

SEANAD ÉIREANN

Déardaoin, 17 Nollaig 2009.
Thursday, 17 December 2009.

Chuaigh an Cathaoirleach i gceannas ar 10.30 a.m.

Paidir.
Prayer.

Business of Seanad.

An Cathaoirleach: I have received notice from Senator Maria Corrigan that, on the motion for the Adjournment of the House today, she proposes to raise the following matter:

The need for the Taoiseach to clarify if amendments are to be made to the 2011 questionnaire census to include the categories of autism and autism spectrum disorder which are currently excluded.

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

The need for the Minister for Health and Children to ensure an additional neurologist is employed in the north west in order to reduce an 18 month waiting list.

I have also received notice from Senator Jerry Buttimer of the following matter:

The need for the Minister for Community, Rural and Gaeltacht Affairs to make a statement on the budget allocation to local drugs task forces and the cuts, reduction in the number of schemes and staffing levels of each project.

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

The need for the Minister for Agriculture, Fisheries and Food to outline the input, if any, he has had into a request for a licence to expand the levels of dumping at a site on the Foyle which would kill the mussel and oyster industry on the river.

I regard the matters raised by the Senators as suitable for discussion on the Adjournment. I have selected the matters raised by Senators Corrigan, Ó Domhnaill and Buttimer and they will be taken at the conclusion of business. Senator Keaveney may give notice on another day of the matter she wishes to raise.

Order of Business.

Senator Donie Cassidy: The Order of Business is No. 1, motion re the reappointment of Ms Emily Logan by the President to be Ombudsman for Children, to be taken without debate at the conclusion of the Order of Business; No. 2, Appropriation Bill 2009 — all Stages, to be taken at the conclusion of No. 1 and conclude within 60 minutes, on which spokespersons may speak for seven minutes and all other Senators for five minutes and Senators may share time,

[Senator Donie Cassidy.]

by agreement of the House; No. 3, earlier signature motion, to be taken without debate at the conclusion of No. 2; and No. 4, Financial Emergency Measures in the Public Interest (No. 2) Bill 2009 — Second Stage, to be taken at the conclusion of No. 3 and conclude not later than 6 p.m., on which spokespersons may speak for 12 minutes and all other Senators for eight minutes and Senators may share time, by agreement of the House. Following the passing of the Forestry (Amendment) Bill 2009 by the Dáil, I intend to take all Stages of the Bill at the conclusion of No. 4, but not earlier than 5 p.m. Spokespersons may speak for seven minutes and all other Senators for five minutes. Senators may share time by agreement of the House. An earlier signature motion will be taken without debate. The business of the House will be interrupted from 1.15 p.m. to 2.30 p.m.

Senator Frances Fitzgerald: There is an extraordinary story on the front page of *The Irish Times* and throughout the media today. It describes how in the Circuit Criminal Court in County Kerry, about 50 people, “mostly middle aged and elderly men”, queued to shake hands and sympathise with a man convicted of rape. Can the Minister for Justice, Equality and Law Reform come to the House and explain how this could happen in a courtroom? In the same court, the judge criticised a character statement given by a local parish priest. Mr. Justice McDonagh said the convicted man’s actions gave the lie to the character statement. The judge went on to describe how the victim showed remarkable dignity and noted that little or no remorse had been shown by the man convicted of rape, nor an apology offered to the victim.

There is an excellent article written by Patsy McGarry in the same edition of *The Irish Times* about the case involving Mervyn Rundle and Fr. Thomas Naughton, who was sentenced yesterday. When Mr. Rundle sought to tell somebody about his abuse, the priest who dealt with him said “lies, lies, lies”.

We have just had a debate on the Murphy report and the Ryan report. These reports documented the refusal of the officer class within the church to believe allegations made against one of their own. We rightly condemned what had happened and we will probably see the resignation of a bishop today. However, given today’s news in the media, we must ask ourselves how we support victims of crime. How are they dealt with by our criminal justice system? This follows on from a report from the Rape Crisis Network entitled “Rape and Justice in Ireland”. It stated that a victim in court is treated with very little respect. A victim in the report described the court as “a very lonely kind of place”. That woman yesterday must have found the courtroom “a very lonely kind of place”. The Minister for Justice, Equality and Law Reform must come in to discuss these critical issues in our courts system and how it is failing victims.

This report follows on from the two reports we had been discussing, where people were not believed. The attitudes within the church led to a situation where people were not believed and the victims suffered. Very serious issues arise following yesterday’s court case. I ask the Leader to ensure the Minister or Minister of State attend the House and give us an opportunity to discuss the issues raised by this incident.

Following on from the scenes witnessed yesterday at the Copenhagen summit on climate change, it is extraordinary to see that so many thousands of people who wanted to be part of this UN conference ended up on the streets being dealt with in the way that we saw by the Danish police. It is about time that we found ways of involving those who care about this topic in a more appropriate way than we saw on the streets of Copenhagen. I hope we have good news from Copenhagen over the next few days.

Senator Joe O’Toole: As a Kerryman, it grieves me to say that I am equally embarrassed and nauseated by the reports in today’s newspapers. I do not know the background to it, but

I find it nauseating that a victim should be sent to Coventry and boycotted. While I can fully understand how neighbours would sympathise with anybody found guilty of a crime, as that is a natural instinct, I cannot understand how the victim could be left alone, frightened, boycotted and effectively left without any support. I do not know the background to the story, but it certainly reflects very poorly on us as a society. It is worrying in many respects because it sends us back to the old days when women were considered chattels.

We passed the Social Welfare and Pensions (No. 2) Bill 2009 yesterday. I spoke trenchantly against it and voted against every part of it. I found it to be an utterly unacceptable Bill. However, the Minister offered her time all day yesterday. She answered all the questions, took it on the chin and defended an appalling Bill. That is the way the House should work and it is good to see Ministers doing their work. It does not take from how bad the Bill is, and it will never be forgotten.

In spite of the fact that we spent €500 million on a new road at Kilcullen connecting two major motorway systems, there was a story in this morning's newspapers that following the intervention of local Fianna Fáil TDs, the Minister for Transport decided to defer the opening of a vital piece of motorway, which would get rid of a dangerous piece of single lane road. Representations were made by these politicians on behalf of local traders. I did not believe this, but it is reported today in *The Irish Times*. The Minister is quoted as saying that following representations from local Fianna Fáil TDs, the road is not opening. Can we all share the embarrassment of this? I ask the Minister to change that decision. The National Roads Authority has stated the road is finished and ready to open on Monday.

We have fought for this road for many years. There will be a huge amount of traffic on it in the week before Christmas. We are putting people onto a dangerous road for no reason other than because of "Ballymagash" type representations on behalf of a few local traders. It is unacceptable and I call on the Minister to change his mind and make sure the motorway opens for Christmas week so that motorists going to and from that area can do so safely.

Senator Dominic Hannigan: I welcome the two new Senators to the House and I hope they have many happy years here. This morning's reports from Copenhagen are not optimistic on the chances of reaching a deal. I was there a few days ago and one thing that struck me was the sheer number of ordinary citizens in attendance who were trying to make their voices heard. While we all have a role to play and while individual actions are important, we need to work together on this at a national and international level. The message we need to see coming from the conference is that a deal has been reached. It is in all our interests that some sort of accommodation is made at Copenhagen to ensure climate change is tackled and put at the top of the international agenda. We wish those taking part the best in their efforts in the next few days.

I would also like to raise the issue of the reported delay to the opening of this €300 million bypass. If reports are to be believed, the officials in the NRA are happy with this road. They think it is safe and are ready to open it. Why is it not opening? The road it bypasses is particularly dangerous and there have been many accidents on it. If it is true that representations were made to delay the opening so a few local retailers would not see a downturn in business during the run up to Christmas, then that is very bad news indeed. We cannot put the interests of a few individuals in front of the common good. We spent €300 million on this road, and if this is public policy, I dread to think what the Minister will do next. Will he close the M1 or the new terminal at Dublin Airport to prevent people from leaving the country?

This is not the way to proceed. We are all aware that there are job losses in communities across the country, but this is not how to save jobs. This Minister for Transport has an excellent record on road safety and he should be rightly proud of the lives that have been saved through

[Senator Dominic Hannigan.]

his actions. I am disappointed to see this road being delayed and I impress on the Leader to make those points to the Minister. We need to see that road open next week to make it easy for people to travel up and down the country in the lead up to Christmas.

Senator Dan Boyle: No. 1 on the Order of Business is a motion on the reappointment of Ms Emily Logan as Ombudsman for Children. The motion is being taken without debate. The House has a considerable amount of pressing business to complete as we approach the end of the session. There is unanimity that the Office of the Ombudsman for Children is doing a good job. It would be worthwhile to hold a debate on the role of the office, given the issues surrounding child welfare. I ask the Leader to consider arranging such a debate.

While it appears discussions in Copenhagen may not reach a conclusion this week, we all hope some progress will be made. It would be in the interests of the House to review any agreement reached in the Danish capital in a debate early next year.

I share the concern raised by the leader of the Opposition, Senator Fitzgerald, about reports on a court case in County Kerry. On a day when we finally see individuals take responsibility for actions in the Catholic Church, we can no longer tolerate double standards and the mixed signals being sent about how we deal with the crimes of sexual abuse and rape. The House should record its concern about this matter. Legislative changes are needed to ensure the behaviour to which Senator Fitzgerald referred is not permitted or accepted.

Senator Maurice Cummins: I raise the delay in opening a section of the M9 from Carlow to Kilcullen. Those of us who use this road, as I do regularly, are held up for half an hour as we travel through Castledermot. The Minister for Transport has instructed the National Roads Authority not to open this new section of road. While local business people who want a spur provided from the motorway into the locality have a case, that is a separate matter. The issue is the volume of traffic travelling through Castledermot and the fact that the NRA has stated the bypass is ready. When Members make representations to the Minister on roads and motorways, they are informed he has no responsibility for the matter which is the responsibility of the NRA. The Minister's instruction to the NRA not to open the bypass until January flies in the face of his refusal to respond to Members' inquiries. We are fobbed off with the excuse that matters pertaining to roads are not his responsibility. He must come before the House to explain his actions in delaying the opening of this bypass. The delay could put lives at risk. As the House will sit today and tomorrow, I expect the Leader to ensure the Minister will come before us to explain his actions. On the one hand, the Minister responds to awkward questions by stating the relevant issue is a matter for the NRA, while, on the other, he issues an instruction to the authority not to open a road. This matter must be dealt with at the earliest opportunity. A second section of the motorway to Knocktopher has also been delayed until February and people in the south east will suffer as a result. The Minister must inform the House of the exact position.

The House frequently hears about the victims of crime. That a person in County Kerry could be treated in the manner described makes it imperative for the Minister for Justice, Equality and Law Reform to take action to address the issue.

Senator John Hanafin: I ask the Leader to outline the changes proposed to the running of the House in the new year in the light of the new responsibilities of the Seanad under the Lisbon treaty which has been accepted in all its parts and enjoys the full protection of our law and the Constitution. With that in mind, will the Leader also indicate that it is impossible for a unicameral parliament to undertake the work necessary to oversee European Union and all domestic legislation? In other words, two Chambers of Parliament are necessary, given the

responsibilities of the House. If the proposal to abolish the Seanad had been made by my party, I would have made the same statement. We have a responsibility to ensure members of the public are made aware that the Seanad must discharge a new responsibility over and above its usual responsibilities.

Senator David Norris: I agree with my colleagues about the extraordinary situation concerning the opening of a section of road and political interference in the matter. I raised the question of political gimcrackery a couple of weeks ago. This matter gives rise to issues of safety and cost. The decision seems absurd.

I refer to a matter I raised some time ago on the Adjournment and at the Joint Committee on Foreign Affairs, namely, the involvement of the United Nations in a camp at Osterode near Mitrovica in Kosovo. A decade or more ago the United Nations dumped Roma refugees on the most heavily polluted site in the world. High concentrations of metals such as lead and mercury have been discovered in the children living on the campsite. There is a serious danger to pregnant women, children have died and the United Nations has been told that unless the camp is immediately evacuated, more people will die. This tragedy is unfolding before our eyes. I have raised the matter with the UN Secretary General, Ban Ki-moon, and the United Nations Commission for Human Rights, but nothing has been done. I ask that Seanad Éireann urgently protest about the matter to the United Nations.

As parliamentarians, we should all be concerned that in the past week the Turkish Government, using the constitutional court, has closed down an important democratic political party representing the country's Kurdish minority. Turkey is still negotiating entry into the European Union. It is extraordinary behaviour on its part that it should use the constitutional court to limit the main party representing the democratic interests of the largest minority in the county. A protest should be made to the Turkish ambassador about the matter.

Senator Ann Ormonde: I concur with Senator Cummins on the opening of the M9 at the Castledermot junction. I, too, travel the road and at this time of year it takes an hour to pass through the town. If the Minister is unable to come before the House today or tomorrow, he should issue a statement on the matter. I do not understand how the National Roads Authority works. On several occasions, at local authority level, the authority has interfered on issues and taken a pass the buck approach.

Senator Maurice Cummins: The Minister, not the NRA, interfered.

Senator Ann Ormonde: Given that the House has a full agenda for today and tomorrow, perhaps the Minister will issue a statement on the reason the bypass cannot be opened, even temporarily, over the Christmas break.

I support Senator Hanafin's view on the reform of the Seanad to deal with European business. Despite passing the Lisbon treaty several months ago, the House has had few opportunities to discuss EU directives and the workings of the institutions, including the European Parliament. With a new Commission set to commence work in February, the House should use the opportunity to have a full debate on decisions, directives and developments in the European Union. While information was available to members of the public during the debate on the Lisbon treaty, this is no longer the case because the Oireachtas no longer discusses European Union issues. The House should have regular debates in the new year on the activities of the European Parliament and the role and functions of the Commission.

Senator Jerry Buttimer: I join other speakers in demanding that the Minister for Transport come before the House. To clarify the matter for Senator Ormonde, the Minister has made a statement. His decision to defer the opening of the stretch of road in question must be addressed because it constitutes naked political interference in the work of the National Roads Authority. As Senator Cummins said, when one seeks a debate on the Adjournment one is told the NRA is not the responsibility of the Minister. Who is in charge of the NRA and who is accountable for the roads of this country? This is political interference of the worst kind. I challenge the Leader and the Deputy Leader to stand up and to condone what has happened.

Senator Dan Boyle: Condemn.

Senator Jerry Buttimer: Senator Boyle is right, it is inept and it should not happen. A €300 million road is stopped because the friends of Fianna Fáil came running and asked for help.

Senator Kieran Phelan: We are lucky to have so many. Senator Buttimer should look after his own.

Senator Jerry Buttimer: I sympathise with the traders because the policies of Fianna Fáil brought them into the mess they are in. The Government should not ask the Irish people to bail out the friends of Fianna Fáil because this is the recurring nightmare. Fianna Fáil bails out its friends again.

Senator Ann Ormonde: That is nasty.

Senator Jerry Buttimer: It is not nasty at all. The facts are before us and Government Members are embarrassed. They are running for cover the whole time.

An Cathaoirleach: Questions should be directed to the Leader through the Chair. Senator Buttimer's point has been made.

Senator Jerry Buttimer: When will the Minister come to the House? When will we see an end to Fianna Fáil's patronage?

Senator Niall Ó Brolcháin: Senator Buttimer referred to political interference. I would also welcome the Minister coming into the House to discuss the western rail corridor, with which there has been divine interference.

Senator Joe O'Toole: Hear, hear.

Senator Niall Ó Brolcháin: This has been delayed because of flooding on the line but we need to see the western rail corridor open at the earliest possible time. The Minister can talk about this while he is in the Chamber.

I ask the Leader to ask my party colleague, the Minister for the Environment, Heritage and Local Government, to attend the House to debate the mayorship of Dublin. This is an important position. I would like the Minister to update us on the situation——

Senator Joe O'Toole: And other aspects of the same Bill.

Senator Paudie Coffey: He does not know.

Senator Niall Ó Brolcháin: We are facing into a possible election next year.

Senator Jerry Buttimer: A general election.

Senator Niall Ó Brolcháin: No, a mayoral election.

Senator Fidelma Healy Eames: Was that a Freudian slip?

Senator Niall Ó Brolcháin: This side of the House is in the business of reforming politics.

An Cathaoirleach: Members who come into the Chamber to interfere should stay outside.

Senator Niall Ó Brolcháin: This is an important event in next year's political calendar. Members of this House have been touted as possible candidates for the position, including Senators Norris, Quinn and Ross.

Senator Jerry Buttimer: Senator O'Toole would be a good candidate.

An Cathaoirleach: There should be questions to the Leader only.

Senator Niall Ó Brolcháin: Someone suggested Senator Buttimer.

Senator Jerry Buttimer: I am running for Cork.

Senator Niall Ó Brolcháin: We should invite the Minister for the Environment, Heritage and Local Government to debate this important issue at the earliest juncture in the new year.

An Cathaoirleach: Next up is Senator Quinn.

Senator David Norris: For Lord Mayor.

Senator Feargal Quinn: One very important development in education in the past 13 years has been the leaving cert applied. I was chairman of the committee of the National Council for Curriculum and Assessment that established it 13 or 14 years ago. Since then, thousands of students have passed through the leaving cert applied. It is a full leaving cert but it measures the talents and intelligence of people not measured by the traditional leaving cert. Instead of sitting in an exam and writing what one knows, it measures ability to communicate by speaking and many other talents and intelligence on that basis. It has been very successful and is particularly suitable for people in retail, catering, hotels and hospitality.

In recent weeks, due to a change in administration, Fáilte Ireland has now arranged for the next courses in hospitality training to be handled by the institutes of technology, which do not recognise the leaving cert applied. This must be resolved. It is the perfect examination and certificate for those who are going into hospitality, retail and many other areas. On that basis, the Minister for Education and Science must get to work immediately with the institutes of technology and their association to change this arrangement. The arrangement has worked well and it is not the fault of Fáilte Ireland, which recognises the ability. The problem is the change in arrangements.

When asked about salaries in semi-State companies the Minister for Transport, Deputy Dempsey, said that the Government should not interfere in these companies. It seems very likely in this case but I would like him to come to the House to tell us whether he has interfered. Senator Ó Brolcháin mentioned ministerial interference and then referred to divine interference. I was sure he was going to ask God to come in here to make an excuse or explain what happened.

Senator David Norris: God is present everywhere, Senator Quinn.

Senator Paudie Coffey: On many occasions I have raised the issue of road safety, particularly with a view to our motorway network and the lack of service stations on it. I have focused on the M9, to which we referred today. I am disappointed that it seems there has been political interference. Has there been interference with the decision of the NRA and Kildare County Council to open the M9, which was due to open next week? If it is the case, it smacks of cronyism and this must be a matter of concern to everyone here. I arranged a cross-party petition on behalf of traders seeking a slip road for road users in the absence of a service station. I am disappointed to find that local Deputies got involved in this opening, which was due early next week.

Those in the south east have been waiting for years for this stretch of road and the Government must be commended for investing in it. Why go and ruin it all with such cronyism and interference when the road is due to open? It is not good enough. It is Fianna Fáil's answer to local problems they are having because the slip road and junction cannot be achieved. This is not how we should do business. It is very disappointing from a road safety viewpoint. I support Senators' call for the Minister to come into the House and make a statement on the matter. We need transparency on this decision. I ask the Leader to arrange for the Minister to discuss road safety in general because it is an important matter.

Senator Jim Walsh: I support the comments made by Senator Quinn regarding the leaving cert applied. Everything he said was correct. We should have a debate on that matter because those who take the leaving cert applied are steering in a direction that is not necessarily academic. Therefore, there must be an avenue for them to access the institutions.

We should also have a debate on general education within the secondary and tertiary level. The vocational schools played an important function in equipping people for various trades within the workforce but they have been gradually changing and now replicate other second level institutions. I wonder whether this is the right direction. I do not claim to be a specialist in education but we could have a useful discussion so that those with more expert opinions could put forward their views. The future of the economy will be built on our approach to education. Everyone recognises that.

I am very familiar with the road to which Senators refer. I have a choice of three roads when driving to Dublin. I can come via the regional roads through Tullow and Blessington, I can take the coast road or I can use the M9.

Senator Joe O'Toole: Where are the single transferable votes along that?

Senator Jim Walsh: I have heard people in my party talk passionately about the services along those roads. I am impressed by the Minister for Transport and the manner in which he has progressed the infrastructure, particularly in respect of the road network that is essential to our economy. I am sure there is some good reason for what is happening. I support the call for the Minister to come in and explain the position.

Senator Paul Coghlan: The annoyance and anger of Members in regard to this road is understandable because of the custom and practice of Ministers not answering for the National Roads Authority. I join in the call for the Minister to come in and clarify the position beyond doubt.

Like Senator O'Toole, as a Kerryman, I was absolutely astounded to read a front page article in today's edition of *The Irish Times*. I know it is only a newspaper account but knowing the journalist who wrote the story I have no doubt about its accuracy. The victim was treated in a very lonely fashion. As Senator Fitzgerald said, the issue is how could it occur in a courthouse. One has to assume that the court was not in session.

An Cathaoirleach: Questions should be put to the Leader.

