is nonsense. We should deal with the facts.

My primary question is in terms of legal advice. Are we on a solid legal footing on this issue? I cannot understand why on 1 January a 26 year who has become unemployed should be treated any differently from a 25 year old who has become unemployed. The 26 year old and the 25 year old could be qualified teachers. Why should those two people be treated differently? Both of them could be married. Therefore why should we treat them differently? A total of 14,000 people under the age of 25 are married. They are not all living in their mothers' houses or sponging off their parents as people would like us to believe. Many others are in relationships and many others have dependants. What has been done is unfair and it is a trend the Minister has continued from a previous budget when she took on those aged under 20, but it has been extended to those under the age of 25. It is an incredibly unfair measure. I understand that people in that age group have different issues on their minds. They probably will not congregate and march on Leinster House, although I wish they would because what the Minister has done is horrible. Is it the intention of this Government, as the Minister said previously, that this measure would be in place for only one year? Is this a permanent fixture that we will treat those under the age of 25 differently?

I understand the Minister's argument to a point in that we must get people back into training but that misses the point that we have highly qualified people under the age of 25 who are already trained. The problem is that jobs do not exist, and the Government has acknowledged that more jobs will be lost this year. If the Minister subscribes to the idea that there is a danger that a person under the age of 25 who becomes unemployed will remain long-term unemployed and if we subscribe to the idea that a person under the age of 25 who becomes unemployed needs to get back into education, retrain and reskill to get back into the workforce, and to do that we must limit their payments to encourage them to take up those opportunities, why do

we not believe that a 26 or 27 year old should be incentivised to do the same? Have we written off the entire age group from 26 upwards in that we are telling them that if they are unemployed the Government believes it does not have to introduce the same incentives it is offering to those under the age of 25 — which in my view are not incentives but that is the language the Government is using to make its argument — and that age group is up a creek without a paddle, so to speak? Is that the argument we would make?

My final comment is that the way the scheme will be introduced is fundamentally unfair. I am not arguing that the scheme should be for everyone under the age of 25. The difference in income from the State is more than €100 in the case of two brothers, both under the age of 22, where one is made unemployed before Christmas, and the other is made unemployed the week after Christmas. The difference in the way the State will treat them is that one will get more than double what the other will get. The fundamental issue is how the Government treats young people under 25 in the legislation. I completely oppose the section.

Senator Jerry Buttimer: One third of men under the age of 25 are signing on, which is an increase of 158% in the past two years. In Cork alone, approximately 7,700 young people are signing on. Despite what the Minister said, an element of discrimination against young people is being introduced in the section.

I do not agree that we have provided sufficient training and education places. The Minister referred previously to work and the need for work. No job stimulus or work programme is included in the Bill. Unfortunately, emigration was rampant in the 1960s and 1980s. From talking to people in Bishopstown and Cork city I am aware that young people are considering emigrating to Australia and Canada, destinations that appear to be recession proof. I do not have the exact figure but the number of people who have been forced to emigrate this year has increased by approximately one third. Perhaps the Minister will provide a more accurate figure.

This cut is, in effect, saying to young people who had no role whatsoever in the economic collapse of this country, who in many cases were in school or higher education, that they must pay for the Government's incompetence. My concern is that no job stimulus plan, back to education scheme or reinforcement of education is contained in the Bill. The Minister for Education and Science is constantly rowing back on what is on offer. The Minister is aware of the schemes to which I refer. I am genuinely concerned about that, in addition to the cuts. It does not make sense that an extra €56 million was allocated to FÁS. Young people are looking for hope and they do not find any in the Bill.

Deputy Mary Hanafin: First, no one is pushing young people out of the country, nor is there any evidence that large numbers of them are emigrating. What emerged today in the quarterly national household survey is that two thirds of young workers who came here from eastern Europe, who have lost their jobs, are returning home. That is why there is an increase in the number of people leaving the country. There is no evidence to show that young Irish people are leaving.

Senator Jerry Buttimer: That is not the case.

Senator Maurice Cummins: That is not true.

Senator Nicky McFadden: That is untrue.

An Cathaoirleach: The Minister should be allowed to speak without interruption.

Deputy Mary Hanafin: Most other European countries are experiencing the very same——

An Cathaoirleach: The Senators have had their opportunity to speak.

Senator Jerry Buttimer: The Minister is not correct.

An Cathaoirleach: Senator Buttimer has had his opportunity to speak. He should allow the Minister to speak without interruption.

Deputy Mary Hanafin: Most other European countries are experiencing the very same difficulties with unemployment as we are. Places such as Australia and Canada really only want people who are well trained and who fit into specific categories. They specify what they want. We are not talking about young people who have worked and we are not talking about people who were on jobseeker's benefit.

Let us take the example of twins, as outlined by Senator Doherty, who will lose their jobs, one at the end of this month and the other at the beginning of next month whom he alleges will be treated differently. They will not be treated differently. We are talking about people who have never worked, who do not have sufficient PRSI contributions to be able to get jobseeker's benefit. Senator Doherty also inquired about how we will treat 25 year olds and 26 year olds differently.

Senator Pearse Doherty: On a point of information, if someone works for a week, would he or she not be treated differently? The Minister referred to sufficient PRSI contributions.

An Cathaoirleach: The Minister should be allowed to speak without interruption. The Senator will have an opportunity to ask a question after the Minister has replied.

Senator Pearse Doherty: Will such an individual be treated differently?

Deputy Mary Hanafin: Where a person qualifies for jobseeker's benefit, where he or she has a work record then he or she will get the full amount.

Senator Pearse Doherty: So my point is correct.

Deputy Mary Hanafin: If I might finish, where people move——

Senator Pearse Doherty: The Minister should acknowledge that my point is correct.

Deputy Mary Hanafin: If a person moves from jobseeker's benefit to jobseeker's allowance, he or she holds on to the full rate because it is a recognition that he or she has worked.

The Senator also inquired about how we can treat a 25 year old and a 26 year old differently. Of course we will not, because the measure applies to those aged up to 24 years of age. Two different age groups are involved.

It is important to consider the categories of person who will not be affected. Existing claimants will not be affected. Young people with dependent children will not be affected. Those aged 18 years and 19 years who qualify for jobseeker's benefit, once they move on, will continue to get the higher rate. People who qualify for jobseeker's benefit who are moving on to jobseeker's allowance will not be affected. In other words, people who have a work contribution and a proven record who qualify for jobseeker's benefit will be able to continue on the higher rate. Where an existing jobseeker's assistance claimant under the age of 25 gets a job, leaves the social welfare system and then comes back to claim jobseeker's assistance, we do not wish to disincentivise such a person from taking a job so he or she will go back onto the higher rate. A significant number of protections have been built into the system. Special consideration has

been made for 18 year olds and 19 year olds who have come out of care because they have to be protected as well.

Other countries have completely different schemes. If one looks carefully, one will find that income related payments for unemployment are made for a specified length of time. Very few systems allow a person to remain on jobseeker's allowance for many years in the way we do. We have evidence that what we are seeking to do with 18 year olds and 19 year olds works. We also sought legal advice on the matter. What we are trying to do with young people is to encourage them into education and training. If one has never worked and one is applying for jobseeker's assistance, the chances are that one has no formal education or skills certification that would help one to get a job. That is a real incentive to support young people to achieve that end.

I recognise that the older group, 22 year olds to 25 year olds, might be well qualified graduates, which is why we have included participation by them in the work placement scheme and the graduate placement scheme as sufficient qualification to allow them to get the higher rate. We have not included that parameter for the younger group because we want them to get training. However, if one is a graduate of law or a teacher — approximately 600 posts will be available in primary teaching this year because of demographics, so there should be no difficulty for them in getting jobs —

Senator Maurice Cummins: What about secondary school teachers?

Deputy Mary Hanafin: The demographic is starting to move through. We have seen an increase in the number of pupils in primary schools in recent years and last year was the first year when the large demographic numbers began to move through into second level, which creates jobs at that level as well. If one is a graduate and one participates in the graduate placement scheme one can get the higher rate for that.

Senators inquired whether that means we are washing our hands of everyone else, such as those aged 27, 28 or 29. Of course we are not. Those people will be called by the national employment action plan after some months on the live register and they will be interviewed and directed towards suitable places for them. The difference is that there is not an incentive to take up such places, which we discovered on pilot projects that young people need. Young people need a financial incentive to be able to participate on courses whereas older people and those who have been in the workforce are much more anxious to get back into it.

Senator Pearse Doherty: I made the point about the two brothers who were working and the Minister said they would not be treated any differently because the change affects only those who have never worked. One has to have a number of contributions. I am not sure how many weeks are required. How many is it?

Senator Maurice Cummins: It is 104.

Deputy Mary Hanafin: Two years.

Senator Pearse Doherty: In the case of two brothers who have worked for a number of months, one who is made unemployed before Christmas and one after Christmas, will the Minister acknowledge that we have treated them differently? Perhaps I am reading the legislation incorrectly. The Minister said the change only affects those who have never worked. Will she clarify that it affects people who have worked, who have paid PRSI and tax, and that she has decided to cut their social welfare by more than 50%? Unfortunately, they have not made enough contributions to enable them to claim the benefit which would exempt them. Will the

[Senator Pearse Doherty.]

Minister clarify this because she has led the Seanad to believe this affects only people who have never worked?

Senator John Paul Phelan: I did not get to contribute before the Minister spoke, as I had to leave, nor did I get to speak on the section which deals specifically with the reduction in jobseeker's allowance. This section deals with supplementary welfare allowance. I spoke about this issue on Second Stage and, in many respects, this is the most objectionable part of the Bill. Senator Doherty is correct. People who have worked for a certain amount of time, but who do not have the requisite number of stamps will be treated differently from those who are slightly older and in the same boat. Perhaps the Minister might clarify that point.

We come from a country that does not have a very happy tradition of emigration. I see this initiative by the Government as, effectively, an invitation to a generation of young people to leave and many will do so. Senator Doherty is correct that not every person under the age of 24 years lives at home with his or her parents. People's circumstances are different. Recently I was made aware of a PE class in the University of Limerick which had graduated last summer. There were almost 70 students in the class, 11 of whom are now in Dubai and five in London. A number of others are also not in the country. Therefore, one is talking about one third of the class who have left the country already. From an economic point of view, it is not sustainable to export young people, as we did in previous generations, nor is it morally justifiable. This measure seems to suggest the stated policy of the Government is that it will educate people but that there will be no jobs when they leave school or college and that they can get on the nearest boat or flight and leave the country. That is highly objectionable. Perhaps the Minister might be able to put my mind at ease but this is an open invitation from the Government to this generation of Irish people to leave the country, which is absolutely disgraceful.

Deputy Mary Hanafin: The Official Report will show that, when I spoke about young people with a work record, I indicated it was those with sufficient contributions who would be able to qualify for jobseeker's benefit.

On Senator Phelan's point about supplementary welfare allowance and emigration, we all know the number of graduates who take off to travel, in particular, in the year after they graduate.

Senator John Paul Phelan: There are no jobs for them.

Deputy Mary Hanafin: That is not the same as emigration.

Senator John Paul Phelan: Some are secondary school teachers.

Deputy Mary Hanafin: The Senator has highlighted the fact that five people have gone to Dubai but its economy has collapsed. It is not fair to say these people——

Senator John Paul Phelan: They did not go on a holiday if that is what the Minister believes.

Senator Maurice Cummins: They have not gone to get a sun tan.

Deputy Mary Hanafin: Those graduates would qualify under the graduate placement scheme in the short time we hope they would be unemployed. This is not about keeping young people on the live register but about creating jobs. That is why, as part of the budget, we have the largest capital programme of any country in Europe, the retrofit programme, the employment stabilisation fund, investment in tourism and the food industry——

(Interruptions).

An Cathaoirleach: I ask Members to show the Minister the same respect she has shown to those who have spoken.

Deputy Mary Hanafin: We have the PRSI exemption for employers which we hope will encourage them to take on new graduates and young people who have been on the live register for a few months. That is a real stimulus and incentive for them. The live register is a huge churn in that not all of those on it were on it six months ago. There are opportunities, but, obviously, the better educated one is, the better the opportunities.

I note that in its proposal Fine Gael suggests a disincentive factor for young people who did not participate in courses because it recognises, as does the Government, that these are the people destined to be long-term unemployed. We had various pilot projects to try to encourage young people on the dole into education and training, but because they had probably dropped out of school early, they did not have the skills necessary or a commitment to education and training and because there was no incentive for them to participate in courses, they did not bother. Once one gives a financial incentive, there is a real prospect that they will participate and acquire the skills necessary to help them.

Senator John Paul Phelan: This is not a financial incentive but a financial disincentive.

Deputy Mary Hanafin: This section deals with supplementary welfare allowance and ensuring it is paid at the same rate. We do not want a situation where somebody will be on a lower rate from the Department and goes to the community welfare officer and ends up on a higher rate.

Senator Pearse Doherty: The Minister was irked earlier when I said she was repeating answers. The reason I am asking the same questions again is that she is not answering them. She spoke about providing incentives to go to college.

Deputy Mary Hanafin: I never mentioned college.

Senator Pearse Doherty: Education.

Deputy Mary Hanafin: It is much broader.

Senator Pearse Doherty: The reality is that the Minister has removed the incentive for those who want to go on to third level. Those in receipt of the back to education allowance will no longer be eligible to receive maintenance grants. The maintenance grant for those who are eligible has been cut by 5%. We need to be clear about this.

I asked the Minister a question to try to cut through all the spin about us having the most generous social welfare system in Europe. She is able to use the comparison argument when she talks about the Government's capital spend in comparison with that elsewhere in Europe. I acknowledge her answer that some benefits are time limited, income related and so on. However, the reality is that the rates for somebody who is 24 years of age or older or younger in any of the EU15, bar two, are higher than the current rates in Ireland. I am not even talking about the cut of more than 50%. The Minister should acknowledge that we have third lowest social welfare rate for single individuals in the EU15. She should then argue with conviction why we should reduce it even further.

The Minister referred to the Official Report. I asked her a specific question about brothers. She said we would not discriminate between them because this did not affect anybody who was working.

Deputy Mary Hanafin: Who had built up their entitlement.

Senator Pearse Doherty: That is not what the Minister said. She said this only affected those who had never worked. That is okay because all of us make mistakes. I made one when I spoke about the circumstances of the 25 year old. People need to have made contributions for two years. They may have worked for a year and a half but will still be treated in this way. There will still be that anomaly between brothers and the person who loses his or her job pre-Christmas and the person who will lose his or her job post-Christmas. There will be a 50% reduction for the person who will lose his or her job after 1 January. How do we deal with this? I pose that question again, as the answer the Minister gave me was that this would not affect them because it only affected those who did not work. She has acknowledged that is a mistake and that it will affect them. These provisions will impact on people who have made contributions, paid their taxes and contributed to the State and the economy. They will see reductions of more than 50%.

I asked the Minister a question about the circumstances of a 25 year old and a 26 year old. I acknowledged that I had made a mistake and the Minister dismissed it as such. How can we differentiate between a 24 year old and a 25 year old? It is the same principle. Why should a 24 year old take a cut of more than €50, while a 25 year old will not have to take any cut?

I want to ask the Minister another question because I want to understand her logic. If the Government feels it needs to — in its own language — create an incentive for people to go into training, upskilling and education, why is this measure only being introduced for new applicants? The Minister has said she has research which deals with those who are 18 and 19 and which indicates they need that incentive. If this works, is good policy and will get people working in the economy, why are we leaving out all the 7,000 under-25s in Cork, the 6,000 under-25s in Donegal and the others on the live register currently in those age groups? Why is the incentive not extended to them and what is this all about?

I do not understand this action and completely disagree with it. I want to tease out the details to help me understand it a bit better. Why are we creating these anomalies within this legislation and treating the person who has lost his or her job before Christmas differently to a person who loses it after Christmas? Why are we treating those who are 24 and 25 differently? Why are we treating those who are currently unemployed under 25 differently from those who will become unemployed in January?

Deputy Mary Hanafin: The way to equalise those who are 24 and 25 is for one of them to do the education and training; they will both be on the same payment if that happens. The way to equalise the two brothers in the Senator's example is for the second brother to do the education and training so that both of them will be on the same payment. It is very easy for them to be equalised.

The group of people currently on the live register would have had an expectation and got used to a certain amount of money. They can be equalised downwards if they refuse to participate in education and training, having been reasonably asked to participate in it. Similarly, they can be equalised downwards if they refuse to take up a job having been asked to do so. They would all be equal in that case as they would all be on the lower payment.

Senator Pearse Doherty: I asked a question on the legal evidence, as the Minister referred to legal advice on the scheme introduced for those aged 18 and 19. Have we got legal advice on this? In my view we are discriminating against those under 25 so have we advice that this is completely constitutional? This is an example of ageism.

The Minister's answer is technically correct but it still does not bring about equality. In my example, the brother losing his job before Christmas does not have to go into training. A difference is being created in this legislation for people in a younger age group and the way the State treats them, despite being in the same position as those in an older age group. Has the Minister sought legal advice on this and if so, what was the advice?