Senator Paul Coghlan: I am coming to them. We know that the church has been harsh in instances in the past that involved people who reported untoward events. We have all condemned that and, thankfully, it has taken its own action but the hurt has been huge. The point arising from the various incidents across society is that whistleblowers who, in the national interest, report matters need to be protected when they report an illegality. This is something on which more action is needed and I look forward to hearing it.

Senator Diarmuid Wilson: I join with Senator Quinn and Senator Walsh in calling on the Ministers for Education and Science and Arts, Sport and Tourism to re-examine the situation in regard to the Fáilte Ireland courses that have been switched to institutes of technology and for which the leaving certificate applied does not meet the minimum entry requirements. This is an outrage and it should be reviewed immediately.

As Senator Quinn said, thousands of people in Ireland have availed of the leaving certificate applied qualification. That qualification has enabled them to join the Garda and the Army and to participate in courses which would not have been possible without that qualification. That qualification suits people, particularly those heading into the catering schools and colleges throughout the country. I ask the Ministers for Education and Science and Arts, Sport and Tourism to review the reason such courses have to take place in institutes of technology. There are hundreds of schools and colleges which are quite capable of conducting these courses. That situation should be looked at. As Senator O'Reilly will be aware, a world famous chef who operates in the western part of the county from which I come, was not admitted to a CERT course a number of years ago and had to go to Fermanagh college to do a course. That speaks for itself. I call on the Minister to review the position in regard to the Fáilte Ireland course.

Senator Eugene Regan: We are debating the Financial Emergency Measures in the Public Interest (No. 2) Bill today and tomorrow. This is one of the measures the Government has chosen to introduce to get the public finances back in order. The one major issue which will come back for debate in this House and the Lower House is NAMA. I have raised the issue previously as to when the Government will formally notify the NAMA scheme to the European Commission. On that occasion the Leader indicated that the House would be kept fully informed of that matter. Since the Financial Emergency Measures in the Public Interest (No. 2) Bill will be debated in the afternoon I ask that the Minister who is speaking to that Bill would clarify this issue because the NAMA scheme is more serious than any single budget? It is important to know at this juncture where we are at in respect of this scheme, whether it has been notified to the European Commission and the expected outcome of the examination and scrutiny by the European Commission. I would be relying on the European Commission to make fundamental changes to that scheme to minimise the cost to the taxpayer and the State.

In regard to the incident in the court in Tralee and the judgment of Judge Donagh MacDonagh in terms of the sexual offence and the sentence handed down, we have had many debates in this House about improving the position of victims of crime. We have had a report in recent weeks indicating a low level of reporting of sexual offences, particularly rape, and more particularly, the low level of prosecutions and convictions for that invidious crime. In this case — we do not have all the facts — the lady in question is quoted as saying:

I feel as if people are judging me the whole time. I've been asked by people I know if I am sorry for bringing Dan Foley to court.

The fact is that she is victimised not only in terms of the crime but there is a question about the culture that can give rise to this situation. It is the same type of culture that gives rise to

[Senator Eugene Regan.]

the issues we have to deal with in the Murphy report, etc., where there is a lack of regard for the victim of crime and——

An Cathaoirleach: The Senator's time is up.

Senator Eugene Regan: ——where we facilitate cover up and acquiesce in the crimes that take place in our society.

Senator Joe O'Reilly: As the world awaits a positive outcome from Copenhagen, I draw attention to a matter which is the specific responsibility of the Government. The figures from the Environmental Protection Agency published this week show a marginal fall in greenhouse gas emissions of the order of 0.3%. Despite the downturn in building and construction and in the commercial area there was a fall of only 4.4%. The fall in agriculture is almost 1%.

I ask the Leader to draw to the attention of the Government the fact that there is an increase of 8.7% in greenhouse gas emissions from the residential sector because of the cold weather and the use of solid fuels. Perhaps we could have a debate on this matter in the new year. It is vital that the insulation programme be well resourced and maintained and extended to social housing and, particularly, to housing for the elderly. It should become a national policy to insulate to the maximum degree and to incentivise even more than at present the insulation of houses. The only area in which there is an increase in greenhouse gas emissions is in the residential sector. If that area was corrected we could keep our greenhouse gas emissions within target. I know this is an issue to which the Leader will respond.

I formally support the issue raised by Senator Quinn and my colleague, Senator Wilson, in respect of the integrity and maintenance of the leaving certificate applied. Senator Wilson, in identifying our most distinguished international chef in west Cavan, has brought an important matter to the attention of the House.

Senators: Hear, hear.

Senator Fidelma Healy Eames: I support the comments of Senators Quinn and Wilson in regard to the value of the leaving certificate applied. It is a programme I have studied and worked with, and I see it as an underrated programme in our sector. It is particularly useful for students who have a practical bent. It also has quite a higher order critical thinking element, which needs to be explored.

I have three requests for the Leader for the new year, three priorities he has previously committed in the House to keeping on a rolling agenda but which have perhaps slipped off the agenda. The first is the flooding crisis. At present, I am having an average of three meetings a week on the flooding crisis. The people affected are still displaced from their homes. A report out yesterday showed the Government has only paid out €500,000 of the €10 million. Where is the money? There is a bigger issue here, namely, the prevention of flooding in the future. I ask the Leader to keep that commitment on the agenda.

The second is the threat of home repossessions. When I saw the hurt caused to people who were put out of their homes by flooding, I saw something that was bigger than a death for some families. Can one imagine what it must be like for people who are now looking down the barrel of a gun at losing their home? We must keep that on the agenda, as Senator MacSharry said. Bearing in mind people's levels of indebtedness, it is critical and urgent.

Third, there is the issue of child abuse. The House has not done its duty in this regard. The Ryan report and the implementation plan remain undebated, as is the case with the Murphy report. If we do this country one service, it will be to put the child protection guidelines on a

statutory footing so professionals or anyone who suspects child abuse is enabled to report it safely with a view to intervention.

Senator Liam Twomey: In recent years there have been amazing developments in the field of biomedicine. Two miles from my front door in County Wexford is a company that is heavily involved in the storage of biological tissue for some of our major hospitals. It is currently developing links with international companies for the biological treatment of serious illnesses within our health care system. It is also developing the cryo-storage of umbilical cord blood, which is very important for the future treatment of cancers and will have a European-wide impact in the field of biomedicine.

Why is the Government closing the bio-ethics organisation that is so important in regulating the ethics of what is happening in the field of biomedicine? It costs €300,000 a year but when one considers the important role it would play, not just in the future of medicine but for the technological development of this country in the area of exports and high technology that we are supposed to be moving into, it is worrying that the Government sees fit to close the organisation responsible for the ethical development of these treatments. This is a retrograde step which should be stopped immediately.

Senator Maria Corrigan: Following from the comments of Senator Healy Eames, I am conscious this House has spoken in regard to the Ryan report and the Murphy report. However, the suggestion she makes with regard to a specific debate on the implementation report is very useful. In that context and given that this is the month when the new Children First guidelines are scheduled to be produced by the Minister, perhaps when we return in the new year the Leader could arrange for the Minister of State to come before the House with a very specific remit around the new Children First guidelines and the implementation report that his Department has prepared.

It might also be useful for the Leader to organise additional time for this House to debate the newly agreed proposed wording from the Joint Committee on the Constitutional Amendment on Children.

Senator Michael McCarthy: At some stage in the new year, can we arrange a debate on the HSE? I have an ongoing issue in terms of the centralisation of the administration of the over 70s medical card, which is appalling. A constituent of mine in July of this year furnished details to the HSE in Finglas in order that his application for a medical card could be processed. We are now in December and it still has not been resolved. Both he and I have had huge difficulty in trying to contact somebody in the HSE in Finglas and speak directly with them in regard to this matter. It is a disgrace that a service that was working very well in an administrative area has now been taken to Finglas and clearly does not work. I would appreciate if the Leader could arrange a debate on that topic in the new year.

Senator Camillus Glynn: I support Senators Quinn, Wilson, O'Reilly and the others who spoke in favour of the value of the applied leaving certificate. I have a daughter who completed this course and know that it proved invaluable. The criteria that are being applied, as outlined by Senator Quinn, which debar those who have completed this course from entering the appropriate institutions for those who wish to enter the catering business as a career, are nothing short of ludicrous. I ask that this matter be reviewed. This course has great relevance, has proved its worth and will stand the test of time.

Senator Donie Cassidy: Senators Fitzgerald, O'Toole, Hannigan, Boyle, Cummins, Coghlan and Regan outlined their serious concerns regarding the court case in Kerry. The articles in the newspapers this morning dealt with various strong expressions regarding support for the

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victims of crime. I have no difficulty in having a debate to help assist the victims of crime. The most hurtful thing of all, apart from the acts that violate the victims, is that they were not believed and, in fact, that they were verbally abused. Anything we can do to improve that situation and help the victims of crime, we will do.

I have already committed that the Ryan report will go for further consultation and discussion, and I can allow time for the Murphy report to be dealt with, as colleagues have requested today.

I send our best wishes to the Minister, Deputy Brian Lenihan, who was hospitalised yesterday and who had intended to be in the House this morning to take the Bill. I certainly want to see him back to full health in the very near future, please God. We send him our best wishes from the Seanad.

Senators Fitzgerald, Hannigan, Boyle and O'Reilly raised the issue of the world climate change conference taking place in Copenhagen last week and this week. All the world leaders, including the Taoiseach, are arriving there today to participate this evening and for the remainder of the conference. We hope progress will be made. The issue is a serious challenge to the world. I hope, as Senator Boyle said, that we will be able to review and debate progress. It is my intention that we will have an opportunity for Senators to express their views on the conference, with the Minister present, in our first weeks back after Christmas.

I join with Senator O'Toole in regard to his comments on the Minister, Deputy Mary Hanafin's, total commitment to the House in being here for almost the entire debate on a very difficult social welfare Bill.

Senators O'Toole, Hannigan, Cummins, Norris, Ormonde, Buttimer, Quinn, Coffey, Walsh and Coghlan all expressed their view regarding the imminent opening of the magnificent new M9 road, which has been awaited for a long time. As I said in the House yesterday, the Minister, Deputy Martin Cullen, played a major part in having the funding put in place so this could happen. I will certainly pass on the strong views of the Senators to the Minister, Deputy Dempsey, who we have to congratulate in regard to all he has done for road safety and all the major investment that has taken place, which has resulted in a transformation. As someone who used to drive about 65,000 miles a year for 18 years in my other employment before I came to the House, what a change there has been in the infrastructure of the roads system. In my memory, no road was ever opened in the week after Christmas, but the road in question will be opened in January or early February and we look forward to it being open. I will pass on the strong views of colleagues from the south east to the Minister after the Order of Business.

Senator Boyle called for a debate on the position of Ombudsman for Children. His call is timely. I commend the reappointment of Ms Emily Logan who has done tremendous work and is doing the State a huge service.

Senators Hanafin and Ormonde spoke about Seanad reform. I have given a commitment that we will have on the agenda an update on the North-South ministerial meetings once a month and legislation and proposed changes to legislation coming from the European Union. The Minister for Foreign Affairs has given a commitment in this regard. He has been in the House already and we have started the process. Keeping this issue centre stage will be part of the monthly agenda for the leaders' meetings. As colleagues have correctly pointed out, the Seanad can take a lead role in assisting and helping the Government and Departments and bringing to the attention of the people the issues and decisions being taken in their interests at EU level.

Senator Norris commented on the role played by the United Nations in Kosovo and the dangers to children and women. I will pass on his strong views to the Minister after the Order

of Business, views we fully support regarding the Turkish Government's decision. We all agree with him. I heard him on radio this morning expressing strong views regarding the relocation of the Abbey Theatre to O'Connell Street, on which I congratulate him. Any Irish person worth his or her salt would have to be proud of his expressions on the issue.

Senator Ó Broilcháin raised the matter of the western rail link. I will have no difficulty in having it debated in the House at the very earliest possible time after the recess. He also asked for the Minister for the Environment, Heritage and Local Government to come to the House to update it on his proposed plans for the new position of directly elected mayor of Dublin. I will have no difficulty in allowing such a debate to take place.

Senators Quinn, Walsh, Wilson, O'Reilly, Healy-Eames and Glynn all expressed their views, especially those who have first-hand experience, on the huge success of the applied leaving certificate. If it is not broken, it should not be fixed. As a member of the Irish Hotels Federation, I will do everything I can to have the proposal corrected. I am sure Fáilte Ireland wants to do the right thing and while the institutes of technology certainly can play a part, the others have also been making a huge contribution. Hospitality has been our trademark as a nation. It is like our music, it is a world brand. Irish people are known throughout the world for their céad míle fáilte and they have made their mark everywhere they had to emigrate to during the years. Certainly, we want to be able to help and assist. As Senator Wilson said from personal experience, who better than Senator Feargal Quinn to speak with authority on this issue? I certainly will have an urgent debate on it and will have the Minister present in the first two or three weeks following our return.

Senator Regan raised issues related to NAMA which he asked the Minister to clarify today. I will endeavour to do this, but as the Minister for Finance is not available, the Minister of State at the Department of Finance will be here when we can try to tease out the issues about which the Senator inquired.

Senator Healy-Eames will be well aware that yesterday I gave a commitment in the House that we would keep the flooding issue to the fore to see how we could correct it and how the funding, particularly from the European Union, would be used to help and assist a major national plan to deal with the issues that had emerged in the Shannon basin and for the people of Cork city. Major funding will be needed and we will not be able to do it without the help and assistance of our colleagues in the European Union.

We had the MacSharry report proposals on home repossessions and will keep the issue to the fore every month in the coming year because we must assist those who have been good payers, playing their part and, through no fault of their own, have lost their jobs and now find themselves in a difficult position.

We have discussed and debated the Murphy and Ryan reports and given a commitment that the issue will be discussed in the House very often when requested and we think there is a need to do so. I have no difficulty in again making that commitment.

Senator Twomey asked about biomedicines and the challenges facing this industry for a cost of €300,000. I will pass on his strong views to the Minister after the Order of Business.

Senator Corrigan asked about the new Children First guidelines and the Constitution. The Joint Committee on the Constitution has agreed a wording on the proposed constitutional rights of the child. That is to be welcomed. I will have no difficulty in debating the matter in the House after the recess.

Senator McCarthy brought up an issue, in respect of which we all are experiencing extreme difficulty. Moving the applications unit for the over 70s to Finglas at the time was seen as a cost saving exercise, but there is the simple issue of answering the telephone. When someone

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over 70 years of age wants to have his or her medical card application discussed, he or she cannot even get an answer on the telephone. That is completely unacceptable and we must send the strongest possible protest from Seanad Éireann to the Minister for Health and Children about this lack of service. We will have the Minister present in the House after the recess and this is one issue on which we can certainly make our strong views known to her.

Order of Business agreed to.

Ombudsman for Children: Motion.

Senator Donie Cassidy: I move:

That Seanad Éireann recommends Ms Emily Logan for reappointment by the President to be the Ombudsman for Children.

Question put and agreed to.

Sitting suspended at 11.40 a.m. and resumed at 11.55 a.m.

Appropriation Bill 2009: Second Stage.

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

Minister of State at the Department of Finance (Deputy Martin Mansergh): I am pleased to appear before the House to discuss public expenditure and in particular the background to the Appropriation Bill 2009 which gives statutory effect to voted expenditure for 2009. Before discussing expenditure in detail it would be useful to put it in context by reviewing briefly the performance of the public finances in 2009.

The initial Estimates for 2009 were set out by the Minister for Finance in his budget of October 2008. As the Minister indicated at the time, no one could have foreseen the speed with which the global and domestic downturn would gather pace. He pointed out that in the months leading up to that budget, the world financial system had been turned upside down. Household names in global finance had been rescued by governments and blue chip companies had either failed or been subsumed into other institutions. He also reminded the House that just two weeks before budget 2009, when the stability of our own banking sector came under threat, the Government had taken bold and decisive action by putting in place a guarantee arrangement to safeguard the financial system in Ireland. This was done to protect our economy and all who work in it.

This international credit crisis compounded and deepened the downturn in the domestic construction sector and led to a fall off in consumer confidence. The rapidity and severity of this downturn took even the most pessimistic of commentators by surprise. The result has been a sharp rise in unemployment and a steep decline in revenue with businesses experiencing the kind of economic difficulties not seen in this country for more than 20 years. In response to this situation, the budget for 2009 was brought forward by two months to 14 October 2008, in order to seize the initiative and provide political leadership in the face of a rapidly and dramatically changing economic context. At that time it was envisaged that GNP would contract by 1%, with GDP contracting by about 0.75%, that unemployment would rise, averaging 7.3% for the year as a whole, and inflation would ease to 2.5% on average for the year.

In framing that budget in October 2008, spending was concentrated on our schools, our health services and on the protection of the elderly and the most vulnerable and contained a social welfare package of over €500 million. Investment in our public services continued but in

a time of scarcer resources the value for money principle became all the more imperative. The 2009 budgetary targets were as follows: an increase in gross voted spending of 1.8%; a current budget deficit of just over €4.7 billion; a capital budget deficit of just under €8.7 billion; a general Government deficit of just over €12 billion or 6.5% of GDP; and a debt to GDP ratio of 43%, with the intention of securing a progressive reduction in the deficit as a percentage of GDP in 2010 and 2011.

However, the global economic and financial crisis, together with the correction in the domestic property market, continued to have a significant impact on budgetary and economic developments in Ireland in early 2009. Tax receipts in particular were severely impacted by the contraction in economic activity. To underpin the sustainability of the Government finances, expenditure savings amounting to €2 billion in a full year were announced in February 2009. The most significant component of this package was the introduction of a pension-related pay deduction of an average of 7% from the earnings of all public servants.

The supplementary budget in April of this year continued the process of adjustment begun by these earlier savings measures with further expenditure adjustments of €886 million in gross current expenditure and €576 million in capital. A number of initiatives were also announced in the supplementary budget with the aim of reducing the cost of delivering services, including the introduction of a general moratorium on recruitment and promotion in the public service and the implementation of an incentivised early retirement scheme and career break schemes for most of the public service. These measures have resulted in a significant reduction in public service staff numbers in 2009, and this is developed and built upon by the Government's new multi-annual numbers control strategy.

In April's supplementary budget, the Minister for Finance outlined six steps that had to be taken to restore and renew this economy. First, the stabilisation of our public finances; second, the restoration of our damaged banking system; third, the regaining of competitiveness; fourth, the protection of jobs; fifth, the support and stimulation of economic confidence; and finally, the restoration of our reputation abroad.

The first and most urgent of these was the stabilisation of our public finances. It was vital to show that we could put our own house in order before we could expect those who have invested here and who might invest here in the future to have confidence in us. The supplementary budget in April 2009 forecast that €34.4 billion in tax revenue would be collected this year, a decline of over 15% on the receipts for 2008. This projection was revised in budget 2010, with approximately €32.6 billion now expected to be collected. This represents a decline of over 30% on the level of taxes received in 2007 and means that tax revenues are now back to 2003 levels. In contrast, current expenditure has increased by 70% over that period. This weakness in taxation receipts reinforces the need for expenditure reductions to stabilise the position in the public finances.

In this regard, budget 2010 is the latest in a series of measures, which began in July 2008, designed to restore order to the public finances. During the past 18 months the Government has made budgetary adjustments with both taxation and expenditure measures designed to yield around €8 billion in 2009. In view of the substantial revenue raising measures undertaken in the budget and supplementary budget 2009, budget 2010 focused on the expenditure side of the account. An expenditure adjustment of €4 billion was set out, including cuts in public sector pay, social welfare and capital expenditure, as well as substantial reductions in programme expenditure. It is true some tax changes were made both upwards and downwards but the net impact of that exercise was a mere €17 million in comparison.

Budget 2010 is the latest step in the expenditure control programme begun in July 2008. In regard to the Exchequer paybill, budget 2010 introduced salary reductions averaging 6% across

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the public service with reductions of 15% for those at the most senior levels. In addition, long-run pension costs in the public service should fall following implementation of the budget 2010 announcement of a new pension scheme which will apply to all new public servants. In addition, the Special Group on Public Service Numbers and Expenditure Programmes, set up to examine the current expenditure programmes in each Department and to make recommendations for reducing public service numbers in order to ensure a return to sustainable public finances reported in July 2009. Its report made a series of recommendations for savings totalling €5.3 billion in a full year and entailing staff reductions of 17,300. These recommendations have been taken into consideration in formulating budget 2010 and will be further considered in the context of future budgets. In budget 2010 adjustments have been made across the board such that if unemployment related expenditure is excluded, overall Government spending has been reduced by more than 10% in the period 2008-10 in net terms.

The Government is also implementing a new, more rigorous approach to controlling public service numbers, to drive greater efficiency and productivity from the system of public administration. This will lead to significant additional savings on a multi-annual basis, making a contribution to the progressive lowering of our deficit. The new public service numbers policy draws upon the findings of the special group, and will facilitate a progressive reduction in staff numbers across the public service by end-2012. This is to be achieved while respecting Government commitments to maintain and improve teaching resources in primary and second level education.