Deputy Mary Hanafin: I indicated that we were satisfied that the legal provisions are being met. As I have already indicated, the brother in the Senator's example who loses his job before Christmas will be treated the very same as the brother who loses his job after Christmas if he does not participate in education or training.

Senator Pearse Doherty: This is a clear question.

An Cathaoirleach: It is repetitive.

Senator Pearse Doherty: I will keep asking the question until I get a simple answer. It is a "Yes" or "No" answer. Was legal advice sought on this issue of treating those under 25 differently from those 25 and over?

An Cathaoirleach: It is not relevant as to whether she sought——

Senator Pearse Doherty: Of course it is relevant. If this legislation is tested——

An Cathaoirleach: The Minister has answered in detail the questions put to her.

Senator Pearse Doherty: No.

An Cathaoirleach: It is not relevant whether she sought legal advice.

Senator Pearse Doherty: Of course it is relevant. If the legislation we are attempting to pass could be found unconstitutional, it would——

An Cathaoirleach: That is a matter for whoever wishes to take that case.

Senator Pearse Doherty: We are the legislators and we should be informed as to whether legal advice on this issue was sought. It is a simple "Yes" or "No" answer.

An Cathaoirleach: My understanding has always been that legislation is approved legally before the Minister brings it to the House.

Senator Pearse Doherty: With all the——

An Cathaoirleach: The Attorney General checks all legislation.

Senator Pearse Doherty: In all fairness, I am asking a question of the Minister on the issue of the different treatment of those under 25. Was legal advice sought on this? It is a "Yes" or "No" answer.

An Cathaoirleach: Does the Minister wish to reply on anything else?

Deputy Mary Hanafin: I have answered all the Senator's questions at least twice.

Senator Pearse Doherty: The Minister has not said "Yes" or "No" to the question.

Question put and declared carried.

SECTION 14.

Question proposed: “That section 14 stand part of the Bill.”

Senator Nicky McFadden: This section applies to rent allowance. It is another one of the slash-and-burn cuts being made by the Government, which proposes to save €2 million in this area. It has not indicated how it is proposed to save the money. The personal contribution has been increased by 85% in the past two budgets. Some 91,000 tenants benefit from rent supplement, which is an increase of 52% since the end of 2007.

It was always intended to be a short-term allowance but because local authorities are not building as many houses as before, it has become the only way for some people around the country to afford to live independently and comfortably. It was also intended for the rental accommodation scheme, RAS, to be extended but the take-up of the scheme has been dismally slow. The idea that somebody has to be 18 months on rent allowance before becoming eligible for RAS is a disincentive. How does the Minister propose to achieve this saving?

What is a bona fide tenant with regard to the language in the Bill? That is an objectionable term. The explanatory memorandum states “In order to qualify for rent supplement, a person must have been a tenant or living in homeless accommodation for a period of at least six months”. There is also the stipulation that a person must be able “to demonstrate that s/he could reasonably have afforded the rent at the commencement of the tenancy”. If the person was able to afford the rent at the commencement of the tenancy, he or she would not need rent allowance. It is a bit disingenuous and misleading so will the Minister clarify the matter?

Senator Maurice Cummins: The Department of Social and Family Affairs is practically acting like a housing authority. Much community welfare officer time is taken up with trying to sort out rent allowance, rent supplement and everything else. It was announced a number of years ago that we would have this area transferred to local authorities. It is partially transferred in the form of RAS and this should be extended. As Senator McFadden mentioned, some 91,000 people are on rent allowance and surely there should be a move to bring more people under RAS, which seems to be working quite well under the local authority system. I am sure savings would occur if that happened.

Has the intention been abandoned by the Department? Community welfare officers are not meant to deal with this area and it should, correctly, be dealt with by the local authority. If the intention has been abandoned, why so?

Senator David Norris: I wish to raise a point of order. I was in my office listening to the debate but I have never heard anything like the way in which the Cathaoirleach intervened to tell a Member of this House it was not appropriate for him to ask a specific and clear question germane to the debate. I understand the advice given was that the Attorney General apparently has said we are not entitled in this House to information on whether legal advice has been sought. Whatever about the content, the Attorney General has no right to rule in this House. This is a sovereign House of Parliament. We make the rules and I ask the Leas-Chathaoirleach to refer this ruling and the advice given to the Committee on Procedure and Privileges because this is a further example of the way in which this House is treated with absolute contempt. It was a reasonable question, it was germane and relevant to the debate and it was ruled out of order by a series of interventions from the Chair. I rarely criticise the Chair but I am most definitely criticising what was done here tonight.

10 o'clock

An Leas-Chathaoirleach: I was not in the Chair at the time.

Senator David Norris: Will the Leas-Chathaoirleach look at the record and refer it to the Committee on Procedure and Privileges because if the Attorney General has given such advice, he must be confronted?

An Leas-Chathaoirleach: Does the Senator propose to refer the matter to the Committee on Procedure and Privileges?

Senator David Norris: Yes, as a matter of urgency.

An Leas-Chathaoirleach: All right.

Senator Phil Prendergast: During her deliberations on the budget, did the Minister seek advice from CWOs around the country and from strategic policy committees, SPCs, on housing and social policy? What else informs her decisions when she goes to cut a budget or make changes? How does she do this with the best intention?

Deputy Mary Hanafin: With regard to Senator McFadden's questions, we are trying to put the regulations in this area into legislation. Under the regulations, an applicant must have been a tenant for a set period and at the time he or she took out the tenancy, he or she must have been able to pay the rent. It is not true to say they would not look for rent supplement because one might have taken out one's tenancy a year ago but only lost one's job now. We are trying to avoid people moving into expensive accommodation they cannot afford and then applying for rent supplement when they could never have afforded the accommodation in the first place. This is covered by regulation and the section provides that it is put into legislation.

With regard to the bona fides of tenants, the section provides that a tenant must have been in rented accommodation or an institution for six months. If one has been discharged from care, for example, or a psychiatric institution, one would be covered rather than having to make sure one was in rented accommodation up until then.

Local authorities are responsible for housing. They maintain housing policy but this is an unusual scheme, which was designed to be a short-term measure for those who needed support. However, it has changed considerably over the past while. The RAS is still maintained by local authorities. Housing managers have made recommendations but they are answerable to the Minister for the Environment, Heritage and Local Government. The CWOs who pay out social welfare funds are employed by the HSE. The sooner the CWOs come under the aegis of the Department of Social and Family Affairs and the industrial relations issues are resolved, the better for streamlining all the processes for everybody.

The section puts into legislation what we have in regulation. I was asked how money would be saved. Rents have fallen significantly over the past number of months. All the evidence shows that, but they have not fallen by the same amount everywhere or for different types of accommodation. For example, rent for a bedsit has not reduced as much as that for a house. Since we last set the limits, rents have continued to reduce. I aim to save money by setting revised rent limits for new tenants and for lease renewals. We do not expect recipients to renegotiate midway through a lease. We introduced that provision in the supplementary budget last April with some success because landlords with multiple properties were happy to have a rent supplement tenant. However, there is no way the State should dictate what are the high rents. That is how we intend to save money without placing an additional burden on tenants to renegotiate midway through leases.

Senator Nicky McFadden: I thank the Minister for her comprehensive reply and while I accept most of what she said, during my constituency work, all the people on rent supplement I meet are seeking help to go straight into rented accommodation and to apply for the rent allowance because they do not have an alternative. They try to obtain a deposit from the local authority and then apply to the CWO immediately before contacting the landlord and spending perhaps one or two weeks in the new property. I assure the Minister these people are put to the pin of their collar to find somewhere to live and pay rent. I wonder whether another door is being closed and more people are being pushed out. I would like the Minister to clarify this. The section states, “The applicant must be in a position to demonstrate that he or she reasonably could have afforded the rent at the commencement of the tenancy”. Rent supplement means a great deal to social welfare recipients, who could not manage to pay their rent without it and that is the bottom line.

Senator Phil Prendergast: Will the CWO still have authority to help applicants? When I was chair of the SPC on housing and social policy on South Tipperary County Council, I was appalled that accommodation given to tenants for which they were paid rent supplement was inappropriate to their needs and in a dangerous condition. I was worried by accommodation provided under the scheme, which was not suitable, for example, for single women with young babies or people with disabilities. They had difficulty with access having to climb two flights of stairs in some cases or having to climb external stairways. The buildings were inappropriate and poorly maintained. I stated at the SPC and at the homeless forum that if the State was helping people on housing lists, the accommodation used for RAS or the rent supplement scheme should be of the highest standard. There is no excuse for not insisting on such a standard nowadays because a glut of housing is available. Separately, if houses remain unoccupied for a while, they scream out that they are unoccupied and they are sometimes subject to vandalism, which is also an issue.

Deputy Mary Hanafin: The CWOs will still have flexibility at local level.

Senator Phil Prendergast: I welcome that.

Deputy Mary Hanafin: If they were all like what I witnessed in Clonmel, they would deserve such flexibility. The CWO structure there is the model for how flood relief payments should be handled everywhere.

Senator Phil Prendergast: I agree.

Senator Nicky McFadden: On a point of order, the CWOs in Athlone were fantastic.

An Leas-Chathaoirleach: That is not a point of order.

Deputy Mary Hanafin: That is a good point of order. I only mentioned Clonmel because I visited the area and they have a model for dealing with flooding because, unfortunately, they had previous experience. They knew how to handle it. The CWOs in Athlone had not experienced this previously and they responded. Where flooding occurred around the country, the CWOs are expediting humanitarian aid and so on.

I strongly believe people should be in rented accommodation for six months before they seek State aid, otherwise everybody will look for the best accommodation and only have to pay €24 a week in rent.

Senator Nicky McFadden: There is no local authority housing.

Deputy Mary Hanafin: If they cannot afford it, they should not be in it and they should not expect the State to pay the rent for them. We are not a rental agency. The rent supplement is in place to support people who when they entered rented accommodation could afford it because they were in employment, but who have since lost their jobs and cannot pay the rent. It is designed as a short-term support. Unfortunately, some people have been in receipt of the support for too long and that also needs to be examined. We have to have that built-in criterion that one should be in rented accommodation for some time before one receives rent supplement; otherwise the State will end up paying hundreds of thousands of euro. We will spend €500 million on rent supplement this year while the individual pays €24. That is acceptable if someone has fallen on hard times and was genuinely in rented accommodation prior to this. However, it certainly would not be if every young person decided to seek rented accommodation and have it paid for by the State. That is why we are including conditions for the payment of rent supplement in regulations and legislation.

Senator Nicky McFadden: The reason so many avail of rent supplement is 400,000 people are on the live register, all of whom are entitled to rent allowance. The Minister is quite removed and disconnected in stating that. Where will they live if the local authorities do not build houses? They need support. I cannot stand over this provision; it is cold, removed and callous.

Deputy Mary Hanafin: I am not sure the Senator understands the position. We will give the money to those who have been in rented accommodation. We will not turn down people who were previously in rented accommodation.

Senator Nicky McFadden: Other criteria will be added, whereby to qualify for rent supplement, a person must reasonably have afforded the rent at the commencement of the tenancy or have been residing in homeless accommodation. However, some have not and this is their first port of call.

Deputy Mary Hanafin: Where were they?

Senator Nicky McFadden: They were living at home or in college or they had emigrated. We are exporting many of our people and they are returning to no jobs. Where do they live?

Deputy Mary Hanafin: If somebody living at home wants to seek rented accommodation but cannot afford it, he or she cannot afford it. The same is true of somebody not working or working. I am sorry, but the State is not in the business of helping anybody who wants to leave home to find rented accommodation. We are in the business of supporting people who previously were in rented accommodation and are finding it difficult; otherwise we would end up paying rent for everybody in the country.

Question put.

The Committee divided: Tá, 28; Níl, 20.

Tá

Boyle, Dan.
Brady, Martin.
Butler, Larry.
Callely, Ivor.
Carroll, James.
Carty, John.
Cassidy, Donie.
Corrigan, Maria.

Daly, Mark.
de Búrca, Déirdre.
Ellis, John.
Feeney, Geraldine.
Glynn, Camillus.
Hanafin, John.
Keaveney, Cecilia.
Leyden, Terry.

Tá—*continued*

MacSharry, Marc.
McDonald, Lisa.
Ó Brolcháin, Niall.
Ó Domhnaill, Brian.
O'Brien, Francis.
O'Donovan, Denis.

O'Malley, Fiona.
O'Sullivan, Ned.
Ormonde, Ann.
Phelan, Kieran.
Walsh, Jim.
Wilson, Diarmuid.

Níl

Bacik, Ivana.
Bradford, Paul.
Burke, Paddy.
Buttimer, Jerry.
Cannon, Ciaran.
Coffey, Paudie.
Cummins, Maurice.
Doherty, Pearse.
Fitzgerald, Frances.
Healy Eames, Fidelma.

McFadden, Nicky.
Norris, David.
O'Reilly, Joe.
O'Toole, Joe.
Phelan, John Paul.
Prendergast, Phil.
Regan, Eugene.
Ross, Shane.
Ryan, Brendan.
Twomey, Liam.

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

Question declared carried.

Question proposed: "That section 15 stand part of the Bill."

Senator Phil Prendergast: This section amends section 246 of the principal Act and under this section, social welfare claimants must meet a habitual residence condition in order to qualify for benefits. The Department of Social and Family Affairs has argued that these criteria ruled out all asylum seekers, but in a series of cases taken by FLAC over the last two years, the chief social welfare appeals officer held that where asylum seekers had been to the country for a significant period of time, had established connections here, had children born here and attending school, or had other family members here and clearly intended that they would stay here if they could, then they could qualify under the habitual residence condition. The cases especially involved child benefit, but also the carer's allowance, disability allowance and the State pension.

Five decisions were made on 3 and 4 December. As a result of these decisions, the Minister has introduced this section. It states that persons who have applied for asylum or protection under the EU protection directive and who are still in that process cannot meet the habitual residence condition, thus effectively overturning the chief social welfare appeals officer's decision that such cases had to be assessed on their individual merits and excluding a whole class of people, regardless of their individual circumstances. Does the Minister agree that this is discrimination? Will she make a statement on it?

Senator David Norris: I strongly support Senator Prendergast and I am very much of the same opinion. Furthermore, the whole democratic process has been undermined by the Government's behaviour in the other House. This amendment was put on Thursday evening last and was not reached or even discussed in the other House because the Bill was guillotined.

An Leas-Chathaoirleach: We are discussing the section.

Senator David Norris: I am aware of that. I am speaking on the section.

An Leas-Chathaoirleach: The Senator referred to an amendment.

Senator David Norris: I am speaking about the effect of the amendment on the section. It would be ridiculous if Senators could not do so as one would then be required to repeatedly say the words “section 14”. One must be allowed to discuss the——

A Senator: We are discussing section 15.

Senator David Norris: I was giving a hypothetical example. This is a serious issue. As far as I am aware, virtually the entire section is an amendment. Is that not correct? If, as I believe, the section is an amendment to the Bill, I am entitled to refer to it as an amendment.

This is by no means the first time the Department of Social and Family Affairs has acted in this manner. It is disgraceful and undermines completely the democratic process of the State. One of the Minister’s predecessors, the current Tánaiste, Deputy Mary Coughlan, had a decision from the Equality Tribunal which indicated a clear case of discrimination. Instead of acting to amend the legislation to address the discrimination, the former Minister amended the legislation by redefining the word “spouse” to swindle people out of the rights which an agency of the Government determined citizens were entitled to.

This is exactly what has happened in this case and it is spectacularly mean minded. What it means is that people who have applied for asylum or protection and are still in the process cannot meet the habitual residence condition. They will, therefore, be disbarred from access to even fairly minimal provision of social welfare payments. This measure will penalise children, people of pensionable age and people caring for sick children as well as causing divisions. For example, people who have been here with their families for a number of years and are still stuck in the asylum process — it is a disgrace to this country that these decisions should take so long and justice should be so delayed — will find that they will not be able to afford to allow their children to take part in school trips, outings and so forth. As a person who was involved in education and was a very good Minister for Education and Science, the Minister will not wish this to be the case.

As Senator Prendergast stated, a number of cases were taken. Asylum seekers and their representatives in the free legal aid centres, FLAC, were successful in every single case. The Minister is now reversing the decision of a properly established organ of the State.

The Department claimed that a decision by the Supreme Court in 2003 in the case of *Gonce-scu & Others v. Minister for Justice, Equality and Law Reform*, [2003] IEHC, meant that no one in the asylum, protection or leave to remain process could be regarded as resident in the State. As a result, such persons could not satisfy the habitual residence condition. The Department’s argument was not accepted by the court because it represented a hardening of attitude.