Additionally, a review of the capital programme was carried out in advance of budget 2010 to ensure this investment programme focuses on the priorities that are most appropriate to the challenges we now face and which promote economic recovery. Government decisions on capital allocations for 2010 and subsequent years have been informed by this review, which it is intended to publish shortly. Capital expenditure, at an average of approximately 4% of GNP over the period 2009-14, remains at a high level and reductions in tender prices mean it is now possible to deliver capital projects more cheaply, enabling many of the goals of the National Development Plan 2007-2013 to be more readily achieved.

In conclusion, this Bill deals with expenditure during the course of 2009 — expenditure that has been managed and controlled in a responsible way by this Government over the course of the year. That process of responsible and prudent budgetary management will be continued into 2010, as set out in the recent budget. The decisions which the Government has had to take are not easy and are clearly not designed to court popularity but they are the right and responsible decisions. As a result of the decisive and consistent steps taken by the Government, we are now in a position to stabilise our national deficit in 2010, and to bring it back below the 3% ceiling by 2014.

The scale of future adjustments needed to restore order to the public finances will not now be as large as previously thought. For 2011, it is estimated that the necessary adjustments will be of the order of €3 billion, with €1 billion already identified and incorporated into the capital expenditure forecasts. Budget 2010 re-emphasised the Government's commitment to restoring stability to the public finances which will in turn help return the economy to a sustainable growth path. Sustainable growth is what will generate the additional resources we need to deliver further improvements in our schools, our hospitals and across the full spectrum of public services.

As the experience post-1987 showed, in which Senator MacSharry's father, the then Minister for Finance, was heavily involved with the support of the then leader of Fianna Fáil, expenditure reductions are a much more effective and less economically damaging way of dealing with a large deficit.

With regard to light at the end of the tunnel, I hope it will be a bright day at the solstice in Newgrange on Monday.

Senator Liam Twomey: I hope the Minister of State is right. If he is going there, I hope he enjoys the day. It is quite a special occasion to be at Newgrange for the winter solstice.

This Bill, in many respects, is the end of year accounts detailing how much the Government spent and where the money was spent. I propose that a third Schedule be included in the Bill listing details of the Government's income for the year. We tend to focus on where money is spent and throughout this Bill there is reference to that, but a list detailing from where the Government obtained its income might be useful for people in making comparisons about from where the State gathers income and where it spends money. The Minister of State might comment on whether that information can be included in the Bill.

In the prebudget information we received from the Department of Finance one graph stood out dramatically. It is the one that plots Government income and expenditure since 2000. It shows that Government income and expenditure was increasing year on year and that there was a massive divergence in the past two years during which expenditure was still extremely high but revenue was extremely low. Having regard to that graph, I find it difficult to understand how the Minister of State can be so confident about the reductions the Government will make next year or the year after, given that the gap between income and expenditure is substantial. He spoke about stabilising the economy in the years ahead and said that by 2014 the budget will be within a projected 3% deficit. What amount of money is it projected the State will have borrowed by that period? If we are to borrow €20 billion next year and that amount in 2011, 2012 and 2013, we could end up borrowing another €100 billion before we reach the position that our public finances are stabilised. What are the projected Government borrowing figures for the next few years? Such figures will have a huge knock-on effect on the public services we can provide. We know already that for next year €2 billion of the €4 billion that will be saved will have to go towards paying interest on additional loans we have already managed to gather. We need to know these figures to have some idea of the position that will prevail in the next few years.

The Minister of State spoke about alterations to pensions. He said that all new entrants into the civil and public service will have a new pension scheme from the end of next year onwards. It will be more like the pension most people in the private sector have in that it will be a defined contributions pension rather than a defined benefit pension. What is the position of existing pensioners and that of potential pensioners who are existing members of the civil and public service? The Minister of State said that legislation would be introduced next year, but the Government needs to publish that legislation as a matter of urgency and perhaps even in draft form for us to have an idea of the Government's plans for those people. That issue is causing great concern for public and civil servants, especially those who have the option to retire in the next couple of years. The matter should be discussed now because it will have a significant effect. It is not necessary to delay the Appropriation Bill, as I will speak more about this matter when we discuss the next Bill. I refer to the efficiencies and changes to work practices the Minister hopes to achieve in the civil and public service. Benchmarking payments made to everyone in the public sector have effectively been taken back through the measures introduced in the past two budgets. A different attitude is apparent among the leadership of the public sector unions to the achievement of further efficiencies and changes to work practices. That will have a significant knock-on effect on the delivery and cost of services. Perhaps the Minister of State might comment on this.

Senator Marc MacSharry: I have no intention of holding up the House on the Appropriation Bill. I note that it was taken without debate in Dáil Éireann. Every year it is an appropriate

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and a necessary step in the budgetary process for the year ahead. Last night we had a debate on the economy and later today we will have a debate on the specifics of some of the budgetary measures. I commend the Bill to the House.

Senator Michael McCarthy: I was just about to write a few notes on the Bill. I have been asked to speak on behalf of my colleague, Senator Alex White. I welcome the Minister of State, Deputy Mansergh.

I wish to make a number of brief points on the Bill. First, I wish to discuss the education spend. We have heard much in recent times about the fact that X amount of money has not been spent by the Department of Education and Science. Certain interpretations can be projected, a nicer way of saying “spun”, in ways that suit either the Government or the Opposition. Perhaps there are good reasons for this, but I would like the Minister of State to explain the underspend in a Department as significant as the Department of Education and Science. Significant issues arose in the past year or so in education. There are many hot issues, for example, the possible reintroduction of third level fees, the manner in which universities are funded and the Student Support Bill.

An ongoing issue needs to be addressed urgently, namely, the manner in which the Department is renting prefabricated buildings and sites for schools. In some cases it is renting brand new buildings that will never be used as schools. I often question the economics behind such a decision. I have raised consistently with the Minister a number of projects, not least Gael scoil Chloch na Coillte in west Cork where the Department was renting prefabricated units and also a site. My argument is that in terms of the economics, surely it would be wiser and more provident to identify a site and build a school on it. I accept that would cost more money initially but in the longer term surely it would be a better investment than just spending dead money in the sense that the Department will never own the prefabricated buildings or sites. In that context, how can it happen that late in the year we discover that a significant portion of a budget is unspent? If there is a good reason for this? If so, I am interested in hearing it. I would be pleased if the Minister of State could shed some light on the issue.

One tends to read banner headlines to the effect that X amount was not spent, but the question is why the money was not spent. What guidance or directives are issued to Ministers on spending? I could identify a number of projects that would eat into that budget. In effect, it could be spent in my area.

Senator Dan Boyle: It is one of the features of the budget debate every year that the Seanad debates the Appropriation Bill, whereas the other House tends to take an attitude that it takes it as read. It is an important part of the budgetary process because it itemises Government spending by Department and the specific amounts intended to be spent. It is a useful exercise for Opposition Members, in particular, to ask questions about whether the money is being appropriately allocated and wisely spent. We have heard Senator McCarthy inquire about unspent moneys, how that was allowed to occur and the mechanisms in place to properly account for it. An issue has arisen because of a difficulty with capital spending on the schools building programme, whereby a significant amount of money has not been spent this year. I am pleased to see there is a significant roll-over of much of that unspent money to allow for delays in the planning process and ensure important pieces of infrastructure are put in place.

The Appropriation Bill contains a number of elements, one of which is the itemising of expenditure in each Department. The other is the formalising of the financial provisions voted on in Dáil Éireann but not in this House. The four provisions on which a vote was taken on 9 December are itemised.

I wish to ask one question that could perhaps be addressed in the course of the wider debate we will have in the House on how the Government's budgetary projections are being met or otherwise. Would the two Opposition parties care to explain why, in regard to one important element of budget 2010, namely, the agreement to introduce a carbon tax and the related financial provision to bring forward the transport fuel element from 10 December onwards, was treated differently by both parties in Dáil Éireann? In terms of where they stand on policy, we need to hear whether they agree with the concept of a carbon tax and why they took such a different approach in Dáil Éireann to it.

Senator Michael McCarthy: Senator Boyle should consult the Labour Party website where he will find the appropriate answer.

Senator Joe O'Toole: On a point of order, the one thing I learned on my first day in the House 22 years was that one could talk about every single aspect of the economy, except taxation, in the debate on the Appropriation Bill. Senator Boyle is out of order in referring to the carbon tax.

Senator Michael McCarthy: That is my view also.

An Leas-Chathaoirleach: I call Senator Boyle.

Senator Liam Twomey: I disagree. I will break with precedent and urge Senator Boyle to continue.

Senator Joe O'Toole: I think the Senator will find I am correct.

An Leas-Chathaoirleach: Senator Boyle should be allowed to speak, without interruption.

Senator Dan Boyle: I would like to defer to my learned colleague, but the Appropriation Bill contains the four financial provisions from budget day.

Senator Joe O'Toole: It does not deal with taxation.

Senator Dan Boyle: It mentions them specifically. The whole point of a Second Stage debate is to address the generalities of the issues raised in the Bill.

An Leas-Chathaoirleach: I thought Senator Boyle was speaking on policy.

Senator Dan Boyle: I am happy to raise that point. I am seeking a general explanation as to why the Fine Gael Party chose to vote against that provision and the Labour Party has chosen not to vote on it. I say to Senator O'Toole that is important in terms of providing clarity in this policy area because it goes beyond taxation.

Senator Joe O'Toole: It is not an unreasonable question, but it is the wrong time to ask it.

Senator Michael McCarthy: Surely it is out of order.

An Leas-Chathaoirleach: Senator Boyle should be allowed to speak without interruption, please.

Senator Dan Boyle: I did not hear the Chair rule on it.

An Leas-Chathaoirleach: Senator Boyle should be allowed to speak without interruption.

Senator Liam Twomey: What is the Chair's opinion?

Senator Dan Boyle: I am not seeking extra-constitutional power for this House, nor am I asking that we reverse the financial provisions decided on in the other House. I have made the point that the Bill contains these provisions and commented on how they have been responded to by other parties represented in this House.

I welcome the overall expenditure provided for in the Bill. In the middle of very difficult financial times where we are still borrowing significant sums of money, in excess of €20 billion, we are allocating approximately €53 billion to meet the cost of running the State. When we take into account the €4 billion adjustment we have had to make in budget 2010, the reality is we are raising approximately €32 billion by taxation and borrowing approximately €20 billion.

The political debate we have been having has been on the smallest scale of the moneys we are currently spending in the State. What is important about the Appropriation Bill which we have the opportunity to discuss in the House and which perhaps the other House does not take as seriously as it should is what is happening with the vast bulk of money being allocated and how is it being spent. I would like to see this House develop that competence even more, even though we are restricted in our constitutional role from doing so to a greater extent.

Senator Joe O'Toole: In fairness to the Senator, there is a reference to the Consolidation of Taxes Bill in the Appropriation Bill. It is a fair question to ask of Fine Gael and the Labour Party. I support the carbon tax, as it is essential. The approach the Government has taken is progressive. There are aspects of it over which I am not exactly exultant. However, it was necessary. I would have thought all the parties represented on the Oireachtas Joint Committee on Climate Change would share that view.

I welcome the Minister of State, Deputy Mansergh. I am aware the Minister for Finance is indisposed and I wish him well and a speedy return to full health. I have no doubt there is a huge level of responsibility on the Minister of State.

What frightened me after the budget was that when a question was put to the Taoiseach about the optimistic view of the Government on the economy, he more or less said it was as it was given to him by the Minister for Finance, which was fair enough. A day later the Minister for Finance was asked the same question on "Today with Pat Kenny" and he said it was as his officials advised him. Is somebody passing the buck all the way down?

While most people focus on section A of the Budget Statement, I tend to take much more interest in section C. I thought the figures in it were extraordinary. I use my words wisely; I am not saying they were right or wrong. I recall that the prognosis from the Department of Finance was that the debt-GNP ratio will tip barely above 80% and will then begin to drop. That is certainly much better than we have been hearing. More important, I recall that the highest point the budget deficit will reach will not be the 14%, 15% or 16% put about in international media and in the Irish media until last week but approximately 11.7%. The difference between our budget deficit being 11.7% rather than up around 15% means that we are mainstream. The only other two countries up around the 15% mark are the UK and Greece. As far as I know, Germany is close to double digits. I believe it is 9%, 10% or marginally more than that. It is important to recognise that.

The other issue in section C of the Budget Statement related to growth. I noticed that on this occasion, the Department of Finance chose to illustrate it in a diagrammatical format. It also illustrated the indications, prognosis and forecasts of other groups. I recall that the diagram showed the forecast of growth for this year, next year and the year after from the Central Bank of Ireland, the EU, the Department of Finance and the ESRI. The most significant thing was that the most pessimistic outlook in the diagram came from the Department of Finance, which is always criticised for being overly optimistic. In fairness to the Department, it is an interesting

point which has not been made. In that diagram, there was a consolidated or an agreed line. If it pans out in that way, it shows something very close to a symmetrical recession — in other words, this economy will come out of recession very rapidly, although not as quickly as it went into it.

I am sure the Minister of State will correct me if I am wrong but I believe it has been acknowledged that while the European economy will increase by approximately 1.5% this year — we will be in negative territory this year — it will only increase by less than 2% next year. This is a European prognosis. The Irish economy might increase by more than that. The Department of Finance and the Minister's forecast is that we will be in negative territory for the next four to six months but by mid-year, they expect GNP to begin to grow. I do not want to get stuck into figures but I would like to hear the basis for all of that. I do not expect a half an hour speech but would like to hear an instinctive response from the Minister of State.

I strongly supported the Government on the issue of the credit guarantee, the NAMA project and the special purpose vehicle which took the operational aspects of NAMA away from mainstream NAMA, and I saw nothing wrong with that. What I liked about those three things was that they were progressive, creative and imaginative. As I said at the time, it was not that I believed the Fine Gael proposal had no chance of working. I am a great believer in the view that there is more than one right way to deal with a problem but I believed the Government proposal was more complete, it was in power and the correct thing to do was to support it.

Since then, there has been a total lack of creativity. One issue raised in the House all the time is protection or support for people with mortgage difficulties, and Senator MacSharry has raised it time and again. The Government talks a great deal about that. The other issue is the lack of credit about which the Government talks a great deal as well. People have been misled on that second issue.

The Government will not force the banks to give out credit. It goes against banking policy. It will happen eventually but only organically. This is not a new problem. After the depression in the 1930s, the United States set up a new bank, the Export-Import Bank, to do precisely what we have been talking about, namely, making credit available to support exporting, manufacturing, and so on. The Export-Import Bank, or exim bank as it is called, in the United States produces various financial debt and bond instruments which allow various guarantees. For instance, Boeing is in financial trouble. It has just produced a new airliner and has advanced orders for 800 but, in many cases, its solid good customers do not have the money to buy them. Foreign banks can get money through bonding from the Export-Import Bank, bonding which is either guaranteed by the state or, in this case, by Boeing. It is just a new debt instrument. It is no different from the bonds our Government sells on the European market, except it is done in a different way and in the private sector. It also allows private sector money to be invested in creating credit.

This is important because, according to Senator Doherty, there is a statement on the *finfacts.ie* website to the effect that €50 billion Irish money has been invested in America in the past six months, although I have not seen the figures. That means there is money here which could be invested in safe debt instruments and bonds instruments which would support exporting. Not only would it support companies exporting but it would support companies which must buy raw material provided that raw material is used to produce stuff which is solely for export. We need a bit more creativity from the Department in dealing with these issues.

I hope the forecast and prognosis in the Budget Statement are correct because it would mean a very optimistic future. I wish the Minister of State well and I support the Bill.

Minister of State at the Department of Finance (Deputy Martin Mansergh): I thank Senators for contributing very constructively to this debate. As has been stated, the Appropriation Bill is about expenditure, although there is a cross-reference to the financial resolutions passed in the Dáil so, to that extent, Senator Boyle was within his rights, in particular as one of the resolutions referred to the carbon tax.

With very few exceptions, it is not the policy of the Government to tie particular revenue streams to particular expenditure programmes. Senator Twomey is quite right in talking about how expenditure expanded since 2000 to approximately 2008. It was a period in which it seemed we could square the financial circle and it was possible to do everything. We could reduce debt, put money aside into the NTMA, reduce taxes or increase reliefs, increase welfare payments and fund large capital expenditure programmes. In the other House I also referred to the fact that it was the golden era of public service unions, when numbers, pay and conditions all dramatically improved, especially at the middle and upper reaches, not excluding Members of both Houses of the Oireachtas.

We are obviously in a different position now and that is the reason for the measures outlined since July 2008. Senator Twomey asked about projected borrowing, and one of the budget tables shows this is to peak in 2012 at 83.9% of GNP. He also raised the issue of pensions and a distinction must clearly be made between the conditions of new entrants into the public service and existing members. In his budget speech, the Minister stated:

As part of the reform of public service pension arrangements, I will review the current arrangements and consider linking pensions to increases in the cost of living. Pending that review I do not intend to apply the pay cuts I have already outlined to existing public service pensioners.

Senator McCarthy concentrated exclusively on education. I have much sympathy with the ongoing argument that where possible, rather than renting at some cost prefabricated buildings, money should be devolved. There is a devolved grant scheme to schools where they can take charge of accommodation. It particularly applies to small schemes. We have a multi-annual capital programme but we should not get too hung up on what is spent on the capital side in a particular year. If money is not spent, it can normally be carried over to the next year and added to that allocation.

Senator Boyle referred to differences with regard to the carbon tax. I do not speak from a party political perspective when I say it is healthy when, from time to time, Opposition parties not in government take different views on a subject but do not engage in what one might call mindless opposition. To be fair, very few Opposition parties engage in mindless opposition. There are many pieces of legislation including, as far as I know, this Bill, which are not opposed by Opposition parties. Intelligent opposition is always selective.

I agree with Senator O'Toole that there is a significant difference between a general borrowing deficit of 11.6% or 11.7% and 15% or 16%, which is really in the danger zone. One of our important achievements has been to stabilise the deficit, and also to have a strategy to bring it down over a period of years. That is very important for confidence both at home and abroad. Under any circumstances, we will have to borrow very substantial sums of money, with the borrowing requirement next year at €18.7 billion. If foreign lenders have confidence in what we are doing, as this year has shown, there should not be a particular difficulty in doing that. As the experience of another partner country has shown, if foreign lenders do not have confidence, a country can face very serious difficulties.

Senator O'Toole is correct in stating that downward growth will continue to the middle of next year and is then projected to begin turning around. This year it will be on a much lower

base. Even a small element of growth would stabilise the size of the economy. It is not immense good news in an abstract way but stabilisation is the first objective, with recovery the next one. This is partly in the context of the legislation we will discuss this afternoon, as well as wider developments.

We have already experienced a sharp improvement in our competitiveness as incomes and costs have been lowered. In a sense, that is what we must do as members of the eurozone. I will repeat what I have said before; we have taken pay cuts before which were disguised by inflation and devaluation. We are now part of a strong currency zone and these aspects cannot be disguised any more. It will clearly still take some time until we adjust to the new world we are in as members of the eurozone. It is not all negative.

As I am sure Senator O'Toole is aware, the budget contained certain measures prolonging mortgage interest relief to secure mortgage holders. My feedback is at least as far as they went, they were, broadly speaking, welcomed by people. President Obama only earlier this week took the banks in America to task over their lending activities and Senator O'Toole pointed out some of the real difficulties. We want lending to take place to viable businesses which are able to go forward and survive; we do not want businesses to fail merely for the lack of some carry-over finance. It is difficult to press and persuade banks to put money into businesses that have, unfortunately and tragically, ceased to be viable. That is the difficulty and dilemma.

Before concluding I wish to make some brief reference to some of the infrastructural investment being undertaken in 2009. We have targeted investment in support of sustainable employment. In February, €150 million was redirected to areas that are both labour intensive and of high economic value. Of this, €75 million was allocated to sustainable energy schemes, including €50 million for the home energy saving scheme, and €75 million to the school building programme. A large proportion of expenditure — €289 million — was allocated to fund science, technology and innovation to support investment in the smart economy. We also provided support for enterprise and sustainable employment creation through the wider investment programmes of bodies such as Enterprise Ireland and IDA Ireland and €50 million through the enterprise stabilisation fund.

This has been a year of great achievement for transport infrastructure investment with €2.4 billion in capital funding spent on transport projects and programmes. There are many projects in the pipeline. The main projects include the opening of a rail line between Midleton and Cork to provide a commuter rail service and the opening of the Luas extension to the docklands in Dublin. Seven national roads projects were completed during the year and we look forward to the completion of the motorway network next year.

A total of €500 million was made available for water services infrastructure in 2009, which reflects the priority the Government attaches to preserving and protecting our water resources as a key element of environmental policy. Certain lapses have underlined the importance of meeting national and EU standards for drinking water and wastewater treatment and we must put in place the critical infrastructure to support industrial, commercial and other development. Assessments recently completed by local authorities will inform the next water services investment programme.

Capital invested in primary and post primary school buildings in 2009 is expected to exceed €525 million, with €200 million being spent in the higher education sector.

In my own area, the increased number of flood events has underlined the importance of the OPW's role in flood relief, which has increased following its acquisition of responsibility for coastal protection. We have discussed the subject at length. There is a great deal happening and scarcely a day passes without a meeting of the head of the engineering division in the

[Deputy Martin Mansergh.]