Previously, the Department’s deciding officers had relied upon the five factors or criteria set out in the Social Welfare and Pensions Act 2007 and drawn from a decision of the European Court of Justice in the case of *Robin Swaddling v. Adjudication Officer*, C-90/97. The five criteria are the length and continuity of residence in the State or in any other particular country, the length and purpose of any absence from the State, the nature and pattern of the person’s employment, the person’s main centre of interest and the future intentions of the person concerned as they appear from all the circumstances.

It is clear that the decisions arrived at as a result of the process by FLAC make the Minister’s position undemocratic and unsustainable. I ask her to reverse her decision in this matter on the grounds that it undermines the democratic process, flies in the face of a series of decisions, defies the European Convention on Human Rights, undermines the asylum process, discrimi-

[Senator David Norris.]

nates against children and is a reproach to all those on the Government side. I will conclude on those words while reserving the right to return to the matter.

Senator Nicky McFadden: This issue has been discussed. On the habitual residence clause, a social welfare appeals officer found that under five criteria certain individuals were entitled to receive child benefit on the basis that they were in the asylum trap for an excessively long time. To be fair to the Minister, this problem is not part of her portfolio but comes within the remit of the Minister for Justice, Equality and Law Reform. It is inhumane that some people must wait for such long periods to have their asylum applications processed.

The Fine Gael Party wants the backlog of asylum applications dealt with because it is contributing to the current economic climate. People who apply for leave to remain in the State face long delays. The system is cruel, unfair and inhumane. I regularly meet unfortunate individuals in this position in my constituency office.

The Minister responded to a question I asked yesterday on whether the legislation would be retrospective. I also asked what was the potential of the ruling on schemes other than child benefit. I ask the Minister to clarify this issue.

Senator Jerry Buttimer: As Senator McFadden stated, the backlog in processing asylum seekers is inhumane. I am pleased the Leader is present because last week on the Order of Business Government Senators gave us a lecture on human rights. Opposition Members were subjected to a litany of abuse from some so-called human rights experts. What does this section say about the Government's commitment and attitude to human rights? Perhaps the Leader and Minister will reply.

Deputy Mary Hanafin: In 2008, it was estimated that there were approximately 15,000 asylum seekers or failed asylum seekers in the State. While they are resident here, such persons have a right to access public health services and free primary and second level education. Their basic needs as regards their rights to access health and education services are also met and they are provided with accommodation and a small amount of pocket money.

Senator David Norris: It is €19 per week.

Senator Nicky McFadden: It is €19.10 per week.

Deputy Mary Hanafin: As I stated, it is a small amount. These people cost €250 million in one year alone. When the habitual residency legislation was introduced it was assumed that anyone who did not have a right to remain in the State did not have a right to habitual residency. All we are asking in this section is that it should be a precondition of entitlement to access many social welfare benefits that one is entitled to be in the State. The people who have joined us in recent years come from 188 different countries. It would be wrong if people who are not entitled to be in this country were able to build up entitlements to social welfare.

Senator David Norris: The Minister is completely wrong. The people in question have a perfect entitlement to be in the country. While they may not have an entitlement to citizenship or asylum, they have every entitlement to be here. I ask the Minister to acknowledge that is the case.

An Leas-Chathaoirleach: The Minister has the floor. Senator Norris can make a further contribution afterwards.

Deputy Mary Hanafin: If someone does not have the right to reside in the State, he or she should not have the right to build up social welfare entitlements. They have access to accommodation, basic health and basic education at substantial cost. We must recognise their human rights and that is why people go through an intensive legal process. It is important this legislation sets down the precondition that must be satisfied before other circumstances are taken into consideration.

Senator Phil Prendergast: This undermines the independence of the social welfare appeals office. When the office makes a decision the Department does not like, the Government changes the law. This enshrines discrimination on the basis of nationality in Ireland. It is deeply divisive and only saves a small amount of money. The need to meet the criteria of the HRC means very few people who are not in need of benefits receive them. It undermines the process one goes through in the social welfare appeals office if the Government can make another law because it does not like the decision.

Senator David Norris: It is instructive that in all five cases cited, the chief appeals officer rejected arguments by the Department of Social and Family Affairs that the people in the asylum process could not meet the habitual residence condition, a test introduced in 2004 to prevent a feared influx of so-called welfare tourists. So-called welfare tourism has been dealt with by the habitual residence condition. The chief appeals officer found that this cannot be brushed aside completely. The Minister is trying to redefine matters.

This is all about money, as the Minister has more or less accepted. I challenge the Minister on her assertion that these people had no right to be in the country. They may not have had a permanent right but they have every right to be in the country while they are appealing. I note that the Minister is acknowledging this to be correct. It may be that we have been here a long time and the phraseology is inexact even though that is uncharacteristic of this Minister. I do not accuse her of any malice in this matter. The House should know the attitude of the Department. I do not take great pleasure in attacking the Department in a blanket sense but on this issue I feel a responsibility to do so. One can see the attitude in the fact that there was a stay put on payments during this period. The Department refused to pay, which is questionable behaviour. In the four successful appeals, where the Department of Social and Family Affairs asked for a review by the chief appeals officer, it refused to make payments that had been approved by the appeals officer until the reviews were completed. FLAC challenged this on the basis that reviews were not formal appeals and, unlike an appeal court, the chief appeals officer had no power to put a stay on the payments pending his decision and he had not been asked to do so. It was the Department, the unsuccessful party to the appeals, that had unilaterally decided not to pay and the applicants were left with no way of appealing against that decision. FLAC issued judicial review proceedings in one case to try to compel the Department to pay. However, the chief appeals officer gave his decision in favour of the applicant a few days before the hearing date so it was then settled. The attitude of the Department is to do people out of their entitlements. How much will that save? It is bad faith and this is a squalid decision. I warned the Government against the process, which appears to be particularly concentrated in the Department, of establishing public bodies, giving them a statutory remit to make decisions on matters of fairness, justice and equality and then when clear and binding decisions are made, the Government overturns them by further legislation instead of addressing them. That is appalling behaviour whatever the economic circumstances of the case.

This is not welfare tourism. What about the people who have been stuck in the process for four or five years because of our inefficiency?

Senator Phil Prendergast: Hear, hear.

Senator Fidelma Healy Eames: Absolutely.

Senator David Norris: They are on €19 a week. I apologise, I forgot the 10 cent, it is €19.10.

Senator Paul Bradford: I agree with Senator Norris's point that this is about money but we must reflect on the fact that this is taxpayers' money and it is not printed automatically by a money printing machine. Where stands the Irish Republic on this policy in respect of our colleagues across the European Union? Is the situation envisaged by this section the norm, extraordinary, more favourable or less favourable than the norm across the European Union? This is a policy area in which I am not an expert. The Minister can advise me whether this section and her proposals are common policy across the EU and whether they are more or less restrictive. We can sometimes get emotional and get carried away on these matters. I would like to know where we stand by international standards and particularly by EU guidelines. Constituents raise this matter quite frequently. It can cause a degree of difficulty from that great perspective of political correctness but sometimes we have a duty to reflect what constituents speak of. Where do we stand *vis-à-vis* our European partners?

Senator Fidelma Healy Eames: Technically, I agree with the Minister that unless foreign nationals have a right to be here they should not have the right to build up entitlements. I agree with the Minister in theory but in practice it is a little bit different. We are putting these cases into a backlog by not dealing with them for four or five years and in this way we are denying people their human rights. There is another series of knock-on effects arising from this. Trafficking is one example. I have become involved with the Galway Rape Crisis Centre of late and I have learned that 20% of their clients come from direct provision centres. Some 1% of Galway's population are foreign nationals yet 20% of them seek help and counselling as a result of rape and violence. Some of these people are underage minors housed in direct provision centres. This is a serious issue.

Asylum is a gift. If the Minister or I needed asylum in another country we would see it as a gift. It should not take that number of years. While I agree with the Minister on a technical point, I do not agree once this process goes beyond six months. Why is there such a backlog? Why are staff not assigned to clear the backlog so that we do not have a living history developing of asylum seekers and refugees in direct provision centres throughout our country?

Deputy Mary Hanafin: In response to Senator Bradford's question about equivalents around Europe, the equivalent legislation in the UK is the only example I have to hand. This requires that claimants for social welfare must have a right to reside and habitual residence. Both criteria must be met.