OPW and myself to discuss different schemes, difficulties and assessments in many areas. The allocation of funding has been increased.

Question put and agreed to.

Appropriation Bill 2009: Committee and Remaining Stages.

Sections 1 and 2 agreed to.

SECTION 3.

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

Senator Liam Twomey: The section refers to the reduction in excise duty on alcohol. The Minister wants publicans to reduce the cost of alcohol immediately. Is it correct that if they do not pass on the reduction immediately, he will revoke this measure?

Minister of State at the Department of Finance (Deputy Martin Mansergh): I understood the Minister to have urged publicans to pass on the reduction in duty. He did not threaten to reimpose the duty immediately but if after a period, the reduction appears not to have been passed on, he reserves the right to restore the *status quo*.

Senator Liam Twomey: Does the Minister support a refund of excise duty to wholesalers, considering they had paid excise duty at the previous rate? Publicans will reduce the price. Does the Minister of State support a refund for wholesalers? This is a significant industry and a number of jobs will be put at risk if wholesalers are expected to carry an overdraft to pay the excise duty on behalf of the State. I presume the Department of Finance and the Revenue Commissioners would fully support a refund.

Deputy Martin Mansergh: I am always amazed at the way Opposition Deputies and Senators try to lead me on to dangerous ground. I am familiar with the problem in my constituency. A wholesaler visited me last Saturday with the problem raised by the Senator but there are no plans for a rebate.

Senator Liam Twomey: This is a difficult issue and I had hoped we could pass the Bill without a division but the Minister of State should clarify this for wholesalers.

Separately, I refer to the carbon tax. County Wexford has significant industries and a major hospital but they have no access to natural gas. However, they will be hit with a carbon tax, which will mean they will be unable to compete with companies in Dublin and Cork which have access. The Government is placing an additional burden on significant industries in County Wexford. No allowance has been made for the fact that they cannot use natural gas as an alternative. Bord Gáis does not supply the county even though the company in a report about the energy requirement of County Wexford to justify bringing natural gas there highlighted that in Wexford town a few companies such as Nutrena, Celtic Linen, Wexford Creameries and the hospital on their own use twice the energy Bord Gáis set as its threshold to supply the county. This has not been mentioned.

An Leas-Chathaoirleach: The Senator is straying from the section.

Deputy Martin Mansergh: While I accept the problems outlined by the Senator, it is not possible to differentiate geographically in the imposition of taxes but perhaps the situation will provide an incentive for the development of new lines of supply to the county.

Senator Liam Twomey: We at least need Government support to ensure Bord Gáis moves in that direction because the company has shown no interest in providing natural gas to Wexford town. It will build a pipeline to the power generating station near New Ross but that is as far as the company will go.

Deputy Martin Mansergh: Bord Gáis is gradually extending its network nationwide. A few towns in County Tipperary — Cahir and Cashel — are being added to the network and there have been developments in the west and north west. It may just be a question of time.

Senator Liam Twomey: Time is something industries in Wexford do not have. The carbon tax will be introduced on 1 January.

Senator Marc MacSharry: We are straying from the section. The Bill was passed without debate in the Dáil and we will have a wider debate on the economy when the next Bill is taken. We would all like natural gas. Under the Gas Acts, Bord Gáis has a commercial mandate and the company chooses to extend its network on that basis. The Senator is seeking a ministerial announcement. However, I recall the chairman of Sligo Chamber of Commerce securing a commitment from a former Minister of State, Mr. Joe Jacob, regarding the supply of natural gas to Sligo but sadly, it has not happened yet. Government subvention will be needed to extend the network throughout the country. I hope that with budgetary measures such as those we are passing today more finance will be available to allow the Government provide a subvention for Bord Gáis which has to operate with a commercial mandate to extend the gas network to the entire country. I look forward to this and would like to see it included in the Bill, if possible.

Question put and declared carried.

Section 4 agreed to.

Schedule 1 agreed to.

Schedule 2 agreed to.

Title agreed to.

Bill reported without recommendation, received for final consideration and ordered to be returned to the Dáil.

Appropriation Bill 2009: Motion for Earlier Signature.

Senator Marc MacSharry: I move:

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

Question put and agreed to.

Sitting suspended at 12.50 p.m. and resumed at 2.30 p.m.

Financial Emergency Measures in the Public Interest (No. 2) Bill 2009: Second Stage.

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

Minister of State at the Department of Finance (Deputy Martin Mansergh): This Bill gives effect to the decision of the Government to reduce the pay of public servants to achieve a saving of approximately €1 billion in the public service pay bill in 2010. The debate on the Bill should be set in context. This is the first time since 1933 that legislative measures have been brought forward by any Government to reduce the salaries of public servants. This is not a measure that has been considered lightly or easily embarked upon.

The measure reflects the continuing threat to the economic stability of the State, where the forecast outturn for 2009 will result in a deficit of in excess of €25 billion. Without the expenditure reductions announced in the budget which included a reduction of approximately €1 billion in the public service pay bill, the finances of the State will continue to deteriorate to a position where they become unsustainable. That is not a position any responsible and sovereign government can allow to continue. To address this, the Government has adopted the necessary measures to reduce public expenditure and begin the process of stabilising the public finances under a programme agreed with the European Union.

In simple terms, the budget strategy of the Government is designed to maintain the economic independence of the State. The pay reduction measures for public servants contained in the Bill form a vital part of this strategy. It is a strategy based on necessity, not choice. As it impacts on all major areas of public expenditure, it is certainly not painless. Undoubtedly, the pay reductions provided for in the Bill will impact adversely on public servants, as the reductions in the social welfare expenditure will reduce payments to social welfare recipients. However, the magnitude of the adjustment required in the public finances and the budget decisions necessary to effect this process in 2010 have involved decisions which have adversely impacted on all sectors of society.

In setting out the context for the legislation we must also consider the significant process of engagement undertaken by the Government with the public service unions in an effort to agree measures that would deliver the targeted reduction in the public service pay bill in 2010. Agreement by discussion was the preferred option of the Government to secure the necessary savings. The failure to reach agreement does not adversely reflect on the bona fides of either party to the discussions. The need for the savings required in the public service pay bill shaped the discussions because the Government was up front with the requirement to reduce the public service pay bill in 2010. This raised issues for the public service unions and their members which were immensely difficult. I readily acknowledge the real efforts on both sides to achieve agreement.

However, there came a point for the Government when it became clear that the necessary amount of permanent savings required could not be obtained from the measures proposed by the unions. Even in the closest of relationships, there will be setbacks and difficulties which will, at the end of the day, have to be addressed and overcome because ultimately it is in the interests of the unions and Government to address them.

We have had 22 years of, for the most part, very productive social partnership. I regret the difficulties partnership is in but there were exceptional improvements from 2000 to 2007, particularly in public service pay, conditions and numbers. This is also part of the context and, unfortunately, in the current circumstances not all these improvements remain sustainable.

There has been much talk of the reform agenda and opportunities lost in the discussion process. On public service reform, I will confine myself to a simple statement. If real, practical and necessary reforms have been identified by the public service unions and Government in

the discussions, as they clearly have been, these reforms continue to stand on their merits and represent nothing less than what we, as servants of the public, must deliver. We owe our citizens nothing less.

The Bill provides that public service salaries of up to €125,000 will be reduced as follows: by 5% on the first €30,000 of salary; by 7.5% on the next €40,000 of salary; and by 10% on the next €55,000 of salary. This produces overall reductions in salaries ranging from 5% to slightly less than 8% in the case of salaries up to €125,000. This is a progressive, measured reduction that provides that those who have higher salaries will contribute more. However, the reality is that the majority of public servants, around two thirds, are on a salary of less than €50,000. It is not possible to obtain the scale of the reduction proposed in the pay bill without impacting on those even with relatively modest salaries.

That the majority of public servants are on relatively modest incomes is one of the more salient facts which has been ignored by some commentators in their less than objective criticisms of a public service, which continues to serve on a daily basis and will, I am sure, serve this country well into the future. As I stated yesterday, public servant is the title of which I am most proud and I have been a public servant for 35 years.

Salaries above the level of €125,000 will be adjusted in line with the recommendations of the Review Body on Higher Remuneration in the Public Sector, bar a few minor upward adjustments. Last week, the Minister for Finance published Report No. 44 of the Review Body on Higher Remuneration which examined top level rates of pay in light of the changed budgetary and economic circumstances and benchmarked them against rates for similar posts in other countries of comparable scale, particularly in the eurozone.

Following its examination, the review body recommended reductions in overall remuneration varying from 8% to 15% generally and 20% in the case of the Taoiseach. In the case of Ministers of State and the Leas-Cheann Comhairle their salary level would attract a reduction of 8%. However, Ministers of State and the Leas-Cheann Comhairle felt, notwithstanding the recommendation of the review body that a permanent reduction of 10% should apply to them. The Bill, as passed by Dáil Éireann makes provision for this.

The reduction in rates of overall remuneration for officeholders in the Seanad is set out in Table 1 of section 2 as between 7.2% and 7.9%. These percentages reflect the rate of reduction applicable to persons on equivalent rates of salary of less than €125,000 in the public service. As recommended by the review body, these permanent cuts in pay will replace the temporary waivers of pay made by some individuals, including Ministers and Secretaries General of Departments.

Owing to time constraints, the review body confined its examination to a sample of grades but recommended that the reductions be extrapolated for other relevant groups. Tables 1 and 2 of section 2 set out the extended range of pay reductions as follows: 8% on all salary for persons with salaries from €125,000 to less than €165,000; 12% on all salary for persons earning from €165,000 to less than €200,000; and 15% on all salary for salaries of €200,000 or more.

One of the largest groups of public servants at these salary levels, hospital consultants, was not among the grades examined by the review body. However the Government has decided that reductions should be applied to hospital consultants on the same basis as other groups at similar salary levels and on their current salary.

Taxable allowances which are related to basic salary, such as overtime, will be cut in line with the relevant salary reductions. Fixed taxable allowances will be reduced by 5% for those with salaries of up to €125,000 and 8% above this figure. Any allowance or payment which is a reimbursement of an expense will not be reduced.

[Deputy Martin Mansergh.]

While the review body concluded that it was constitutionally precluded from recommending a reduction in judicial pay, it stated that were it so precluded, it would have considered a downward adjustment. The Government and I share the view of the Chief Justice and Presidents of the courts who have urged all judges to pay a contribution equivalent to the pension levy and provision will be made in the Finance Bill to facilitate these payments. In light of the findings of the review body, the Government has decided there will be no increase in judges' pay during the lifetime of the Government. The Minister has also stated that future Governments may choose, as in the past, to continue this course of action.

The Government has accepted the review body's recommendation that there be no increases in the pay of the higher public service groups, including any adjustments that might otherwise arise under national agreements, before the end of 2012. It has also accepted the recommendation that performance related award schemes in the public service should be suspended.

I will now outline briefly the other principal features of the Bill. Section 1 is a standard type provision providing for the definition of terms used in the Bill for interpretation and other purposes. It defines for the purposes of the Bill the terms "public servant" and "public body" which delimits the application of the pay reduction provisions of the Bill. The Bill sets out the range of bodies whose employees are liable to the pay reduction and broadly corresponds with that which applies for the pension related deduction. It applies to the public service as traditionally defined. The Civil Service, Garda Síochána, Permanent Defence Force, local authorities, Health Service Executive and vocational education committees are all public service bodies.

In addition any statutory body, company or subsidiary established and financed wholly or partly by a Minister in respect of which a public service pension scheme exists or applies or may be made is defined as a public service body. However, the legislation will not apply to the many bodies in the community which, while in receipt of funding from the State, are independent of it. The staff of such bodies are not public servants and do not have access to public service pension schemes.

Any body funded by the Oireachtas or Central Fund and in respect of which a public service pension scheme exists or applies or may be made also is defined as a public service body. Non-commercial semi-State bodies, such as FÁS or Enterprise Ireland, are included in this definition and their employees are liable to the pay reduction.

Commercial State sponsored bodies are not included. These bodies were not included for the pension related deduction and they are expressly listed in the Schedule. Pay cuts in the commercial State sponsored bodies such as Bord Gais and the ESB would not bring any reduction in expenditure on the public service pay bill. The pay of these bodies is funded generally through their commercial activities and not by the Exchequer. Due to their nature, they have a large degree of autonomy in regard to pay and they have not been covered by the public service element of pay rounds in the past. The Minister for Finance does not control the pay of the staff of these bodies except for the chief executives. The Minister has announced that he will bring proposals to Government early next year to review their pay levels.

I have already outlined the main content of section 2, which provides for reductions of pay rates by amendment of all provisions, including statutory provisions, circulars, instalments and contractual arrangements, which currently fix the remuneration rates of public servants. Section 3 enables the reductions of salary rates to be disregarded for the purposes of the calculation of the pension entitlements for those public servants who have previously retired or will retire in the period from 1 January 2010 to 31 December 2010. Having considered the potential legal, superannuation and personnel management issues and their impact on the public service, the Minister may extend the period beyond the specified date of 31 December 2010. A managed

retirement rate for older and more experienced public servants over the course of next year, and beyond if necessary, will help avoid disruption of service delivery.

Section 4 affirms that, other than as provided for in the Bill, any purported amendment of a provision fixing the remuneration of a public servant that would increase the remuneration of a public servant has no effect, unless it is by a future Act of the Oireachtas or is necessary to reflect a legal entitlement of the public servant or servants in question, for example, because of an equal pay claim under European law.

Under section 5 a public servant has no entitlement to receive a higher rate than that provided for under the legislation and the employing public service body has no entitlement to pay a higher rate. Any overpayment should be recovered by the public service body concerned; otherwise, the overpayment amount may be withheld from any funding provided to the body concerned.

Section 6 provides a limited power to the Minister of Finance to exempt or vary the reduction in pay rates provided for in the Bill in respect of a public servant or group or class of public servants, where exceptional circumstances exist relating to a condition or aspect of employment and a substantial inequity would arise as a consequence or because of an arbitration award that the Government would normally be required to implement. A similar power was also included in respect of the pension levy. It intends to exercise this power sparingly and only when just and equitable.

Section 7 requires an annual report to each House of the Oireachtas reviewing the operation, effectiveness and impact of the legislation and considering whether any or all of the provisions of the Act continue to be necessary, having regard to its purposes, State revenues and the public service pay and pensions bill. The first such report will have to be submitted by June 2011 at the latest. Section 8 is a standard regulatory power. Section 9 permits disputes as to whether any public servant is affected by the reduction provided for under the Act to be finally determined by the Minister. Section 10 states the Short Title of the Act and provides for its commencement. I commend the Bill to the House.

Senator Joe O'Toole: I thank Fine Gael for allowing me to speak first. I welcome the Minister of State, who knows my views on this important Bill. I am completely, utterly and implacably opposed to it. The statement of the Minister of State contains some elements that are misleading. Knowing him so long as I do, I do not believe he would do this deliberately. It is important to address the question of the breakdown of talks to which the Minister referred, suggesting failure to reach agreement did not adversely reflect on the bona fides of either party to the discussions. When people sit down to do business, they decide whether they want to do a deal. If they do not, they walk away at that point. If they do, they indicate the objectives and then identify the problems and thereby create the agenda. People work through the agenda and if, at some stage, they realise they cannot achieve their aims, people shake hands and walk away. Trust, confidence and relationships need not be broken. In this situation people understood they had done a deal with three or four Secretaries General speaking with the minds of their political masters and achieving all the Minister for Finance and the Government wanted. There is an extraordinary breakdown of trust such that people cannot see how they would get back around the table again. I say that with some regret because I have never seen it in my time but it is the fact of the matter. I want to deal with that in this particular way. If the Government had a problem with this going through it should have been disclosed. The Taoiseach referred to three criteria: that savings of €1.3 billion were made, that they would be permanent and that there would not be a diminution of public services. All three were delivered in the negotiations.

I wish to put the following on the record and I believe no one will deny it. The public service union leaders, in an act of extraordinary courage, generosity and patriotism, announced they

[Senator Joe O'Toole.]

would negotiate a reduction in salaries for their members. I never saw that before. They will never be thanked for that, either by their own members or the Government. They saw where the Government was, its difficulties and the objective of the Government in saving €1.3 billion. The public service unions decided to co-operate in doing so.

I want to explain how this was achieved. The Minister of State and I know each other long enough to know we will speak the truth to each other. People are speaking about what was and was not agreed in the public media. What I will put on the record was agreed and accepted by three Secretaries General late on Thursday night or early Friday morning when the agreement broke down. The objective was to save €1.3 billion. Ministers have said recently that this was not achieved and that a mere €750 million was agreed. I will list how the savings were to be realised. We have learned that there is no point in winning arguments if one cons people on the other side. In order to ensure everyone was singing from the same hymn sheet, the public services committee brought in an independent accountant from Mazars to sit with the Department of Finance officials, do the calculations and ensure everyone knew what they were talking about. In the early stages of negotiations, the amount to be achieved by the reduction was €750 million. It was also quite clear and accepted by the trade union movement that this was not enough. A new format was created, with bands up to €50,000 to be reduced by 4.6%, salaries from €50,000-€60,000 to be reduced by 6%, salaries of €60,000-€70,000 to be reduced by 7% and those over €70,000 to be reduced by 7.5%. This was costed and brought in €786 million. The agreement on overtime meant that one could not earn overtime without completing eight hours of ordinary time and this amounted to €80 million. The review body savings amounted to less than €100 million and there was also the moratorium carried over from last year. Adding these savings amounts to a sum closer to €1.3 billion than €1.2 billion. The savings achieved by the budget measures are significantly less than that. If that is not acceptable, I want to know precisely where the figures I have given are incorrect. There should be honesty in all of this.

The Taoiseach referred to the problem of permanency and of maintaining these savings. That was to be achieved through a heavy demand on public service workers where the public service would be reduced by approximately 15,000. This point was put forward by the Government and Fine Gael. The idea was that the cuts I referred to would be in place until they were permanently created by the reduction in numbers. This would be done by asking public servants to work harder, to work longer, to be more productive and to earn less overtime. Some speakers referred to reform of the public service as people doing their job differently. This is not the case; it was an old-fashioned request for people to work longer and for people to take on responsibility for tasks they did not have before. It brought a private sector ethos where people are asked to do more. There was an honesty and openness in the approach and an understanding of the Government's key objectives, namely a €1.3 billion reduction and a reduction of 15,000 people in the public sector.

The question of unpaid time in lieu created problems for all sides. It was agreed, although this was never said publicly, that this would be done with the discretion and agreement of local line management. Someone could not walk out the door and say he or she would not be in on Monday and Tuesday of the following week. It had to be done over a period of years so it would not create disruption to the service and it would be part of a continuing process. Where did this come from? It came from the private sector where there are lay-offs a day per week, a day per month or a couple of days per month to save money. It was exactly the same as that. That is what was being brought forward. It was going to be a permanent saving because the cuts would be in place until such time as the reduction in numbers made the savings permanently. That was to be done through an agreed process where an outside group would come in

and make the cuts. It was agreed that a meeting would take place in May or June to establish how much progress was made. The thinking was that the Government had made the commitment and this was how it would be made permanent. There was pressure on the Government because the cuts would be in place until the savings were permanently created. If they were not permanently created the cuts would remain. For the life of me, I cannot see how the Government walked away from that deal. It had got everything it sought. I know the Minister of State has to defend the Government position but given that the Ministers with the most difficult portfolios felt they had made huge progress in these negotiations I do not know where all this comes from.

The Minister of State referred to various groups including the ministerial 15% reduction in pay, and senior civil servants. I wish to put three specific technical points. I see Senator MacSharry smiling. He will appreciate at least one of them.

Senator Marc MacSharry: It is three in one.

Senator Joe O'Toole: An interim award of 6% from the review body on higher remuneration was paid in 2007. In the reduction in pay, that is being netted off. In other words, for people who were supposed to have a 10% reduction, the reduction will only be 4% of the amount prior to 2007 because the 6% interim award is being paid. That is correct. However, within all of that, there is unfairness. There was another group, principal officers in the Civil Service and principal teachers in schools, who had a much lower award made around the same time of 1.5%, 2% or 2.5% which was not implemented. For the system to be fair, that should also be netted. In other words, if 7.5% is taken off principal officers it should only be 6% in order to be consistent with what we did for those who were covered by the review body on higher remuneration. I hope this is clear as it is complex. The interim award was paid and that is being netted against the 10% reduction, in other words, it is being paid in and then 10% is taken off. Compared to the later group which did not come under the review body on higher remuneration but which got an award, in particular principal officers and principal teachers and related groups, that 1% and 1.5% should be netted against the reduction and does not require a change in the legislation but it would be fair.

There is one other group which has been treated with some cowardliness by the Government. Before making this point I wish to state I have no self-interest whatever and I stand to gain nothing. I am talking about people who were elected to the Dáil and the Seanad in 2002. I have been involved in the negotiation of the salaries of TDs and Senators for many years. I recall the time when the Government was slow to pay and we agreed across the table that instead of paying what in trade union terms is called "the rate for the job", there would be a delayed payment to save the Government money and so increments were introduced. These are common in the Civil Service and in the public service. They were also introduced for politicians, TDs and Senators, whereby after seven and ten years they would receive certain increases. The Government decided to accept a media description of these as bonuses. They are not bonuses. They are the rate for the job being paid on a delayed basis to save the State money. It is grossly unfair on those younger politicians that they would not be allowed get their increment like every other worker in the public sector and in the Civil Service. I know I will get no thanks for saying this but it should be put on the record. It has nothing to do with myself, I have no self-interest whatever and I stand to gain nothing from it.

Deputy Martin Mansergh: I do.

Senator Joe O'Toole: I am sorry. The Minister of State stands to gain but I do not wish to put him in an awkward position. I wish to make one final point. This is an important issue that

[Senator Joe O'Toole.]

has not been put forward. I read what the Minister of State said about semi-State companies. They are a group like the semi-State companies and self-funding organisations. The Long Title of the Bill states clearly that its purpose is to reduce State expenditure and to achieve significant savings in expenditure. I must explain one point, which the Cathaoirleach will appreciate, and for which I beg his indulgence.

If the State is not paying somebody in a semi-State company or in a self-funded quango or Government body it receives certain PRSI and other cuts from his or her salary. If their salaries are reduced the amount coming back to the State is reduced in the form of lower levels of PRSI because the State is not paying their salaries. For example, if I was earning €50,000 and was paid by the State, I would pay the full rate of PRSI on the €50,000 but if my earnings were reduced to €45,000, the State would only receive PRSI on €45,000. That goes against the Long Title of the Bill and I want that clarified.

I wished to say a whole lot more——

An Cathaoirleach: The Senator has gone over time.

Senator Joe O'Toole: I ask the Minister of State to take some of those issues on board. I will not be here for the Minister of State's response but I will be watching and listening very closely.

Senator Marc MacSharry: I join others in welcoming the Minister of State. I welcome the opportunity to make a few points on the legislation. I pay tribute to Senator O'Toole for his overwhelming contribution to the social partnership model over many years. He was a champion of that cause and made a convincing argument today on many points. It was interesting to be taken through some of the negotiations last week. I know he has to leave but, as with any negotiation, nothing is agreed until everything is agreed. It is a regret we all share that it was not possible on this occasion to get agreement with the social partners. I very much hope we will be in a position to return to that model at an early date because it has served us exceptionally well during the past 22 years that the trade union movement and workers were working hand in hand with the State and facing the various problems we have had to overcome in that time. I accept what the Minister of State has said that the fact there was not an agreement does not cast any aspersions on the bona fides of either party within those negotiations.

An insolvent State cannot pay anybody. That is a critical point. As I said on the Fine Gael Private Members' debate last night nobody would wish to introduce measures such as are outlined in the Bill. Nobody would wish to reduce anybody's pay, no matter what the level. I very much regret that it is necessary to introduce the reductions outlined in the Bill. In terms of Government expenditure, €1 out of every €3 goes on public sector pay. Borrowing €400 million per week is unsustainable. While I recognise that public servants have already made a substantial contribution in terms of reducing public expenditure and the pension levy on average by 7%, the Government has decided the pay for all public servants will be reduced from 1 January. That is regrettable. We are all affected. Nobody likes the idea of it but it is a simple fact that it must be done.

We cannot have this debate without reflecting also on the private sector where we have seen much change in recent years. Many people have lost their jobs and many more will lose them. Many families have seen their incomes halved through unemployment. Private sector pay cuts have ranged between 10% and 35%. It is important in the context of this debate that we acknowledge that. Even with the correction in the public finances provided for in the budget, the State will have to do more again in the budgets of 2011 and 2012. The State will still have to do more in the budgets of 2011 and 2012, as mentioned in last night's debate. I hope future

savings will not have to be made by reducing public sector pay. We look forward in hope to the day when pay rates can be restored to their current levels.

The transformation of the public sector can play a huge role in this regard. The challenge is to work together to effect that transformation. I know it will be painful for every single household. It will certainly not do much in the attraction of votes, but we are way past this in dealing with the economic crisis and the measures that have to be introduced. As the Minister for Finance, Deputy Brian Lenihan, said in the Dáil last week, we face enormous challenges and our options are limited. There is only a certain amount we can do. I think of the situation in which Greece find itself — it is somewhat worse than ours. Its budget has come in for serious criticism because it has not dealt with the issue of public sector pay. The reality is we cannot afford to pay what we were paying and, as a result, these measures have to be implemented.

The Minister of State went through the various sections of the Bill in detail and I have no intention of repeating what he said. However, I would like to make a couple of points not directly related to this legislation but which nonetheless are very important. The Minister of State, Senator Twomey and other Members will often have heard me speak on the issue of mortgage arrears and the prevention of family home repossessions which, as we all know, is a growing issue. I would like the Minister to try to follow up on some of the issues I have raised many times.

With regard to legislation, we have had the Irish Bankers Federation protocol which was very admirable, there is te very good work MABS and we have the regulator's code of conduct on mortgage arrears, which is also good. In the Budget Statement the Minister asked the regulator to consider extending the moratorium for 12 months. Collectively, all of these measures are quite good. However, I have a fear with regard to the many mortgage providers — some refer to them as sub-prime lenders — such as Stepstone Mortgages and Start Mortgages which are not covered by the IBF protocol. We should introduce legislation — perhaps an amendment to the Enforcement of Court Orders Acts — to prevent banks from obtaining a court order for the repossession of a primary family residence unless the family is processed through a series of measures such as those outlined by my group or within the IBF and MABS protocols, to place this on a statutory footing. That would ensure an order for repossession could not be achieved unless consideration had been given to these matters. This should be done.

There should be a publicity campaign. Whether it is undertaken under the auspices of the Department of Social and Family Affairs or MABS, or whether we make the banks do it, people in mortgage arrears and in difficulty should not be afraid to contact their financial institution and MABS and work through the various processes available, however flawed. Communication is vitally important, but people are genuinely afraid to contact their financial institutions if they run into difficulty. We need to have a publicity campaign to show the supports available.

There was a high profile repossession case in Waterford this week. When a repossession is taking place, the homeowner is in a very difficult position, but the relevant support agencies are not on site in the courts. This issue should be examined.

Another issue concerns lenders — I cannot call them rogue lenders because it is legal — such as Provident Personal Credit. I understand, although I did not see last night's television programme, that Provident is legally charging an APR of 187%, which is simply criminal. The European norm is approximately 30% to 35% in terms of the maximum rate chargeable. To think we are presiding over a regulatory system which permits Provident to charge 187% is disgraceful. We should immediately investigate this matter. I gather the programme shown last night suggested these organisations had no respect for existing regulations. From that, the

[Senator Marc MacSharry.]

existing regulations are not adequate. For any institution, a rate of 30% to 35% is far above what should be acceptable, but certainly we should not permit rates of 80%, 90%, 100% and, in the case of Provident Personal Credit, 187%.

It is my strong belief that, while we cannot get involved because of the separation of powers, legislation should be brought forward to permit a reduction in the salaries of the Judiciary. It is a national effort and everybody has to play his or her part. I accept that the Minister has said there will be further measures in the finance Bill to allow for voluntary payments to be made by the Judiciary. However, there should be a reduction in pay rates. It is as simple as that.

While I know semi-State bodies have a commercial mandate and finance expenditure on pay from their activities, in the context of utilities, a directive should be given to them to reduce wage rates in line with the reduction in the cost of living of 6% to 7% in the past year. This would reduce the cost of utility bills, whether gas or electricity, to families who are struggling. I would like these issues to be considered.

Nobody would wish to introduce measures such as these, but the fact is they are necessary. The economic circumstances demand such draconian measures. I regret this, but, nevertheless, we must look to the future, take the pain now and eventually success will be self-sustaining. It is vital that we get our cost base right and grow from there.

Senator Liam Twomey: I do not know if it has dawned on Members how serious is the issue raised by Senator O'Toole. If what he is saying is true, I ask the Minister of State to ask the Taoiseach to clarify some of the remarks made by the Senator. He is suggesting that essentially the Government collapsed the partnership talks because it would not be able to sell what was being negotiated by the Secretaries General of the major Departments. I assume the Secretaries General were carrying out the negotiations on behalf of the relevant Ministers and had their full authority. The talks were collapsed because it had all become a little too complex for the Taoiseach and was beginning to turn into a public relations nightmare for him. Therefore, the issue was just cast aside because it was too complex. We are now facing the worst industrial relations disaster we have seen in years, with the leadership of the public sector unions and even some private sector unions threatening to go on strike and engage in major industrial action next year because of what seems to be an issue of trust and a view that they were let down by the Taoiseach — I do not know if other Ministers were involved. Whatever I had planned to say has been completely altered by that statement by Senator O'Toole which changes the situation dramatically. It means there is a complete breakdown of trust between the leaders of the public sector unions and the Government. The collapse was orchestrated on the Government side, although I am not sure if it happened by accident or design. It seems to have happened because the Government was unable to sell to the general public what was going to be agreed.

This is incredibly important because the pay cuts and alterations to the way the public sector works are only beginning. What happened in the budget was not the end. It does not take a genius to work out that there must be a massive alteration to work practices, efficiencies and reforms, as Senator O'Toole pointed out, within the public sector. There will be a need for a reduction in the number working in the sector and a change in the way public servants work. As Senator O'Toole said, staff will have to work longer for no extra pay and will have to do other jobs which they have not done heretofore. How can this reform process move forward if the public sector does not trust the Taoiseach, if there are mixed messages from Ministers and if the Secretaries General of the relevant Departments consider they do not carry the authority of their Ministers when they enter into negotiations with public sector unions? That is dramatic, no matter how we look at it, whether one thinks public sector pay should be slashed. This is

the failure to carry out negotiations and adhere to normal management practices in the manner expected of someone in that position. It is unbelievable and a clear statement should be made on the issue.

The Minister of State spoke about tax revenues at 2003 levels, while current expenditure is 70% above 2003 levels. He has pointed out that we will be borrowing between €17 billion and €20 billion every year for the next five years. From the same budget projections, GDP growth will be minimal, if it grows at all in the next couple of years. Where does that leave us?

We used to talk about the pensions time bomb but now there are a number of time bombs ticking away. There is a borrowing time bomb. If these figures are correct, we will have borrowed €100 billion more by 2014, even without taking into account those issues about which we do not know such as recapitalisation of the banks and giving money to Anglo Irish Bank.

We also have a GDP time bomb because, no matter what improvements we make in the next couple of years, if the economy is to grow and people are to go back to work, we must focus on growth in the export sector which will not cause GDP to increase to the levels seen during the property bubble.

There is also the pay time bomb. The Minister of State knows from looking at the figures that the issue public sector pay has not gone away. There must be dramatic movement in the next 12 to 18 months. The Minister might have been in bad form when he said that if there were not efficiencies, there would be more savage pay cuts. We may have a difficulty using any other mechanism to deal with public sector pay in the next 18 months.

That leaves us with the pension time bomb about which we spoke during the years of plenty. It has gone off. Private sector pensions have been destroyed and the issue of public sector pensions has come to the fore. The Government is now talking about radically changing pension entitlements for new entrants into the public sector.

I was going to talk about other issues such as the craziness where CEOs of semi-State companies are paid in excess of €400,000 and county managers on seven year contracts receive two and a half years salary in severance pay when their contracts expire, with an extra ten years added to their pensions if they have previously worked in the public sector. A person who is a county manager for seven years can receive a severance payment of almost €500,000. At the same, looking at the budget printed by the Department of Social and Family Affairs, we see single pensioners on a State contributory pension will receive €12,080.60. We can see some individuals for whom the State is responsible are just about kept going, but a sizeable percentage of people have terms and conditions that are out of control.

These issues must be dealt with in the next couple of years. There is a need for us to see significant reform of what went on in the public sector in recent years. There is an acceptance on the part of many public servants that something must be done, but it must be done fairly.

We must act regarding the Judiciary. The Minister of State is wrong. Judges are being set up to be the next group to be abused by the public because the Government claims they are constitutionally protected from pay cuts. That would only apply if individual judges were being singled out. They are part of the overall public sector and must have pay cuts applied to them in the same way.

It is very serious that there has been such a breakdown in trust, where people feel they were wronged, that they have been shafted, because it will be hard to get them back to the negotiating table. That concerns me because we never achieved the efficiencies and the changes to work practices required in the benchmarking process. We saw some changes but not to the extent necessary. Some of the Secretaries General thought they would get a great deal from the reforms proposed until the talks collapsed.

[Senator Liam Twomey.]

On the basis of what has been said here, I doubt whether the Minister of State can address all of the issues raised. The Taoiseach must deal with this issue. This is not just about what happened two weeks ago and ensuring it will never again crop up. This is something we must deal with in the next three to four years to get the public finances right. I will be tabling amendments to the Bill tomorrow to look at this issue.

The Minister of State has mentioned that the Government has penalised even the lowest paid workers in the public service. That will cause resentment. One of the most important factors in these hairshirt budgets, when we are doing what we tried to do in the early 1990s to pull the country out of the mess it was in, is that we try to hit everyone equally and single no one out for special treatment. The Government is failing in that respect, people do not consider they are in this together. If the Government fails in the most basic aspect of the negotiations, however, we do not have much hope it can achieve the necessary objectives.

Senator John Hanafin: It was Mr. Micawber in *Hard Times* who said, “Annual income, twenty pounds, annual expenditure nineteen and six, result happiness; annual income twenty pounds, annual expenditure twenty pounds and sixpence, result misery” and the position has not changed since Victorian times. We must live within our income.

There is no doubt about it, but the result of overpaying ourselves during a period of sustained growth followed by a property bubble is that we have become uncompetitive. There is no easy way to break bad news, but it is easier to make a decision when there is no choice and in this matter we have no choice.

It does not help to suggest not everyone is playing an equal part. The results are already in from the private sector, in which there have been hundreds of thousands of job losses, businesses are going out of business and people are unable to make ends meet. It would be unsustainable in any format for any of us to be within a group which could indefinitely be paid at the highest level such as those at the height of the boom when others who are paying for this were going through such difficulties. It is just a matter of facing the realities. In that time different sectors had been overpaid. Had we been producing the goods that justified that pay level — a level we appear to have reached in 2003 — it would have been sustainable.

A medical registrar in a regional hospital in Ireland earns €57,720 a year while the salary for an equivalent post in the UK is €44,000. A teacher in Ireland is paid on average €61,000 a year, €54,000 in the UK and €39,000 in France. A Civil Service clerical officer is paid €28,500 and the equivalent in the UK is paid €20,400. A police officer is paid €43,000 while the equivalent pay in the UK is €35,000. I would have been very happy to see such levels of pay continue if we could have afforded them.

This Government had certain jobs and we undertook them very well. We underpinned our economy by ensuring a viable banking sector which had been brought low not, as has been misrepresented, as a result of the actions of the regulator or this Government but by international events, and no words can change that fact.

The Government had a job to ensure the public finances were in order. The public finances are in order because many people have undergone hardship at a time when others are facing severe difficulties. We are all in this together and the Government has the figures. It is not the case that the Government works in a vacuum. The Ministers and the Taoiseach hear what is being said. The Taoiseach has the statistical information but also people write to him and give him instances of how they may have invested €2 million in their business and may not have taken any income out of the business in the past year so that they can continue to employ five

or eight people and may eventually have been forced to let people go. When we are called upon to do what is necessary, it is our national duty to do it.

There are none the less, positive and welcome signs for the future. This is not the first time the public service has been asked to stand up. It was the public service, through Ken Whitaker and Seán Lemass, which created a strong and viable national economy. The public service is being asked to share the burden. We will turn the corner. Just one and a half years ago, in April 2008, we did not know whether there would be viable banking sectors in Ireland, America or Europe. We did not know whether we were heading for a second Great Depression, but thankfully the lessons of the past have been learned. The last quarter has seen a rise in gross domestic product, as announced today. I know this is tentative and only a start. One hundred new jobs have been announced for Dublin. We are still attracting foreign direct investment. The reason we are still attracting foreign direct investment and the reason our bond market prices have not gone through the roof as is the case in Greece is because we are taking the necessary steps.

I know the Cabinet spent hours, days, weeks and months ensuring parity and fairness. We all aim for consensus but I am conscious of the individual who wrote to us collectively when the first 1% levy was imposed. He was apoplectic with rage that he was being charged an extra 1%. If he could only have seen what was coming down the tracks he probably would have belted the computer. We do not expect to satisfy everyone but we must ensure everybody sees that what we are doing is fair and the reasonable man or woman understands that the action being taken is necessary and in all our interests.

This Christmas, people can know the economy has been underpinned by stability, that it is on a track to 2014, that we will not be wondering in the morning whether the IMF is coming in or whether bonds will be refused on the world market, and that the plan for the economy has been accepted by the EU and praised by the IMF. It has been a difficult time for us. Some people will go through hard times. However, just as a doctor gives a patient unpleasant or unpalatable medicine, we do not doubt that the doctor knows what is right and the Government is only doing what is right.

Senator Feargal Quinn: I regard my experience in running a business as not unlike the experience of running a Government. It is so easy to do in the good times and it is so easy to be critical in the bad times. In the good times of running either a Government or a business it is easy to explain that challenges exist which need to be faced but that everything is going well and the profits can be divided and shared. However, when the business or Government hits the wall, so to speak, we need something like a short, sharp shock, as Senator MacSharry said. It is very easy for those in Opposition to criticise the Government and to say it is not doing the right thing and that it should delay. I do not believe a business could survive in that way and neither could a Government or the economy. I think of the criticisms made when the Government backed down on the suggestion of unpaid leave. The very people who criticised the Government for backing down are the very ones who now say it should have been accepted. This does not make sense.

I refer to the economic situation in countries such as Greece and Dubai. As late as yesterday the Greeks were saying they would not take the same actions as Ireland did and now they are paying far more for their money and they do not enjoy the confidence of the international markets. We need the honesty to face our challenge. We have to take these cuts. We have to sell these cuts to our own people by saying we do not have a choice and that it is better to do it now rather than to put off. These cuts are not easy. The Minister for Finance has said that those at the top in the public sector will lead by example in the national readjustment of pay, which I welcome. The private sector has already endured massive reductions. I know the public

[Senator Feargal Quinn.]

sector has had to endure two substantial pay cuts this year but those in the public sector have relatively secure jobs and secure pensions as well while at the same time almost half a million people are unemployed, mostly from the private sector. We must ensure a balance.

According to a survey carried out by Marsh and McLennan, the human resources consulting unit of Mercer, released yesterday, half of all companies in Ireland plan pay freezes this year and seven out of ten companies reduced payroll costs in 2009. It is never easy.

When I was in business I remember one occasion when I had to explain to the 90 people employed in one section that the business was not doing as well as expected and they would have to go. At least this was at a time when jobs were easy to come by and it was not disastrous for those people. This is what a business has to do in those circumstances and this is what a Government has to do when it hits the tough times.

According to the ESRI, average pay in the public sector remains higher even after the cuts announced in the budget. If the Government did not show leadership or the appetite to reduce these costs, competitive adjustment would have to be shifted to the private sector by having it take even bigger pay cuts. We must bear in mind the stark situation that if unions succeed in their plan to resist the cuts, the next cuts will not be by the Government but by the IMF.

In regard to the manner in which unions behave in such circumstances, the case of British Airways, which is losing €800 million per year, comes to mind. When it told its staff that some steps would have to be taken to overcome this problem, the union's response was that its members would effectively close down the company by striking for 12 days over Christmas. I do not understand the logic of unions behaving in that way. I hope it is only a negotiating tactic on that union's part.

I do not understand the mindset of people who do not recognise the situation we are in and who do not agree that we have to act. If the IMF intervened here, the situation would be stark and cruel for all of us. We must do our utmost to avoid that. We are able to control our own destiny now. I realise many people are complaining about the pay cuts but they also have time to complain about our massive deficit. Such commentary is inconsistent. How can they do both? The pay cuts are being implemented to enable us to reduce our massive deficit.

In 1985 the then Government was slow to react to the fiscal crisis and it allowed spending to rise by 7.5% in that year. Ireland was the only EU member state to go into recession the following year, in 1986. By contrast, the Government took decisive action in 1988, with the support of the Opposition, and cut spending by 1.3%. The following year the economy grew by 4.7%. We can take great inspiration from our determination and experience of turning around our economy but we need a to have a fighting spirit. We need to be able to say we can do this, that we cannot put off doing it and that we must do it now.

Instead of focusing on what has happened with the banks and asking where is our bailout, we should do our utmost for this country if we are avoid having to be bailed out by somebody else, such as Dubai has experienced. We need selflessness, which is so often absent from the debate on ways to get the country back on track. We have very high unit wage costs. That makes it more difficult for our economy to grow quickly and to generate tax revenue. Therefore, there is no option but to address that in some form or other.

I will mention again what is happening in the private sector and I am conscious of repeating myself. I said to some people in Dundalk who were being made unemployed that they would have to go work in Newry and they said that the pay there only one third of what they earn here. We must become competitive and examine how we can do so in a manner that includes wage costs. How can we manage to do that in the private sector if we do not at least attempt it in the public sector?

I support this Bill as I believe the Government has shown a fighting spirit with these budget measures. Our future situation remains in our own hands and our future economic growth depends on the cutback measures we introduce now.