Some of the questions on the asylum process are more relevant to the Minister for Justice, Equality and Law Reform. Throughout Europe it has been found that where there is a cash-based system, one is more likely to find asylum shopping. It is a terrible phrase but that is what it is known as. The more cash available, the more likely people are to come. If we were to initiate a situation whereby people could build up entitlements by virtue of them being in the country, as opposed to having a right to reside in the country, there would be a great attraction for people to come and to try to circumvent and delay all the processes. As the Senator knows, our legal system allows people to keep going back to the courts and to have judicial reviews and so on. We have seen very public examples of how people can drag it out for a very long time. With regard to some of the cases that were mentioned, the Supreme Court had previously decided that a person in the asylum process did not have residency status. The chief appeals officer took the FLAC argument, stating that the judgment in that case preceded the habitual residence condition and, therefore, did not apply to social welfare, which I accept as his finding, but it was an unusual finding to try to second guess the Supreme Court.

Senator David Norris: He was not trying to second guess the Supreme Court.

Deputy Mary Hanafin: The Supreme Court indicated that it felt a person in the asylum process did not have residency status. I accept what Senator Norris has said. Such a person has a right to be in the country but not a right to reside in the country. This is the argument we are trying to protect here.

On the question of the Government making legislation, that is what Governments do. The chief appeals officer indicated in his judgment that it was open to the Legislature to bring about change if the Oireachtas wanted to exclude asylum seekers as a category. What we are trying to do here is not in any way to contravene anybody's human rights. We are not trying to interfere in any way with the asylum seeker process. All we are trying to suggest is that people who are in that process and who have not established a right to reside in the country cannot use that time to build up their right to social welfare.

Senator David Norris: I was perfectly correct. I was rebuked by the Leas-Chathaoirleach for referring to the amendment when we were on the section. The section is an amendment.

An Leas-Chathaoirleach: It is an amendment of the principal Act but it is section 15 of this Bill.

Senator David Norris: It is an amendment to that Bill put in the Dáil.

An Leas-Chathaoirleach: It is an amendment of the principal Act.

Senator David Norris: So it is an amendment and a section. The terms are coterminous.

An Leas-Chathaoirleach: We are dealing with the Bill in front of us.

Senator David Norris: It is an amendment of that Bill as initiated in the Dáil. The two terms are coterminous. I know what I am talking about in terms of language.

I want to address the Minister's point because there are a number of technical flaws in it. The case she referred to was the case to which I referred, namely, the Goncecu case. The chief appeals officer stated in all four cases that since the Goncecu case was decided a year before the habitual residence condition was introduced, it was unlikely that the Supreme Court was aware of any intention to introduce legislation to restrict access to social welfare payments on the basis of a habitual residence test. He said: "The facts of the matter are that the Goncecu case did not have a social welfare relevance and that the judgment predated the introduction of the habitual residence legislation." Whatever qualities the Supreme Court has, it does not possess the divine afflatus, prophetic powers, it is not the oracle of Delphi and it cannot make a decision based on something that happens one year later. That is rudimentary logic, I would have thought.

11 o'clock

The chief appeals officer doubted the judgment's relevance to these cases and went on to say:

I do not believe there was any intention in framing the [HRC] legislation to exclude a particular category (such as asylum/protection seekers) from access to social welfare benefits. If there was any such intention the relevant legislative provisions would have reflected that intention and removed any doubt on the issue [which they patently did not].

The advice from the Attorney General's office which was quoted by the Department said that time spent by applicants in the asylum process could not be considered as "residence" and could not count towards satisfying the habitual residence condition. However, the chief appeals officer noted that the Department had not quoted another portion of the advice which said that time spent in the State was only one of five factors. From what the Minister has said, one would almost assume that the only factor was time spent in the State but it is one of five. It is

[Senator David Norris.]

quite possible that, despite the subsequent Supreme Court decision, some at least of the other four might still be in play.

Deputy Mary Hanafin: At no stage did I try to indicate that the right to reside was the only element. The right to reside does not at all mean that one would automatically qualify for habitual residence. It is a precondition that should be satisfied before the other circumstances are taken into account. The fact is the chief appeals officer indicated it was open to introduce legislation, which is exactly what we are doing here, and his findings do not set a precedent.

Senator David Norris: The Minister raised the matter of precedent. The Department rather bizarrely objected to the appeals officer referring to earlier decisions by other appeals officers and the chief appeals officer. Such decisions, as the Minister said, could not set precedents. The chief appeals officer said it was not appropriate for appeals officers to refer to “details” of previous cases in their decisions or reports. However, he agreed with the argument made by FLAC that while previous decisions were not binding in detail — this is the telling phrase — it was important to identify the underlying general principles so decisions would not be arbitrary and applicants could know the case they would have to make.

Question put.

The Committee divided: Tá, 28; Níl, 20.

Tá

Boyle, Dan.
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Butler, Larry.
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Ó Brolcháin, Niall.
Ó Domhnaill, Brian.
O’Brien, Francis.
O’Donovan, Denis.
O’Malley, Fiona.
O’Sullivan, Ned.
Ormonde, Ann.
Phelan, Kieran.
Walsh, Jim.
Wilson, Diarmuid.

Níl

Bacik, Ivana.
Bradford, Paul.
Burke, Paddy.
Buttimer, Jerry.
Cannon, Ciaran.
Coffey, Paudie.
Cummins, Maurice.
Doherty, Pearse.
Fitzgerald, Frances.
Healy Eames, Fidelma.

McCarthy, Michael.
McFadden, Nicky.
Norris, David.
O’Reilly, Joe.
O’Toole, Joe.
Phelan, John Paul.
Prendergast, Phil.
Regan, Eugene.
Ross, Shane.
Ryan, Brendan.

Tellers: Tá, Senators Camillus Glynn and Diarmuid Wilson; Níl, Senators David Norris and Joe O’Toole.

Question declared carried.

Sections 16 to 21, inclusive, agreed to.

SCHEDULE 1.

Question proposed: “That Schedule 1 be Schedule 1 to the Bill.”

Senator Nicky McFadden: I oppose Schedule 1.

Senator Jerry Buttimer: On the new rates, I appeal to the Members on the Government side who are about to vote the Bill into law. The Minister, her Fianna Fail colleagues and particularly Green Party Members who came here with such reforming zeal two and a half years ago took office with a programme for Government that promised all things to all people.

Senator Donie Cassidy: The Senator should address the Chair.

Senator Jerry Buttimer: I do not need lessons in etiquette from the Leader of the House.

Senator Donie Cassidy: The Senator does.

Senator Jerry Buttimer: I am entitled to speak in the House and do not need lectures from the Leader.

Senator Donie Cassidy: I doubt it.

Senator Jerry Buttimer: I understand the embarrassment on the other side of the House because of what they are about to do.

Senator Donie Cassidy: I doubt it.

Senator Jerry Buttimer: I know what they are going to do.

(Interruptions).

An Cathaoirleach: Senator Buttimer should speak on Schedule 1.

Senator Jerry Buttimer: I will, but the Leader is embarrassed. The Bill is an attack on the decent people of Ireland. Schedule 1 reduces the money going into the homes of those who have not contributed to the economic decline of the country, yet the friends of the Leader and Fianna Fáil are masquerading and have the guise of someone who is getting away with it. They have perpetrated a crime on the people and have not been held to account. The Bill holds the ordinary Irish person to account. I am asking the Green Party, in particular and specifically, whether it plans to abandon the principles about which it spoke when it went into government. Senator Boyle was the very guy on the steps of Government Buildings who was nearly in tears when it had not been agreed, yet tonight he and his colleagues will be voting against the people.

Senator Maurice Cummins: Give them the money to count frogs.

Senator Jerry Buttimer: I have a message for those opposite. The people will not forget them. They are going to wait for them and will pass judgment on a Government——

(Interruptions).

An Cathaoirleach: No interruptions, please.

Senator Jerry Buttimer: I have not invited any.

A Senator: The Senator has heard nothing yet.

An Cathaoirleach: On the Schedule, please.

Senator Jerry Buttimer: The Government is reducing the rates of payment to the disabled, those who cannot see and the mothers who depend on child benefit, as well as the income of parents struggling to repay mortgages and in some cases facing repossession. Is this the legacy that the Members opposite want? If it is, they should walk through the “Tá” lobby. If not, they should have the moral courage to vote “Níl”.

Senator Martin Brady: Ballymagash No. 1.

An Cathaoirleach: No interruptions, please.

Deputy Mary Hanafin: There is no doubt we would not be introducing these cuts in social welfare were it not for the economic situation in which we find ourselves and were it not for the need to bring stability to the finances of the country. Everybody recognises the huge increases introduced in social welfare payments in recent years, including in the last budget. These increases were well ahead of inflation. Prices have now come down with the result that purchasing power is much stronger. I know this is of little solace to somebody who is taking a cut in his or her social welfare payment. We would not be doing this were it not for the fact that we genuinely have to. If we do not make cuts in social welfare, we will end up with a greater imbalance in the other two sectors on which the State is spending money — public pay and services.

Senator Maurice Cummins: There is a better way.

Deputy Mary Hanafin: It would do a greater disservice——

Senator Fidelma Healy Eames: Carers.

Deputy Mary Hanafin: ——to carers and people with a disability to take money from services. In fact, additional moneys are going into items such as home care packages——

Senator Jerry Buttimer: The Government made the wrong choice again.

An Cathaoirleach: Please have some respect for the Minister who is replying. She did not interrupt any Member of the House. I want the House to show her respect. Members will have an opportunity to contribute again.

Deputy Mary Hanafin: We made very deliberate choices to protect pensioners, older people who have made their contribution to the State. We made a very deliberate choice to ensure children in families dependent on social welfare or those families in receipt of family income supplement would not suffer the loss of child benefit. We have supported and protected pensioners and such children. We have also incentivised young people to participate in education and training to ensure they will not join the ranks of the long-term unemployed.

This legislation should be seen as part of the overall package introduced as part of the budget, with employment opportunities in the construction industry, tourism and food production, employment stabilisation measures and a PRSI exemption for employers taking on new staff. These are all part of the overall picture. I appreciate the fact that a debate has taken

place in the House and the genuinely held views on all sides. However, we should also look at some of the policies of other parties which recommended cutting social welfare. Fine Gael came forward with a proposal which I acknowledge and recognise.

Senator Maurice Cummins: Different choices.

Deputy Mary Hanafin: It stated it would cut payments to widows and lone parents, the farm assist payment, unemployment payments with a view to incentivising young people——

Senator Nicky McFadden: Not to touch children.

An Cathaoirleach: No interruptions, please.

Deputy Mary Hanafin: We should recognise there were proposals to cut social welfare from various sides of the House. We made our decisions to protect older people, the children of vulnerable families on social welfare, those in receipt of farm assist payments and to incentivise young people——

Senator Fidelma Healy Eames: Older people are receiving less than last year.

Senator Maurice Cummins: Not vulnerable.

Deputy Mary Hanafin: I accept that when a cut is made in one area and money is taken back, this will be difficult for those affected. It is not a situation we like to be in, but if we do not get the finances of the country right now, unfortunately, others will pay for it for a very long time. We do not want to find we are in that situation in a few years' time. In making the tough decisions now we are putting the country back on the road.

Senator Nicky McFadden: This social welfare Bill will go down in history as the harshest and cruellest of them all. I ask the Minister how, in God's name, she can consider she is incentivising young people in taking 50% of their payment from them. Why does she think pensioners have not been affected? She has said they have been protected. What a very nice word to use when, in fact, they have lost their Christmas bonus which amounted to a figure of 2%. As a result of the carbon tax, they will pay an extra €2.40 on a bag of coal and an extra 50 cent on a bale of briquettes, not to mention the fact that they face a 50 cent charge on prescriptions, plus all of the other cuts in optical and dental benefits.

I ask the Minister to be honest. She is glossing over the Bill and using sanctimonious sentiments when, in fact, she is being extraordinarily harsh and callous. How can she take €8.80 from carers and say it must be done for the greater good? It would have been preferable to take money from all of us here than from them, the people who are saving the Exchequer money by keeping people out of hospital and institutions. In return, we have cut their allowance by €8.80 per week. It is an outrage. If I were the Minister, I would not be saying I had done a good job.

Funding for Youthreach and VTOS programmes is being cut, yet the Minister says she is incentivising young people. This is an emigration budget which will drive young people out of the country.

We have spent a long time debating the cut in dental benefits. People do not know yet what is ahead of them. However, when they do, the Government will be criticised for the rest of its time in office for being so heartless and cruel. I rest my case. I ask the Minister not to use rhetoric that is patronising and disrespectful to the people.

Senator Dan Boyle: If every penny of the social welfare budget was saved six times over, we would just about cover the level of debt of this country. The adjustment being applied in the Bill is 0.4% of the total debt of the country.

Senator Maurice Cummins: How you did it.

An Cathaoirleach: No interruptions, please.

Senator Dan Boyle: When people talk about who pays the price, they must remember——
(Interruptions).

Senator Dan Boyle: ——that the social welfare budget is being adjusted by 0.4% of the total national debt.

Senator Jerry Buttimer: Why do it so?

An Cathaoirleach: No interruptions, please.

Senator Dan Boyle: We find ourselves in a deflationary climate——
(Interruptions).

Senator Dan Boyle: The one group of individuals who will find themselves better off in terms of their living standards when we next go to the polls——

Senator Jerry Buttimer: Is the Senator happy with the changes?

Senator Dan Boyle: ——and no matter what Government is returned subsequently, are those dependent on social welfare payments who will find that their living standards have been protected.

Senator Jerry Buttimer: The Senator has sold his soul.

Question put and declared carried.

SCHEDULE 2.

Question proposed: “That Schedule 2 be Schedule 2 to the Bill.”

Senator Jerry Buttimer: I have one question for the Minister that deserves to be answered. The Minister said yesterday and tonight that the Government, in the context of a very tough budgetary environment, has done its utmost to protect the most vulnerable people in society. Can she explain the reason we have protected the most vulnerable by imposing cuts on them?

Deputy Mary Hanafin: As I indicated, we have protected pensioners; there has been no change in respect of them. We have protected children in families dependent on social welfare who are in receipt of family income supplement. Those families will not experience any drop in income as a result of the cut in child benefit. We have also tried to ensure, despite the difficult decisions that were made, that we kept the cuts at a minimum for all other groups, bearing in mind the increases that have been given in previous years, particularly the increase given this year. That increase was given in anticipation of an inflation of 2.5%. As we know, however, we did not get inflation; we got deflation and whereas undoubtedly there are people who benefited more from the drop in prices than others, for example, people with mortgages

benefited hugely but the price of food, clothing and energy has come down as well. People on social welfare payments and people who are unemployed——

Senator Jerry Buttimer: Energy prices have increased.

Senator Pearse Doherty: Energy prices have gone through the roof.

An Cathaoirleach: The Senator will have an opportunity to speak later if he wishes.

Senator Maurice Cummins: People will have to switch off the lights.

Deputy Mary Hanafin: ——have also benefited from the decline in prices. Real purchasing power has also been protected for those people.

Nobody is saying this is easy but it is interesting that the very people who recommended cutting jobseeker's allowance, widow's pension and lone parents allowance, which is the Fine Gael Party, are now the ones who are objecting to that policy being introduced.

Senator Maurice Cummins: We are objecting to the cuts being imposed on carers and on blind people. The Minister should not misinterpret our policy.

An Cathaoirleach: No interruptions, please. Members should have respect for the Minister who is speaking.

Senator Maurice Cummins: The Minister is not telling the truth about this.

An Cathaoirleach: The Senator should have respect for the Minister. He will have an opportunity to speak later if he wishes.

Deputy Mary Hanafin: To get the same savings, it would have meant putting an increased burden on some of those other sectors.

Senator Maurice Cummins: What about the cap on PRSI?

Deputy Mary Hanafin: If we were to take the groups that the Fine Gael Party identified as the ones who should be cut——

Senator Dan Boyle: That will happen next year.

Senator Nicky McFadden: That is not funny.

Deputy Mary Hanafin: ——to get €730 million, we would have had to take far more from those. It was very much an effort in trying to prioritise within a social welfare budget where savings had to be made. It was not enough to try to bring in extra revenue from other areas. As anyone knows, we had to bring about structural changes in our expenditure that would last through next year and that can show we have taken the tough decisions. I accept they are tough on people who will experience a cut of €8, €8.30 or €8.50 per week——

Senator Nicky McFadden: People will have a cut of €8.80 per week.

Deputy Mary Hanafin: ——but it should be seen in the context of the increases that were given, the decreases in prices and the fact that when it comes to the most vulnerable, the very young and the very old, we have protected those as well.

Senator Pearse Doherty: I agree with the Minister to some extent and as we approach the finality of this Bill I have no doubt that if the Fine Gael Party was in government I would be sitting on this side of the House opposing the measures it would introduce in a social welfare Bill because our party has shown clearly that social welfare should not be touched. The Minister said that if we did not touch social welfare we would have to cut public sector workers or services harder. That is not true. As I said earlier, €50 billion of US debt has been bought up by Irish individuals and investors in recent months. There is wealth in this country. The Minister had many other opportunities to increase the tax take to offset the cuts she has to introduce. It is not just a case that there are three areas — social welfare, the public sector or services. There is an area where we could have found the money to offset the decisions the Minister is taking and the Government is implementing. We should be honest about that. I have tried to be as honest as possible, and the Minister may have had a difficulty with what I have said, in terms of this debate. There are difficult decisions that the Government has to take but there are people who are earning huge amounts of money. There are people in the public sector earning €500,000. That does not make sense. We could have hit those people harder. It is not about punishing people who have wealth, who have taken risks and done well for themselves. It is about the ability to pay.