The question at issue is the semi-State sector and how we should handle it. Clearly, there is a difficulty there. I had the experience of managing An Post many years ago. It is useful to recognise that when An Post, which was part of the Department of Posts and Telegraphs, became a separate organisation, the then Government gave to the new board of An Post the responsibility of looking after its ability to survive. Therefore, I understand the Government faces the challenge of how it will handle semi-State bodies, particularly semi-State utilities that are not necessarily in the front line of competitiveness. That is a very difficult one. What is required will not be easy to experience. Those who have worked in a State body that becomes a semi-State body still wear the hat of a State body and believe that they are part of the State. We must recognise that is a challenge. I urge the Government to pay particular attention to that. We have semi-State bodies to which we have given independence and we should ensure we do not interfere too seriously with that. However, we have to balance the books. We have to be jugglers and to keep those two balls in the air.

Senator Dan Boyle: This Bill is one of a series of measures that is difficult to deliver but it is necessary in the current budgetary context. The public reaction to the 2010 budget has been grounded in a sense of realism and perhaps resignation that shows that we as a country are beginning to deal with the fiscal situation in which we find ourselves. Obviously reducing the income of any group of workers would be strenuously avoided in most circumstances and it would be a decision that would be avoided to the greatest extent possible, but the two areas where public expenditure has been curbed in the 2010 budget, those of public sector pay and social welfare payments, represent more than 50% of public expenditure every year. If we have to make savings in public expenditure, those are areas where savings cannot be avoided. The remainder of public expenditure funds the provision of public services. The choice facing the Government in curbing public expenditure was either to reduce the level of public services or to reduce the cost of the provision of public services. The former option would have involved closing hospitals, schools, Garda stations etc., an option that was chosen far too readily in the past. Fortunately, in the past ten years we have been able to reward and acknowledge public service in a way that was not done in the past. Some of that was done in a quite controversial manner. When the economic history of this country is written, the act and practice of benchmarking and the fact that it was shrouded in such mystery will be looked upon by economic historians with mild surprise at the least and perhaps they might even be aghast if they were honest. Even at this remove we do not know what was being benchmarked against what and under what circumstances. The State was forced to invest a large amount of resources to make that exercise work.

We must acknowledge that with part of the narrative about the public sector that is talking place now we are in danger, philosophically, of going down a cul-de-sac. The question of whether we pay the public sector enough is a side issue from some of the comments that were made which run the risk of having the impact of demeaning and undervaluing the sector. We must get an appropriate balance with a renewed public sector in the future. There is no doubt that reform of the sector is needed. Whether the climate exists to do it with the way these measures need to be introduced by the Government is difficult to know in the short term, but it must be acknowledged across the political spectrum that such reform must take place as well as the implementation of cost-saving measures in this Bill.

One of the dangers with the introduction of new legislation or a new policy is that anomalies may be created. A sincere attempt has been made to graduate the cuts in public sector pay

[Senator Dan Boyle.]

from the very highest incomes to the very lowest incomes, especially at the lower end. There are some difficulties we need to address to examine if they can be finessed in the medium term in particular.

I do not support the argument proposed by Fine Gael that there should have been a cut-off point at which these cuts should not have applied. In the context that social welfare payments had to be cut, the introduction of such a cut-off point would have created an even worse anomaly. The difference between the gross cut applied to people on higher incomes and the net cost for people on lower incomes creates a difficulty for those on higher incomes. If people are not in the tax net and other people are paying income tax at 20% and all the levies do not apply to them, the net effect proportionately for people on lower incomes in the public sector is higher. We need to remedy that in the short term.

There is also a difficulty as to how we define the public sector and the public service, and I will deal with the semi-State sector in a moment. There was also the difficulty as to whether workers in non-governmental organisations which received block grants from Departments and who had their pay pegged with public service rates should be treated the same as those in the public sector. That difficulty has been addressed by way of amendments made in the other House. I argue that they should not be treated the same because they lack job security and do not qualify for the type of pension arrangements that apply in the public sector. Amendments have been accepted in that respect. That question also arises about bodies such as county enterprise boards and whether the staff in those bodies should be treated the same as those in the private sector. A huge dichotomy arises in that respect in the case of a body such as Anglo Irish Bank which has been nationalised but is not seen to be part of the public sector because it has a commercial remit. The principle that applies seems to be that because semi-State bodies are independent and most of them do not receive any direct input from the State in terms of additional funding, this Bill should not apply to them. That is obviously not the case with Anglo Irish Bank, given the level of recapitalisation to which we have already committed and which we might need to do again. In terms of how we approach the further rescue of financial institutions, if they are nationalised or largely nationalised institutions we should define them as very much part of the public sector.

One has different types of bodies in the semi-State sector depending on the competitive environment in which they exist. One has semi-State agencies that get a State subvention, such as CIE for public transport, but other semi-State bodies operate in a semi-competitive environment where they have a monopoly. If we wish to bring about competitiveness in the economy in general, there is not a role for Government to direct what should be the wage levels in each of the semi-State bodies. It is in order for the Government to suggest that controlling wages in semi-State bodies is something for which we should strive, because if we can get competitive costs down, especially in the utility companies then the economy will improve more quickly. I echo Senator Hanafin's welcome for the fact that we have had a 0.3% of 1% increase in GDP, although GNP has decreased by a further 1.4% in the most recent quarter. That is a positive sign.

The indications of where we are in terms of the private sector, the public sector and semi-State bodies could be explained by a set of figures I wish to place on record before concluding. The average industrial wage is €36,000. The average rate of pay in the public sector is €48,000. The average level of pay in one particular semi-State body, the ESB, is €68,000. When we have those types of divergence in terms of how we go forward as a country, as awkward and difficult as legislation like this can be, I do not think we can avoid making decisions of this type at times such as this to achieve the benefit we need as a country and economy.

Senator Paddy Burke: I welcome the Minister of State, Deputy Mansergh. In effect, it is a budgetary Bill but it has been transferred into legislation as an emergency measure.

Much has been said about competitiveness by various speakers. As a nation we have lost our competitiveness. This side of the House has been saying that for a number of years. The Government side laughed at Deputy Kenny when he objected to benchmarking in its original format. What has happened in that regard is that the vast majority of those public servants have been sucked in and they now find that they have high mortgages, huge credit card debt, big car loans and their wages have been slashed. In many cases it is a very sad situation both for those involved and their families. That is the reality. We did not look closely enough at benchmarking at the time. It was a measure designed to win a general election.

Prior to the recent budget the Government looked to all parties for ideas both in the Dáil and in this House. All parties were forthcoming with ideas. The Fine Gael Party put forward various ideas and designed stimulus packages. The party's NewERA document proposed the creation of 100,000 jobs, new semi-State bodies and the sale of existing semi-State bodies. The Government did not take a single idea from any of the Opposition parties. It looked for them in several debates prior to the budget but it did not take on board a single idea from any one party. One could wonder why. The Government came up with a budget that was all about cutting wages and public services without introducing a stimulus package.

I wish to ask the Minister of State questions about training. The social welfare budget has been savage enough and will have a serious effect on the lives of some families on social welfare. FÁS is to get an extra €70 million for training grants. At the same time, the Government, through Teagasc, is closing one of the few agricultural colleges left in this country and some Teagasc offices, including one in my town of Castlebar. The biggest disappointment is the closure of Mountbellew agricultural college. It never had as many students as is currently the case but it is proposed to close it from 1 June next year. I cannot understand such a decision being taken by the Minister for Agriculture, Fisheries and Food, the Minister for Finance and the Government for the sake of a measly amount of money when at the same time they intend to give extra money to FÁS, which has a largely discredited board, for it to introduce new incentives. In spite of the fact that some of its schemes were proven to be a sham, it is being invited to create new training schemes. In contrast, an agricultural college that existed for years is being closed. It has never had as many students and is liaising with the institutes of technology to provide some great courses and training for farmers and the agribusiness sector in general. That is something the Minister should take on board.

My colleague, Senator Twomey, raised the issue of excise duty this morning. A number of jobs are at risk due to the effect of excise duty on the drinks industry. The Minister of State said he had been approached himself. Dwan's and Finches in the Minister of State's constituency will be greatly affected.

Deputy Martin Mansergh: They are in Tipperary North.

Senator Paddy Burke: When one goes to Croke Park, one supports Tipperary. No distinction is made.

This could cost larger wholesalers such as Gleeson's and Britvic, which has more than 800 employees, in excess of €1 million. That will have an effect on jobs. Will the Minister of State indicate what will be done in response to this issue? A significant number of jobs are at risk. It is somewhat similar to what happened with benchmarking. Those people have stocked up to the brim for Christmas. They have been working in difficult conditions in recent years given the exchange rate with sterling and the Border factor in terms of VAT. They have been trying to hang on to their customers as best they can. By reducing excise duty right before Christmas

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the Government has left them with significant bills. When that happened in 1994 the Government of took decisive action. Some of the goods were sent back to bonded warehouses and the people involved were probably refunded. If something of that nature is not done, major job losses will ensue. There are smaller wholesalers in every county and jobs will be affected.

I raised the issue of consultancy fees paid to banks previously with the senior Minister and with the Minister of State. Anglo Irish Bank is fully nationalised. By the end of next year AIB and Bank of Ireland could be up to 70% State-owned. Irish Nationwide Building Society will either be taken into State ownership or the Government will ask that it be amalgamated. Consultants are working in all those financial institutions currently assessing loans being transferred to NAMA and the transactions involving the amalgamation of Irish Nationwide Building Society with the EBS or whatever other banking institution. I have been led to believe that a senior consultant is being paid €3,500 per day while a junior consultant is being paid €750 per day. Is that the case? If it is, it is a great shame given that the Government is taking €8.50 from the blind pension while at the same time paying €3,500 per day to a senior consultant working in the banks, some of which are worth nothing. The Irish Nationwide Building Society is worth nothing and it owes billions of euro. Anglo Irish Bank is in State ownership and the other banks could be 70% to 80% owned by the State early next year. I would like an answer to this question.

The situation of the 3,000 or 4,000 people working in the drinks industry, who are working in very difficult conditions, needs to be looked at. We need answers in that regard.

Senator Larry Butler: I welcome the Minister of State. We have had to put together a very difficult budget. I am sure the Minister spent much time on the budget to ensure we got as fair a one as possible. It is fair to say we were forced to do things we probably should have done earlier. We should have looked at our public sector, which we have now been forced to do. That is the one criticism I have that we should have done this two or three years ago.

It is also fair to say the public sector has been extremely good and has been diligent in the work it has done. Those in the public sector are investing in this country and in their jobs, which is vitally important. We have only started to look at the public sector.

It is important to bear in mind that when we looked at the wage bill in the public sector, we found it was far too high. Once wages go over 51% in any company, alarm bells must start to ring. That is exactly what has happened here. For example, the wage bill in the health service is 51%, which cannot be sustained. Senator Hanafin gave us examples of what teachers, doctors, consultants and so on earn in the neighbouring island. We cannot ignore that under any circumstances.

This is an opportunity to reform the public sector. In the negotiations which broke down, the unions said they were prepared to look at the reform of the public sector. I suggest to the unions that now is the time to do that and not to be dragged screaming to the table 24 hours before another budget. That would be wrong. We must ensure we get the best value for taxpayers and give an efficient service to people who pay their taxes.

If one was asked to take a 5% pay cut in the private sector, one would certainly take the hand of one's employer because we all know people in the private sector have been taking 25% and 30% pay cuts and that many people have lost their jobs. We know that those in the public sector are angry, that it is difficult to lose money from one's wage packet and that it is not what we like to do.

However, good housekeeping would not allow us to continue to borrow at the current rate. The people lending to us would soon tell us it is not possible to continue to borrow. Where

would we go then? There would be no money to pay the public sector. The taxes we are getting in have sharply dropped from €55 billion to €32 billion. It would be unsustainable to keep borrowing the difference over the next five years. The unions' proposal that we extend borrowing over a longer period would cost us €2 billion to €3 billion per annum to fund. Surely, that does not make sense.

That is why the Government had to take very difficult decisions in the budget. It looked at the public and private sectors and at social welfare, including old age pensions. As reasonable a job as possible was done.

It was important to send a message to our European counterparts and the people buying our bonds on the international markets who are looking at how we are conducting ourselves. I believe that message was well received in the international markets.

It was good the Minister mentioned that it was probably one of the toughest budgets we will have to present. There is still much work to be done before the next budget. Now is the time for the unions and the public sector to look at finding the best system before the next budget. It is an opportunity for us to have a well organised and well motivated public sector. That is what we need because the public sector plays an important role in any country. The public sector in this country has not been found wanting.

It is important to mention that unemployment has stabilised at approximately 12.5%. Senator Hanafin said there was a very slight upturn of 0.03%. Although it is very slight, it is important to see us turn the corner. We are at the bottom currently and we can only improve.

I take this opportunity to wish a happy Christmas to my colleagues opposite, the Minister of State, the Acting Chairman and the staff, who work diligently to ensure every operation goes well.

Acting Chairman: I thank Senator Butler. We look forward to the Butler's chocolates for Christmas.

Senator Eoghan Harris: I welcome the Minister of State and I support the budget. I do not think he will agree with much more I have to say after that. The problem with the budget is that it does not go far enough, although I do not mean in regard to social welfare. I will not engage in any hand wringing. We needed this budget. I fully support the comments of Senators Burke and Twomey on the need to include the semi-State bodies in the remit.

I will concentrate on the common-sense grasp which the Irish people have on the facts. The recession has been a crash course on many things. I agree with the Minister of State's indication that the depression here was a result of a banking-fuelled construction industry, although he does not spell out the banking side, along with an international downturn. It was a lethal combination that did us in — we may have pulled ourselves out of the problem otherwise. Reality will break out eventually.

Separate from that issue, the question of the public sector has been around our necks like an albatross for most of my lifetime. I worked in the public sector for 25 years and the private sector for 20 years and I know there is good and bad in both. What I can say with certainty is that reform must be forced on the public sector. There is no chance whatever of anybody who has an emolument, as Edmund Burke pointed out, ever giving it up voluntarily. All talk of social partnership in a recession is a joke, as it only works in a period of surplus. It does not work in a recession. The talk should have stopped long ago and the Government should have governed.

I have personal experience of these issues and people should not talk about what they do not know in practice. When I worked in RTE, if I put out a good programme at 7 p.m. that

[Senator Eoghan Harris.]

had a large audience, I got exactly the same money as a person who put out a programme a half hour later and did not bother his backside about what was in it. The problem with the public sector is that it did not reward merit and excellence. One of the potential benefits from this recession will come if the Government toughens even further and states flatly to the public service that it will revisit the issue of pay and pensions and freeze all pay indefinitely until the public sector looks seriously at reform. The value of that reform should benefit good public servants.

I hate this sweet-talking of the public service and saying how much we worship and love it while all the time taking money from public servants. I believe in no hypocrisy. We are taking money from the public service because it got too much in the benchmarking period relative to everybody else. Everything in this life is relative. The public sector relative to the private sector in Ireland is a bit like the experience of the people of Britain in the Second World War relative to the people in the Soviet Union. It bears no comparison in terms of suffering.

The private sector is suffering real hardship but the public sector is a cosseted class. It is protected by a vested interest in the form of public service unions, which have had nothing to do for years under social partnership except to make mischief now. The unions are underemployed. What does a public service union representative do all day? I am speaking as a member of a general union for more than 20 years. These people do very little and now they are to make mischief.

I agree strongly with Senator Twomey as it is time for the Government to move to phase two and tackle the appalling position in semi-State bodies. Craft unions have got a grip on institutions like the ESB. These are not craft unions of the sort we understand in Ireland but rather those which come from a culture of British trade unionism of the Scargillite Trotskyite sort, which talks freely in Britain about taking down governments and taking them apart. They believe in the general strike and are always looking for mass strikes and confrontations.

That is the culture of the craft unions in the ESB and there is no point pretending it is not. There is no point pretending that it is the culture of the trade union movement that I grew up with. There have been two great traditions in the Irish trade union movement; these are general unions like the transport union and worker's union, which admitted anybody to their ranks, women and all. I do not give a damn about charges of trade union sectarianism here.

I have had personal experience of the craft unions and how they operate. They have kept out women and all forms of progressive change for years. In RTE they forced us into six-man crews when we could have managed quite happily with two and three-man crews; RTE manages with such crews now.

The craft unions must be taken on, if necessary by taking the ESB apart. No government should live under the constant threat of people who would state flatly that people cannot negotiate in the dark. That is no way to live or for a democracy to exist. Sooner or later the craft unions in the ESB will have to be taken on. If it is a question of them turning off the lights on the old and sick and incubators in hospitals, we must get equally tough with them. If that means breaking up the ESB, it is better we do so than tolerate that kind of blackmail. It is disgusting, repellant and we should reject it.

In the ESB we have a former trade union malcontent who wrecked Iarnród Éireann. There is another who has said people cannot negotiate in the dark. A third talks of taking down governments. They all owe their allegiance to a culture of Scargillism. Nobody here wants to tell the truth about these things. Had Rupert Murdoch and Thatcher not taken these people on, Britain would be a basket case today. I have experience of that in my own newspaper.

If Members want to read how craft trade unionism will leave Ireland, they should read Bill Bryson's famous book, *Notes from a Small Island*. There is a description of working for one of Murdoch's newspapers before the reform. A reporter asked the author to retrieve a telex detailing the latest stock exchange prices and he saw a man with his feet on the telex machine. He said the author could not touch the machine as it came under the remit of the graphical union. He could not tell the author the figures. The author could not get the paper himself because the man was on a break. That was the world of British craft unionism and we do not want to see it here.

We want to do business with the great traditions of the Irish Larkin and Connolly trade union movements, which put the national interest — rather than craft interest — first. There are people in the Irish trade union movement, David Begg among them, who are prepared to do business with the Government in response to a decent offer. There are others who have no intention of doing any business with the Government, and such people must be taken on. If the price is to take the semi-State bodies apart and privatise them, I am for that.

I respect people and all parties who have stood the hard line. My heroes are Kevin O'Higgins, Gerry Boland and Des O'Malley. My heroes are not the emollient ones. The Irish people have always welcomed good government and the reason this Government stands high in public opinion at the moment is because it took the hard choices. It had no other choice, of course, as necessity knows no law. Give it the credit for doing what was needed, as Fine Gael may need to face the same challenge at another time.

This is not the time for Fine Gael to finagle or floddle but, as Senator Twomey did, to tell the truth and lay it on the line to the craft unions in the ESB. There are no endless free lunches. The public sector found out the hard way that there are limits to public patience and tolerance. A teacher told me the other day that she did not even know half the perks teachers were entitled to until she listened to a teacher on Pat Kenny's show. They have so many perks they do not even know what they are.

The public service went to the well once too often with the public. The craft unions in the ESB are going to do it now and I will warn them in the words of James Connolly. If they try that with a democratic Irish State, they will rue the day. As Connolly said to the employers of Dublin, if it is to be a wake, let it be a wake and if it is to be a wedding, let it be a wedding; we are ready for either. This State is ready for either prospect. We should not lie down under that kind of threat. Put an end to the bully boys.

Senator Ivor Callely: I welcome my colleague, the Minister of State at the Department of Finance, Deputy Martin Mansergh, back to the Chamber. I note the Minister of State has spent much time in the Chamber over the past few days, weeks and months, as well as the Lower House. I understand the Minister of State has additional work because our good friend and colleague, the Minister for Finance, Deputy Brian Lenihan, is unwell and hospitalised currently. I take this opportunity to wish him a full and speedy recovery. It is probably a reflection of the amount of effort, work and personal commitment the man has put into his portfolio over the last number of weeks and months, much to the benefit of this State.

The budget and the emergency financial measures that the Minister, Minister of State and colleagues in Government have produced show that Ireland is capable of addressing its problems directly. The budget represents a comprehensive approach to addressing the problems faced by this country. I listened with interest to Senator Harris's comments and that is exactly what the Government is doing in a very courageous way. It is not alone what it has done this year but what it will do next year with the additional changes to be introduced. It will result in a more robust tax system which is more suited to the needs of a country with a young and

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increasing population and in which there will be many reasons to be optimistic, despite the current gloom.

We have suffered from a combination of internal and external negative economic factors. However, the business cycle is changing and the fundamental attraction of Ireland as a place to do business will return. The Minister has announced that the international economy has exited recession and that recent indicators suggest economic activity in Ireland is turning the corner, which is good news. The number losing their jobs has stabilised and the appalling job losses of the early part of 2009 have, I hope, come to an end. Ireland needs to ensure it maintains its attractiveness as a location for multinational investment, indigenous enterprise, jobs and export-led growth. It is only by doing this that we can earn our way as a country with profitable enterprise, increasing employment and the means for the State to provide services for those in need and jobs. The decision not to increase income tax is correct at this time, given the reductions in private and public sector pay rates.