In his contribution Senator Boyle——

An Cathaoirleach: We are on Schedule 2.

Senator Pearse Doherty: These details relate to that.

An Cathaoirleach: The Senator should note what the Schedule relates to.

Senator Pearse Doherty: I am talking about what it relates to.

An Cathaoirleach: No. The Senator is making a Second Stage speech on where money should be got.

Senator Pearse Doherty: I am talking in regard to——

An Cathaoirleach: I ask the Senator to speak to Schedule 2, which is what we are debating.

Senator Pearse Doherty: In regard to Schedule 2, let us put it in perspective.

An Cathaoirleach: The Senator should get down to that.

Senator Pearse Doherty: I am getting down to it. Schedule 2 itemises the cuts to which young people will have to adhere, the benefits that will be drastically cut. We should put those in perspective and not muddle it up in a spin of 0.4% of 1% of national debt. We should be clear on this. A young person who has worked building the Irish economy for the past year and a half and who has paid taxes and PRSI will see the benefits to which he or she should be entitled reduced by more than €104 as a result of the decisions that will be taken here in a few minutes. It is not 0.4% of 1%; that is the real effects of the cuts that will be implemented today with the passing of this Bill.

These are difficult decisions. The Government has decided to support them but we should be honest and admit that these measures are drastic. What is being introduced in this Bill is utterly disgusting. I do not want to name individuals in the Green Party. It is in government and it supports the Bill. It is a minority party. This is not about the Green Party or its members. What is being done here is ridiculous. The cuts the Government is implementing are not minor

adjustments that will bring people back to levels they were at a few years ago. It was a long time since young people, many of whom are married as I mentioned earlier, were only supported by the payment of €100 in this State. That is the third worst social welfare payment for an individual in the EU 15. It is ridiculous. If members of the Green Party have decided to vote for this, they should be honest about what they are doing. This legislation is disgusting. I mentioned earlier that this legislation is usually one of the worst items of legislation to come before the House. It should be the worst but, unfortunately, it is not because we have had worse this year. This is what is sickening about it.

In terms of the 0.4% of the 1% of debt, in a few months we will come to the House and pump billions of euro into the banks. It will be the billions of euro we have taken off the 20 year olds, blind people and child benefit recipients that will go into the banks. That is absolutely terrible. That is only one part of the jigsaw. The Minister should be honest about what the Government is doing. Choices were made although other choices were presented to the Government. We presented choices, costed by the Department of Finance, on where revenue could be created. I refer, for example, to wealth tax, standardising tax relief and the introduction of PRSI ceilings. All those options were available to the Minister. Our proposals were not about the public sector, services or attacking social welfare recipients. That is absolutely disgusting and it should not be happening. I do not agree with the Fine Gael proposal but the Minister should acknowledge that other options were available. The Minister decided to ignore them. There are other ways out of the problem but the Minister decided to ignore them for a reason I will never understand.

12 midnight

An Cathaoirleach: Does the Minister wish to comment further?

Deputy Mary Hanafin: Not particularly, because I always seem to have to repeat everything I say to the Senator and then repeat it again. What the Government was faced with was taking money out of expenditure and the three areas of expenditure are social welfare, public pay and services. It was not enough just to try to increase revenue. That is part of it, and that is what we did in the previous budget. The income levies, which people viewed in a progressive manner, have had that effect. The more one tries to hit at the income of people, the more one gets into diminishing returns. A total of 4% of people will pay approximately 50% of income tax next year. We doubled the health levy to find that €105 million less has been realised. There is no way one can achieve €4 billion of savings by heading after a small group of people because it would not give the required results. That is why we were faced with trying to take money out of expenditure. As in any small or large budget, if one does not have money coming in, one cannot have it going out. One has to bridge that gap. That is precisely what we are trying to achieve. We are trying to reduce the €400 million per week that we are borrowing. That is in the best interests of the entire country. It is in the best interests of young people that we try to return to a situation where employment is available and there are incentives for people to invest in this country and to ensure we can hold on to the 1.9 million jobs we have. It would be very easy for us just to focus on those people who have lost their jobs. They have to be the focus of this Department in particular and they have to be supported but there are still 1.9 million people working and they need to be supported as well. That is the type of balancing we had to do in the budget. It is difficult. This is not a situation we want to be in but it is for the greater good of the country.

Question put and declared carried.

Title agreed to.

An Cathaoirleach: The question is: “That the Bill be reported without amendment.”

Senators: Vótáil.

An Cathaoirleach: A vote was called when I was about to ask the Leader when Report Stage would be taken, which should not have been called at that point.

Bill reported without amendment.

An Cathaoirleach: I ask the Leader when it is proposed to take Report Stage.

Senator Donie Cassidy: Now.

Senator David Norris: This is a very bad way to handle business to go straight into the next Stage.

Question put: “That the Bill be received for final consideration.”

The Seanad divided: Tá, 28; Níl, 20.

Tá

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

Keaveney, Cecilia.
Leyden, Terry.
MacSharry, Marc.
McDonald, Lisa.
Ó Brolcháin, Niall.
Ó Domhnaill, Brian.
O’Brien, Francis.
O’Donovan, Denis.
O’Malley, Fiona.
O’Sullivan, Ned.
Ormonde, Ann.
Phelan, Kieran.
Walsh, Jim.
Wilson, Diarmuid.

Níl

Bacik, Ivana.
Bradford, Paul.
Burke, Paddy.
Buttimer, Jerry.
Cannon, Ciaran.
Coffey, Paudie.
Doherty, Pearse.
Donohoe, Paschal.
Fitzgerald, Frances.
Healy Eames, Fidelma.

McCarthy, Michael.
McFadden, Nicky.
Norris, David.
O’Reilly, Joe.
O’Toole, Joe.
Phelan, John Paul.
Regan, Eugene.
Ross, Shane.
Ryan, Brendan.
Twomey, Liam.

Tellers: Tá, Senators Camillus Glynn and Diarmuid Wilson; Níl, Senators Nicky McFadden and Joe O’Toole.

Question declared carried.

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

The Seanad divided: Tá, 28; Níl, 19.

Tá

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

Keaveney, Cecilia.
Leyden, Terry.
MacSharry, Marc.
McDonald, Lisa.
Ó Brolcháin, Niall.
Ó Domhnaill, Brian.
O'Brien, Francis.
O'Donovan, Denis.
O'Malley, Fiona.
O'Sullivan, Ned.
Ormonde, Ann.
Phelan, Kieran.
Walsh, Jim.
Wilson, Diarmuid.

Níl

Bacik, Ivana.
Bradford, Paul.
Burke, Paddy.
Buttimer, Jerry.
Cannon, Ciaran.
Coffey, Paudie.
Doherty, Pearse.
Donohoe, Paschal.
Fitzgerald, Frances.
Healy Eames, Fidelma.

McCarthy, Michael.
McFadden, Nicky.
Norris, David.
O'Reilly, Joe.
Phelan, John Paul.
Regan, Eugene.
Ross, Shane.
Ryan, Brendan.
Twomey, Liam.

Tellers: Tá, Senators Camillus Glynn and Diarmuid Wilson; Níl, Senators Nicky McFadden and Liam Twomey.

Question declared carried.

Social Welfare and Pensions (No. 2) Bill 2009: Motion for Earlier Signature.

Senator Donie Cassidy: I move:

That, pursuant to subsection 2° of section 2 of Article 25 of the Constitution, Seanad Éireann concurs with the Government in a request to the President to sign the Social Welfare and Pensions (No. 2) Bill 2009 on a date which is earlier than the fifth day after the date on which the Bill shall have been presented to her.

Question put and declared carried.

An Cathaoirleach: When is it proposed to sit again?

Senator John Ellis: On a point of order, the carry on of Deputy Buttimer in the House on a regular basis cannot be tolerated by anybody.

An Cathaoirleach: That is not a point of order. We are not discussing that matter now.

Senator Jerry Buttimer: The Members opposite started cheering. Senator Ellis may laugh, but he has just voted against the ordinary people of Ireland. Shame on him.

An Cathaoirleach: When is it proposed to sit again?

Senator Donie Cassidy: At 10.30 a.m. today.

The Seanad adjourned at 12.10 a.m. until 10.30 a.m. on Thursday, 17 December 2009.