Corporation tax yields significant revenue for the Exchequer. A total of €5 billion was collected in 2008, down from a peak of €6.7 billion in 2006. Foremost among the budget announcements was the commitment by the Minister to retain our 12.5% corporation tax rate. This is good news for existing foreign investors in the economy who might otherwise have had to explain to their head offices why they should stay in Ireland. It will also help us to maintain our rate of capturing new foreign direct investment and to give a confidence boost to the indigenous sector. The rate, as the Commission on Taxation and the Minister have both pointed out, is part of brand Ireland and part of our attractiveness as a location for high value export oriented manufacturing and services. The extension of the three-year corporate and capital tax exemption for start-up companies in 2010 is also welcome. Start-up companies are the acorns in the forest and should be supported and nurtured.

I have been contacted by a number of people, including accountants, about the deadline for registration for the capital exemption scheme for nursing homes which is due to expire this month, with the completion of projects set for June 2011. Everybody faced issues this year, given the economic conditions, bank lending practices and the availability of investors. Projects in the pipeline have not reached fruition and will not meet the deadlines set for the scheme. We need the benefits that will accrue from the scheme because of our demographics. We, therefore, need beds in the system. Will the Minister of State kindly revisit the scheme and make an early announcement? The earlier, the better, but if cannot be done this side of Christmas, clarification should be provided early next year. I am happy the Minister of State may have to contact others, but I would like him to give an indication to the House.

The reduction in the top rate of VAT to 21% is a small but significant improvement. The reduction in the rate of excise on alcohol products will mean that there will be better value to be had in the South when compared to the previous situation *vis-à-vis* Northern Ireland. I support the calls made by others regarding excise duty. While this issue only affects wholesalers and I acknowledge there are swings and roundabouts, the benefits were not great during the years the budget was announced in January because stocks were not as high after Christmas as before it. I hope an amicable resolution can be reached on this issue.

Small businesses are being starved of credit for working capital and development purposes. In some cases, this is a reaction to the capital constraints on the banks, but in others it appears more to be an unwillingness to extend credit. Even though businesses may be trading profitably, their credit facilities are not being renewed or expanded, as was the case, and companies are at risk of failure because they cannot access credit, which is unacceptable. The credit appeals mechanism announced by the Minister in respect of SMEs, farm enterprises and sole traders is welcome. The facility will also enable a review of the credit policies and practices of the

banks in regard to all SME sectors, with particular attention being paid to the retail sector, tourism and agriculture. That is welcome. Perhaps provision should be made for a review every six or 12 months to make sure it is working.

We must reduce the cost base faced by consumers and businesses. In particular, it needs to be ensured there are incentives to reduce costs and increase productivity and service delivery in all areas in the private and public sectors. This means, for example, that the semi-State sector cannot be immune from the pay adjustments throughout the economy. There is an enormous number of such bodies and a clear message must be sent to them that their rates of pay from the top down must not be excessive; the overheads such as rent that they incur must suit their requirements and that their manning levels and procedures must be compatible with the efficient and effective delivery of services. The message must be clear that all salaries and wages paid from the public purse need to be reduced in line with the reductions suffered by public servants and private sector workers through pay reductions and job losses. They are expecting it.

We need to encourage strong competition in any area in which there is excessive profit taking by opening these markets to robust competition. Our overall borrowing requirement is made up of structural factors which the reduction in public sector pay will address, international cyclical movements which are beginning to adjust, and capital investment requirements.

The Minister announced a new single scheme for all new entrants to the public service in the context of future pay costs, which is a necessity. The escalation in pay and pensions costs left no alternative but to do this. The potential effect of the changes proposed will be profound. It is estimated the changes will reduce the actuarial cost of public service pensions from an estimated €108 billion to €87 billion.

Apart from the economic aspects of the budget, I would like provision for additional support for the community and voluntary sector to be made in the finance Bill. These organisations play a vital role in the social fabric of Irish life. I propose a mechanism, whereby individuals could earn additional funding for their charity by doing unpaid work of between 50 and 200 hours per annum.

Senator Paul Bradford: I welcome the Minister of State. No one is thrilled that the Bill has been brought before us, but we are realistic enough to know that what is being done has to be done. Every Oireachtas Member has suffered a reduction in income through salary and expenses cuts and levies. If one is human, one could not but dislike accepting a pay cut, but we must be responsible and accept that the Government has no choice. I am slightly worried by contributions to the debate in both Houses and some of the written commentary following the budget that we are deluding ourselves that the problems have been solved and will go away. We are still on the verge of national bankruptcy.

Senator Eoghan Harris: Hear, hear.

Senator Paul Bradford: I hope the so-called green shoots will emerge and while the economic hope about which we read on a weekly basis must be welcomed, we still have to be concerned that we are on the precipice and cannot continue, as a people, to borrow €500 million a week. I agree with Senator Harris that the public fully understands the scale of the problem and, once again, we, the politicians, are playing catch-up. The public did not welcome the imposition of income and pension levies last year and people did not cheer about the fact that public sector pay was scheduled to be reduced, but they fully understand why this is happening.

I could spend the next five years giving a history lesson about the wrong decisions taken in the past ten or 12 years and how the Government's fiscal and budgetary policies have landed

[Senator Paul Bradford.]

us in this mess, but that would not solve tomorrow's problems. The public will pass its own political judgment come the next general election. In the meantime, as I stated last week to the Minister of State when we were making pre-budget statements, the budget and the Bill are not about redeeming any political party; they should be about redeeming the economy and a future for our young people. I hope they will help in that regard.

The Minister of State is aware of Fine Gael's view on the Bill, in particular the proposed pay cuts. We acknowledge that at least €4 billion of adjustments were required as of last week and will still be required next week. However, we would have been much happier if those public and civil servants with incomes under €30,000 were unaffected. It would have been a much more moral basis for this penal legislation to allow those with incomes under €30,000 to have their income remain as is. That is what disappoints me strongly about the Bill.

My colleagues have spoken about public sector reform. As any fair person would, I welcome the fact that over the course of the past month it seemed the trade union leadership proactively engaged with the Government on the issue. The problems in the public sector which the unions recognised needed to be reformed during their intensive engagement with the Government two or three weeks ago remain and need to be reformed. I am very disappointed at the pronouncements from some of the senior officials who, because of the breakdown of the negotiations with the Government, are unwilling to engage in reform.

We have not just a political duty but a moral duty as elected Members of this and the other House to strongly ask of trade union leaders and demand of the Government that reform is put back on the agenda at the negotiating table. The public service is about serving the public. It is about the taxpayer and how his or her money is spent. We have a duty to ensure it is spent well. That was one of the great difficulties with benchmarking, an issue Fine Gael highlighted consistently in recent years, whereby the taxpayer was not getting value for money.

The question of public sector reform must be put back on the agenda. It cannot simply be a menu from which unions and Governments pick and choose. If public sector reform was necessary, appropriate and doable a fortnight ago, surely the same equation is in place today. The trade unions have a national and moral obligation to come back to negotiate the issue of public sector reform with the Minister of State and his colleagues. There is a demand among the public for this to be done. There is also a genuine appetite for it among the vast majority of public servants who work in every town, townland and village. On a daily basis, they can see the problems which could be solved through reform of their offices, how they do their jobs and are promoted. It must be a key to turning around the economy.

I agree with my colleagues who state we must address the issue of the semi-State bodies. It is not politically popular to suggest more people have to take a pay cut, but I have read the list of unaffected public bodies in the Schedule, ranging from the Dublin Airport Authority to the National Treasury Management Agency, Bord Gais, Bord na gCon, the Cork Airport Authority and the ESB, and we know, in our heart of hearts, that they will have to be re-examined. The wages of those who work in these agencies, the vast majority of whom do outstanding work and work very hard, are paid by the taxpayer and while we borrow €500 million a week to pay off these bills, matters cannot continue as heretofore. The issue has to be examined.

The concept of wildcat strikes throughout the utilities, in particular the threatened shut-down of our electricity sector, is entirely unacceptable in this democracy. One month or six weeks ago I expressed my concern on reading that the British trade union leader, Arthur Scargill, was on some type of tour of the country. Some of the unions were trying to describe it as an anniversary victory tour. It was utter delusion on the part of a man who had ruined an industry in Britain, split a nation and almost abolished his own union. It is very worrying and frightening

that a man who almost brought a country to its knees should be seen as a hero. We need positive leadership from our trade unions and I look forward to it engaging with the Government and the political parties. This and the other House are where real debate about where the country is going, social partnership, wage rates and public service reform must stem. We need to engage in this regard.

We will debate on Committee Stage sections 6 and 9 and the exemptions and disputes which will arise. It is difficult to clarify whether a particular small group of companies is part of the private or public service. I have correspondence from a small company in this regard which I will pass to the Minister of State's officials for their consideration and we can return to the matter on Committee Stage. These companies did not benefit from benchmarking, as they were told they were private and, therefore, not eligible, but they were affected by the income levies.

I wish the Minister of State well with the Bill. It is very important for the future of the country that we get our financial house in order. I have a difficulty with how some of the cuts are being imposed but living in the real world I know that what is being done has to be done.

Senator Jim Walsh: I welcome the Minister of State. It is a difficult time to be in government and with the downturn we have seen that the challenges facing us on many economic fronts are precarious, as mentioned by Senator Bradford. I listened with interest to what he had to say and found myself in agreement with much of it, as I did with Senator Harris. He put his finger on the problems.

At the end of this year our borrowings will be approximately €76 billion. This year we seek savings of approximately €4 billion. I have stated here and at parliamentary party meetings that we might have sought a higher figure than this, even though much pain is attached to the €4 billion. By the end of 2013 we will be nearer borrowings of €150 billion than €100 billion. Therefore, not only does what we do need to be very effective, but we must also build on it and plan for the future. I will make suggestions in this regard.

This year we will spend €56 billion and will have an income of €32 billion. Income will not rise in 2010, as predicted in the budget, and we must get back to that spend. We need to look beyond the figure of €4 billion at what we need to save and what the structural deficit is. We need to consider the structural deficit as being €13 billion. We spend €20 billion on pay and need to save €5 billion; the cuts we are discussing will amount to in excess of €1 billion. We need to save another €5 billion on social welfare payments and €3 billion on other expenditure items, bringing the total to €13 billion, which would be quite painful.

We have allowed our incomes and the cost of living to escalate, which happens in good times when money flows through the economy and we have very high rates of growth. It also happens in other countries. Now we have gone into reverse. Correspondingly, therefore, we must reduce those costs if we are to survive. Pay levels in this country are well in excess of what they are elsewhere in Europe in the private and public sectors. Some economists state pay levels in the public sector are approximately 22% ahead of those for comparable positions in the private sector. There are very strong challenges facing us.

The cuts in social welfare were unavoidable. Nobody likes doing them, no more than we like cutting pay. My pay has been cut and I certainly do not welcome that but I understand that if we do not do these things, the outlook will be dire for all of us. The impact of the social welfare cuts on the most vulnerable should be closely monitored. I suggest that perhaps a small group of officials from the Department of the Taoiseach, the Department of Finance and the Department of Social and Family Affairs should be established so that we can monitor these impacts on an ongoing basis. Social welfare is a very complex area and decisions taken often have

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unintended knock-on effects. The one thing we must do in this recession is to preserve some decent standard for the most vulnerable in society.

I mentioned the figure of €5 billion. This time last year, I said in this House that we needed to save 10% on public service pay, which is approximately €2 billion. We also need to take 15% of the numbers out of the public pay bill. If we do that, we will be close enough to the €5 billion figure. I appreciate that this is a gross amount, and the net amount against the tax take will be less than that. This is a start to provide some foundation. We had 220,000 people on the public service payroll in 1998, which included those working and those on pensions. According to information I received from the Department of Finance, that figure is now 370,000. In other words, there has been an increase of 150,000 in the interim. We need to reduce that figure by at least 50,000 in the hope that this will steady the ship for us. That represents a lot of people, but if we fail to address the issue we will have to reduce salaries again next year by an equally significant or even more significant amount. We need to look at that.

All this means we need to reform the public service. It means we need to increase productivity. There are very good people in the public service. I feel very sorry for people who are losing incomes in the private or public sector over the past 15 months and who are having difficulties meeting their commitments because of that. However, the real tragedy of this recession is the number of people who are unemployed, people who lost their jobs and who may find it extremely difficult because of age or because of the lack of skills required to get back into the workforce. That is a serious consequence to any recession and it should be a priority.

There is a huge cost involved in public sector pensions. I have looked at comparisons in the private sector, where I have worked most of my life, and one could not buy the public service pension. There is also what is called legitimate expectation. We need to change it, but we need to be careful and fair in the manner we do that. Nobody likes quoting the banks, but they changed from a defined benefit scheme to a scheme which provided defined benefit up to €50,000 in earnings, while any income above that went towards defined contribution. Most businesses changed to a defined contribution scheme only, but the banks' system is something that should be examined.

Suggestions have been made that the income of people retiring in the future could be based on an average of their career earnings. That is a very long time span, and it might be difficult when we go back to eras of inflation. Looking at a three to five year horizon instead of the last year might be the way to do it. I have been critical before about the Public Appointments Service and the Commission for Public Service Appointments, which operates within the local authorities. There has been a propensity in both of those bodies to promote people nearing retirement to enhance their pension. It is a very human thing to do to people who have given a lifetime of service. We should be getting away from promoting people based on seniority and promoting them exclusively on the basis of their calibre, merit and aptitude to do the job. That should be a very significant cornerstone of public service reform. Very few people in the private sector are promoted on seniority because it is not seen to be a very sensible way of doing things.

I abhor some of the irresponsible statements by people in the trade union movement who look to bring down the Government or bring the country to its knees. That kind of disruptive comment shows a mindset alien to the interests of the people of this country, especially to those who pay them good wages to represent and protect them. If we are to move forward, we need a much more enlightened approach from the trade union movement. Many of them who operate in the private sector have shown remarkable common sense and maturity due to the job losses in the 1970s and the 1980s, where they adapted to the new economic reality and now have a partnership with employers in resolving disputes. That is a good move and is one I

would like to see operating in the public sector. We have nothing to fear from that in the public sector. It is really common sense.

Some of the professions have escaped much of this. This seriously needs to be tackled. I have been critical of successive Ministers for failing to take on two particular sectors. In fairness to her, the Minister for Health and Children has shown tremendous courage in what she did with the pharmacists. She has now done this in respect of the dentists. They will be seriously affected as a consequence. However, hospital consultants have got huge increases in order to rationalise the service. I know the wages have been reduced by 15%, but they need to be reduced by at least one third just to bring them back to what their peers in the neighbouring island are paid for similar jobs.

I also think something similar needs to happen to accountants, the Judiciary and particularly barristers. Claiming wages of €2,000 to €3,000 per day amounts to legalised larceny.

Senator Eoghan Harris: There should be a constitutional amendment.

Senator Jim Walsh: Whatever needs to be done should be done. The Government made a decision in September 2004. I have a motion on the Order Paper for some time that has not made the floor of the House which states that this decision should be implemented. It would bring a senior counsel to a rate of €969 per day and €650 per day for a junior counsel, which are very good rates for four hours in a court. If we are seen to be fair and honest in our attempt to tackle the serious challenges in this country, we will have a level of support and acceptance that might well surprise us. I agree with Senator Harris, Senator Bradford and others who have said that the people are aware of the serious nature of our difficulties. Provided that the measures being taken are done in an even-handed, fair and considerate way, people will buy into the changes we make to ensure the country is able to embark on a path of growth in the very near future.

Senator David Norris: I had anticipated being in a position to speak while the Minister of State, Deputy Mansergh, was in the House, but I would like to ask the current Minister of State to listen to what I have to say and take it to his colleagues in the Government. Having made his contribution, Senator Walsh should perhaps let the Minister of State listen to what is being said in the House as a matter of courtesy.

I ask the Minister of State, Deputy Finneran, to be a channel to the other Ministers involved in this Bill. I am deeply sorry to learn of the ill health of the Minister for Finance and I wish him a speedy recovery. He has been a very strong, decisive and clear voice in this difficult time and that has made quite a difference to the prolonged dithering of the Government until now.

One of the things that struck me about the speech of the Minister of State, Deputy Mansergh, was the language he used. This doom-laden language is very worrying. The Minister of State referred to the continuing threat to the economic stability of the State and added the following: "However, the magnitude of the adjustment required in the public finances and the budget decisions necessary to effect this process in 2010 have involved decisions which have adversely impacted on all sectors of society". The note of real alarm in confronting the situation is clear, if one analyses the texture of the language used.

While I have supported many unpopular decisions and would be prepared to support others, I cannot and will not support the extraction of 5% of salary from those earning under €30,000. This measure is wrong. The issue can be addressed in other ways, for example, as Senators Harris and Walsh noted, by taking on those at the top of the professions. Hospital consultants cleverly chose not to seek confrontation on the immediate issue, but they are claiming a 15%

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retrospective pay increase they believe they are owed. They must live in the real world in which the rest of us are stuck.

With regard to relations with the trade unions, as a member of three trade unions, I respect the trade union movement. I must differ with my distinguished colleague, Senator Harris, who made a remarkable and splendid speech in terms of rhetoric, in that I do not want to live in a world dominated by the likes of Rupert Murdoch and Margaret Thatcher. If I had to choose between that pair and the worst trade unions, I would take my chances with the latter. I know the Senator and I disagree on the issue, but that is my position.

I would like to know from where the leaks came because I believe the negotiations were, to a certain extent, sabotaged. I have my suspicions about who was leaking.

The situation is very difficult for the Government. I believe it realised during the negotiations that the figures did not stack up. We have been told there was a gap of at least €250 million between what the trade unions indicated they could deliver and what the Government estimated would be delivered. In addition, a question arose regarding the timescale. The unions did not do themselves any favours by allowing spokespersons to suggest on the airwaves that what they were getting was 12 days unpaid annual leave. That did not go down well. We must, however, understand the difficult circumstances for all sides.

The position is even worse than what has been suggested. Several speakers referred to green shoots. Regrettably, in this country the green shoots are provided by multinational companies. There is little in the way of green shoots from indigenous manufacturing or the export industry. I wish there were more that we could celebrate.

I am astonished that nobody, apart from me, has spoken out against Standard & Poor's and Fitch which are ratcheting up the moneys Ireland pays all the time. They are a completely discredited collection of crooks. These are the people who give a triple A rating to Iceland, a rating that has been cited in legal cases by various local authorities up and down the neighbouring island. It appears these rating agencies find it difficult to distinguish between Ireland and Greece. It is about time the international community took on board this shower and gave them all a bit of a dose.

To return to the issue of the trade unions, as a trade unionist, I was disappointed to hear union officials state the breakdown of the talks more or less marked the end of reform in the public service. It cannot be the end of reform because if it is necessary at this time of crisis, it must be delivered. Reform is not something that can be sold by trade union officials or members. I say this as a loyal trade union member.

With regard to the tables setting out the salary reductions for holders of certain offices, I welcome the fact that we are all taking a haircut. It is appropriate that people such as Senators should take even greater cuts in salary and I have no doubt we will have to do so eventually. Regrettably, the dithering about the cut in the Taoiseach's pay means it does not matter a tuppenny damn. The Government missed the boat because the public mood has changed. If the cut had been made at the beginning, it would have been believed and reassured the people. The Government may as well not bother doing it now because it will forever be "too little, too late", that phrase we hear on every morning chat show.

As I stated, my principal objection to the Bill is the 5% cut in salary for public servants earning under €30,000. I do not know how this group will be able to bear the cuts, given that they have been hit with the various levies and so forth. This cut will crucify them. We at the top should support those at the bottom.

I will address two specific groups to which I referred previously which should not have been included in the cuts for various reasons, some moral and some technical. The first group is research staff on contract in the universities. I am sorry the Minister of State, Deputy Mansergh, is not present because I raised this issue on the Adjournment some time ago. I return to it because the text of the Bill states the cut will apply to employees of public service bodies. Apparently, this definition has been stretched to include contract research staff in third level institutions. The proposal is unworkable because it does not take account of the unusual employment status and circumstances of these staff. It is also manifestly unjust and unfair.

The pay for research staff is an adjunct of research funding awarded by various grants and funding bodies, including private sources and non-profit foundations. In that case, pay to contract researchers is obviously not part of public sector salaries paid directly by the Government. Frequently, salaries for research staff are not supplied by the taxpayer. Even where such pay is provided indirectly by the State, it is usually the product of a competitive awards process linked with specific projects such as those funded by the IRCHSS, the IRCSET or SFI. What about philanthropy, the Wellcome Trust and other organisations which invest in third level? It is from these that we will get the next generation of innovative scientific ideas on which the export industry will be based. The fixed salary for researchers is stated in their contracts.

An Leas-Chathaoirleach: The Senator has one minute left.

Senator David Norris: I will take as much time as some of the previous speakers took.

Senator Alex White: Other Senators are waiting to speak.

Senator David Norris: There is plenty of time, oceans of it.

Senator Alex White: Senator Norris should show some respect for his colleagues.

Senator David Norris: It would be a hell of a lot easier if I was not interrupted.

The second group to which I refer are employees of the Central Bank. While I know they are not popular, these employees have a strong moral and legal case. I understand that in the first draft of the Bill they were featured in the list of groups excluded from the measure. Why are they no longer excluded?

According to the preamble, the purpose of the Bill is “to provide for the reduction in the amount payable, or rate of payment, out of money provided by the Oireachtas or the Central Fund or the growing produce of that Fund to certain persons for certain services”. The employees of the Central Bank and Financial Services Authority of Ireland are not paid from money provided by the Oireachtas or the Central Fund and do not provide, legally, public services on behalf of the State. When I raised this issue previously, I cited a legal precedent and warned the Government about the difficulties it faced. In 1997 the Supreme Court, in *Central Bank of Ireland v. Martin Leo Gildea*, held that Mr. Gildea was “not a civil servant of the Government” and was “employed by a body which has been created by statute, the powers of which, however essential they may be to the function of the State, can be removed from them at any stage by the Oireachtas”. For this reason, Mr. Gildea was not in a different position from those employed in a vast range of what have come to be called semi-State bodies. I understand this group has briefed counsel and is engaged in preparing for a legal action against the State which may very well be costly.

Why does the Government not resolve these two important issues, both of which I have raised previously? They are obviously a source of doubt for the Government, as it would not

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otherwise have excluded one of them in the first draft of the Bill following my previous intervention.

By the way, I waited a long time to speak and, as noted by the Chair, others interposed themselves.

Senator Alex White: I am pleased to have the opportunity to speak on the Bill. My party and I oppose the legislation because we should not seek to have those who earn €30,000 per year or €600 per week take us out of what is, undoubtedly, an economic crisis. That is what we are dealing with. We can talk about ESB craft workers and the belief that talks on public service reform should resume, which I want to refer to in my contribution. When we examine the Bill, which is what we are asked to do as legislators, it is the starkest and most reprehensible legislation the Government has brought before the House to cut the pay of the lowest paid workers in the public service.

I am not a member of a trade union, nor am I part of the emerging winter wonderland that seems to pertain in the House this afternoon. People think the trade union movement is not relevant or should not be involved in negotiations and discussions on genuine public service reform. It cannot be achieved without agreement, discussion and negotiation unless we go for the jackboot approach that says this is how it will be done and there is no other way to make progress. That is not going to happen. I do not believe the trade union movement should have a veto or that trade unions, whether in the public or private sector, should have a veto on how the Government does its business. People can correct me if I am wrong but I understood there was a measure of consensus across all parties and most of the country that it was a good idea that hauling ourselves out of the shocking mess we are in would be attempted with some measure of agreement. If that is the basic proposition people adhere to, they must come into the real world.

There are two sides in any negotiation. It does not take place with empty seats on one side. That is not negotiation and it will not occur. Senators Butler, Bradford and Harris suggested the unions should return to negotiations. Senator Bradford suggested they should be asked back in and that they are under a moral obligation to do so. These are people who attended negotiations over a period of weeks with the Government and found, at the 11th hour, a gross breach of trust and they withdrew from those negotiations.

Even if one takes the view that the Government was entirely correct in what it proposed and the trade union proposals were wrong, if one lives in the real world and wants to ensure people come back to the negotiating table, one is seriously deluded if one thinks this can be achieved by coming in here late on Thursday evening and making a speech saying it should happen. What planet are people living on? Do they think the trade union leadership is lining up for further humiliation and that they will be available to be shafted again? Do people think this will happen?

If people have an ideological position against any discussion with trade unions and want to exclude trade unions, let them say that. Let people be honest about it by saying that trade unions should not be involved in these discussions. I have heard the point made indirectly in this House that these reforms should be implemented irrespective of what the trade unions think. The corollary of that is to exclude trade unions. If one thinks trade unions should be involved, one cannot have it both ways. One cannot have the trade unions on side and negotiate with them only when they are doing what they are told.

I respectfully disagree with a number of things Senator Harris said about social partnership and the recession. I have voiced my doubts about social partnership and the manner in which social partnership appeared to be becoming a proxy parliament. All of the big issues of the day

were being dealt with through this so-called social partnership process. The role of Parliament has been supplanted to a considerable degree by social partnership. Some of the areas it wound into were inappropriate at best. However, in a narrower version of social partnership where one negotiates and attempts to reach agreement with trade unions on matters pertaining to their members, there is a serious role for negotiating with trade unions.

With regard to the recession and the inappropriateness of this approach, I refer to 1987. Up until six months ago we were sick of hearing people saying that what pulled the country back together in the late 1980s was the tripartite approach including trade unions and employers. Social partners were involved in a real national effort to turn the country around in 1987. The trade unions were centre stage then when we were in the economic crisis so it is not true to say they only have a role when we are not in a recession.

The debate on public versus private goes around in circles. I am not a particularly paranoid person and I do not take the view that stories are whipped up in particular newspapers and suddenly become what everyone is thinking. People are more complex than that and do not take their views on the basis of what they read in one newspaper or radio station. The public and private divide has not been whipped up by the Government and various commentators but there is a nasty undercurrent to some of the attacks on the public service. Perhaps Senator Harris believes what he said in his speech to the effect that people are underemployed in the public service.

Senator Eoghan Harris: On a point——

An Leas-Chathaoirleach: Is this a point of order?

Senator Alex White: I am prepared to give way if Senator Harris wants to correct what he said.

An Leas-Chathaoirleach: There is no provision for giving way unless there is a point of order.

Senator Alex White: Actually, Standing Orders provide for a speaker giving way to allow for a correction in the interest of debate. I have no difficulty with that.

Senator Eoghan Harris: It was trade union leaders I was referring to, not the public sector.

An Leas-Chathaoirleach: Senator White has one minute remaining.

Senator Alex White: The Leas-Chathaoirleach has discretion to add on time at the end of my speech.

These divisive attacks on public sector workers are not helping. I seldom have occasion to quote the former Member of the other House, Mr. Joe Higgins. I remember hearing him in a debate against Mr. Michael O'Leary at the time of the Lisbon treaty. Michael O'Leary made the point that he created many jobs. I praise him for that and such people are exactly those we want active in our economy and society. Joe Higgins very effectively pointed out that if Michael O'Leary was in a road accident, which he hoped he would not be, and was at the roadside in grave danger and someone pulled up in a car, jumped out and announced she was a nurse, one would not turn around and ask how many jobs she had created this year.

Senator Jerry Buttimer: I welcome the Minister of State. Inchydoney is dead, long live Inchydoney. The cosy cartel on the beach is no more. Public sector workers have no friends in Government Buildings, especially public sector workers who earn less than €30,000 per year. There is an acceptance by all Members that there must be a rebalancing and that we need to

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correct fiscal policy to get out of this crisis. Any principle of social justice we believe in must be fair and balanced.

In his Budget Statement the Minister for Finance, Deputy Brian Lenihan, said we had turned the corner. He is right. We have turned the corner but we have turned into a corner of poverty, debt, loss of income and of families divided by tension and worry. There are families in my constituency of Cork who are living on their nerves and who go to bed at night and cannot sleep because of worry. These are not millionaires and people on large incomes, they are hospital porters, teachers and county council employees who provide a service. These are people who are hurting and who are prepared to make sacrifices, men and women, whom we all know and meet every day. This Government has gone to the well once too often.

As I said yesterday, I do not mind taking a pay cut. I am a single person and I can afford it. The cumulative effect of the public sector levy and the pension last year, the pay cut today and the knock-on effect in child benefit has people on the edge. We talk about mental health. I ask the Government to have cognisance of people. These are not cold budgetary statistics, these are ordinary people who may not be lucky to have a well-paid job. I disagree with the Government in regard to the unfairness of it. In his fine contribution Senator Harris spoke about the Irish people getting a crash course in recession. They have crash-landed with no parachute and no opt-out clause.

As a party we agree there must be a curtailment on the spend on the public sector pay bill disagree and we published our alternative budget. We made no secret of the fact that we would target the public sector pay bill to the tune of €6 million or €7 million but we said that those on lower pay would not be the first port of call and attack, because it is callous. Anybody who purports to be interested in people will understand that. We had at one point €2 billion to £1.3 billion in our savings. There was no reference whatsoever to efficiencies in the budget. Whether we like it not this budget has created a permanent divide in Irish society.

When walking up Molesworth Street this morning on my way to the Dáil I saw a group of school children and, being a former teacher, I asked how they were doing and where they were from. Their teacher asked if I was a politician and I said I was. She said, “we do not like you”. I said I was not a Fianna Fáil politician, but a Fine Gael politician. She said that might not be too bad and said there is a misnomer that she is well paid. She said she loves her job but she cannot take any more of this and said her house is in negative equity.

I will give the Minister one small example of how daft the past ten years have been. For years we supervised in schools willingly and voluntarily. How can we justify saying to people that we will pay them to supervise when they did it for generations for no money? That is the Bertie Ahern school of economics of the past 12 years — throw the money out, give out the largesse, buy the election and keep power. I say that as a fan of social partnership. I might be in the odd-ball couple in Fine Gael when I say I am a fan of social partnership. I am a proud member of the ASTI and I believe in the need for a union to advocate and to represent its workers. There was a deal on with the unions and for the first time ever unions were prepared to take a pay cut on behalf of their members. They walked up to Government Buildings on the Friday and Senator O’Toole referred to Secretaries General earlier agreeing or almost agreeing to a deal. Then the plug was pulled and trust was broken. If trust is broken it must be re-established.

I accept Senator Alex White’s permutation that one cannot expect the unions to go back. I appeal to the unions and to the Government in the interests of our people to re-enter talks and open dialogue because we need social partnership. We need to have dialogue and communication. Yes, there will be choices that none of us will like but we have to stand up for it.

I have great time for David Begg. The biggest mistake in social partnership was that it excluded the Houses of the Oireachtas. We need a new pillar in a new form of social partnership to include the Houses. I may disagree with Senator Harris, Senator Alex White or Senator Butler but I respect their right to have a view. We in the Houses of the Oireachtas were ignored and we should not be ignored.

Senator Eoghan Harris: Hear, hear.

Senator Jerry Buttimer: Let us have a new pillar in social partnership. To quote the cliché, we have lost a generational opportunity for reform of the public sector. Senators Butler, Regan and I served on local authorities where there was roll-out of local government reform. What did it mean? We created no new posts only new directors in various positions. In certain places one goes beyond the switchboard which is the first port of call and get answering machines but not answers. Whatever one may say about the HSE, it will return one's call and say one cannot do this or that.

This budget is about choices and decisions and the Minister made the wrong ones. He cut from the capital programme. There is nothing in it for the Cork docklands, no stimulus and no jobs. We must get people off the dole queue and back to work. It is wrong that somebody would be better off on social welfare than in a job.

Senator Eoghan Harris: Hear, hear.

Senator Jerry Buttimer: It is wrong. It should not be that way. We must tackle our competitiveness. Our exports have decreased for the past six years. We have become a service based, construction based economy. I am pleased the Minister of State, Deputy Mansergh, has returned. There is nothing whatever in this budget for jobs. We have put forward an alternative which is painful for some people. There is a genuine understanding by Irish people that we are in a mess, that it was the fault of Fianna Fáil, that we will pay them back but we want the economy to work again and for our children not to be saddled with debt, no hope and no opportunity. Sadly, we have no vision from the Government to say that far away hills are green, there is no Ronald Reagan bright lights ahead and no dawn tomorrow.

Senator Larry Butler: It is aspirational.

Senator Jerry Buttimer: It is aspirational.

Senator Larry Butler: It is very aspirational.

Senator Jerry Buttimer: It is called a lack of appreciation, a lack of understanding and no protection of the vulnerable, the blind and the handicapped. The Government then takes the poorest paid worker and stands on him and allows its friends at the tent in Galway to go scot free.

Senator Larry Butler: The party of which the Senator is a Member wanted to tax them.

Senator Jerry Buttimer: The Government allowed them to go scot free. All the Government wants is to get on the horse and ride off with him.

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

Senator Jerry Buttimer: This budget is a penal tax on the ordinary decent person. I challenge any of us to live on €196 per week.

Senator Larry Butler: People on the other side of the Border have to live on €75 a week.

Senator Jerry Buttimer: It is fine for those in Government who have a State car, a driver or two and a group of advisers. They are living detached from reality. Would we live on €196 a week?

This budget is an attack on the decent people. It should be thrown out. The measure before us is an unfair penalty on people who deserve better from their leaders.

Senator Eugene Regan: I wish to make two essential points on the legislation. Fine Gael has supported the economic discipline that is required to get our public finances in order. It has encouraged action to be taken on the expenditure front. On the specific proposals which are the subject of this Bill, Fine Gael produced an alternative budget which was fairer and more even-handed in regard to public sector pay.

There is one observation I would make on this issue. There are many people in the public service who considered that some cutback in remuneration was going to be part of the common effort to resolve the public finances. There was a realisation by many that this was something that would have to happen. However, that had to be done in a fair and even-handed way. Apart from that, what the Government did was to pillory the public sector and the people in it. There was essentially a media blitz denigrating people in the public sector, their work and their remuneration. There was similar adverse media comment on the pay of trade union leaders and so on.

It is the build-up to the decision, the delay in taking it and biting the bullet on what needed to be done to get the public finances in order which has created more of the problem than the actual decision itself. It has been done in a ham-fisted way. There was too much procrastination. The Government should not be surprised, therefore, if its decisions have got up the nose of public servants who are contributing to this economy and providing necessary public services.

The second point I want to make is in regard to the measures contained in the Bill, which are part of that wider economic and budgetary discipline which has been agreed with the European Union. The other element to this measure, which is collateral in a way, is the NAMA legislation. The Minister of State, Deputy Mansergh, was in the House back in November when we debated that legislation, which was broad framework legislation in regard to the bailout of our banks. The issue is that the Minister for Finance, Deputy Brian Lenihan, confirmed in a question I raised with him that details of NAMA had to be formally notified to the European Commission and approved before it could enter into effect. I asked the Leader a number of times when the formal notification to the Commission would take place in regard to NAMA and whether that notification would be similar to what we were informed was in the business plan for NAMA back in October.

As the Minister of State participated in the debate on NAMA, I ask him where we are on that matter in terms of notification to and approval by the European Commission. It is a fundamental question because while the measures contained in the budget are very significant, the most significant measure of economic policy to be adopted by the Government, which could bankrupt this country, is the legislation which we are not speaking about today, namely, the NAMA legislation. We should at least be transparent as to what exactly is happening in regard to that important legislation which was approved in November.

Minister of State at the Department of Finance (Deputy Martin Mansergh): I thank Senators for what has been a very interesting and worthwhile debate with a very wide range of views expressed. Senator O'Toole began the debate after I had spoken, giving a purported account

of the breakdown of the talks. I say “purported” not to cast any doubt on his good faith but simply because he has a narrative from his own sources.

The reality is, just taking it as he described it, that there were discussions with three Secretaries General that seemed to be reaching a positive conclusion. I am afraid, however, as with any negotiation, particularly where aspects of negotiation are delegated, the stage one has reached must be referred back, in this case to the members of the Cabinet for them to form a judgment on it. It is not realistic to say, even if were true, and since I was not there, I am not in a position to comment on that aspect, that a degree of understanding or optimism about where they had reached with three Secretaries General constituted an agreement and that the Government then decided to dump on the agreement. The Government had some very clear criteria by which to judge the agreement, including whether it would achieve the savings required and whether those savings would be permanent and lasting. However, there was also another criterion, which is what would be the credibility at home and abroad of a draft agreement in the terms on which it had been reached. I do not have to repeat what the Taoiseach said. He has responded and commented on those trade union claims on a number of occasions. The Government came to a negative judgment of what was on offer and has explained in detail why it did not meet the necessary criteria.

I fully accept Senator O’Toole’s point that the idea of unpaid leave was taken from the private sector, which is true. I am aware of many cases where that sort of formula was used in a different type of employment. We are not talking about classroom employment, for example.

What has taken place or is taking place is a change of culture. There was no desire to collapse talks, certainly not on behalf of the Government, but the results of talks had to meet certain hard realities. The regret is, without casting doubt on anyone’s good faith, that it did not happen.

In respect of the specific points raised by the Senator, I will deal first with political increments. As someone who entered this House in 2002, I would have qualified this year for a long service increment. I did not regard it as hard that I had to give it up for an indefinite period. Perhaps there are younger people for whom the experience is different. I accept that, but it is a relatively light sacrifice being asked of politicians who have seen substantial increases in pay in the last decade.

Senator O’Toole raised the question of principal officers and principal teachers. The most recent benchmarking report recommended no increases for the vast majority of public service grades. For these two grades, however, small increases were recommended — the figure was about 1.1% for principal officers. A small number of other grades were also subject to small amounts. The Government took the view, in the context of the Towards 2016 negotiations, that the increases could be considered and implemented. However, this year it decided that Towards 2016 could not be funded and implemented and, therefore, the increases for principal officers and principal teachers would not be paid. A similar complaint could have been made by all review body grades when only the first part of the 2007 report was implemented and the remainder of it deferred until 2010. These have since been overtaken by the recommendations made in the most recent report. It is important to remember that savings on the pay bill must be real, not based on notional payments.

It was also suggested the Bill should only cover reductions that would help to reduce the public service pay bill. There have been specific queries in the last few days as to whose pay will be reduced under the legislation. It is important this is set out clearly as many have been concerned unnecessarily. If a person is employed by a body which everyone recognises as a public service body such as the Civil Service, the Garda Síochána, the HSE and so on, his or her pay rate will be reduced, just as it would have increased in previous years when agreement

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was reached on public service pay. As there is no income limit, all are affected. Where a person works part time, his or her part-time salary has regard to the equivalent full-time salary and the reduction applies *pro rata*.

There are other bodies funded in myriad ways by the Government from public money referred to in legislation as a subsidiary or a company set up by such a body. Because it can be difficult to determine in a particular case if a body can truly be counted as a public service body, the Bill provides either that such bodies are expressly excluded because they are listed in the Schedule to the Bill or that the distinguishing factor is whether a public service pension applies to or may be made by that body. There is the same definition of a public service pension as included in the legislation earlier this year that introduced the pension levy. It excludes the employees of most community and voluntary groups, about which there has been some concern. In those cases where there is a doubt, the Bill provides that the Minister can determine if the pay reduction applies. This is the correct approach because no Bill can deal in advance with all of the complexities of a public service employing well over 300,000 people and funding the employment of more.

Senator MacSharry asked about mortgage arrears. There are specific measures in the budget that extend mortgage interest relief until 2017 and, to some degree, address the problems faced by those who bought at or near the peak of the market.

The question of the Judiciary was raised; it was also debated in the other House yesterday. The advice the Government has received is that the deduction cannot be made consistent with the Constitution, as it stands. As a fall back position Fine Gael has proposed a constitutional amendment and that Bill, drafted by Deputy Shatter, will come before the House early next year.

I accept much of what Senator Twomey said. There is no doubt that many pension arrangements, particularly at the top of the public service, are, by any standards and especially by present standards, exceptionally generous. He spoke about our overpaying ourselves, a point I have made myself. There were huge improvements in pay, conditions and numbers that are no longer sustainable. He said people could not continue to expect to be paid at the same level as at the height of the boom and made comparisons between Ireland and Britain.

Senator Feargal Quinn is of a view I respect, but, although there is merit in the analogy between the Government and a business, I would not carry it too far. The Government must look after people in a different way from businesses. He is, however, correct to contrast our situation with that of Greece and point to the different approach we are taking. He is also right about what was done in the late 1980s on a bipartisan basis. That still has relevance to what we need today. I notice that, in contrast to some other Senators, he said we should not interfere in bodies such as the ESB, as they are commercial bodies. Does one within a strategic Government framework let them deal with matters, including pay, themselves, with the exception of chief executives, or does one try to absorb them into the public service?

Senator Boyle referred to the first benchmarking process as being shrouded in mystery. There was a good reason for that — it was meant to replace relativities. The judgment was made that to have published it would have led to renewed arguments and would have been self-defeating. It is possible to take a different view, however, with the benefit of hindsight.

The Senator also argued that Anglo Irish Bank should be treated as part of the public service and its employees as public servants. With respect, they are not public servants and do not have public servant security of tenure. If they were to be treated as public servants, presumably they would have to have security of tenure, which would make it difficult to undertake some of the rationalisation that may be necessary. Obviously, pay bill costs can be controlled in other

ways, including through a redundancy programme. The outcome of the restructuring plan before the European Commission will determine the future of Anglo Irish Bank, including its staffing need, while its pay levels will be determined by the board of the bank accordingly. The Government does not propose to cut across any of these vital processes for Anglo Irish Bank and its shareholder, the State, with this legislation.

Senator Paddy Burke talked about FÁS. It is important not to confuse the FÁS board with FÁS operations. As far as I am concerned, it is not in any way a discredited organisation. I know the Senator was not saying that and I am not suggesting he was but it is important to underline the distinction.

Teagasc also gives rise to an issue in my constituency. There has been a certain level of rationalisation of agricultural offices and colleges. The Government was criticised in the other House for not doing more to shut down quangos, but I accept an agricultural college cannot reasonably be described as a quango. Teagasc, perhaps, is so described, but I do not really see it in that light. However, there has to be rationalisation of such offices.

As I dealt this morning with the question of wholesalers on the Appropriation Bill, I do not intend to go into that matter again. On the question of consultancy fees, I do not have specific information, but I make the general point, as emphasised by many Members in this and the other House and outside, that we are dealing with vast sums of money. Nobody is seriously denying that in what the Government has done and what it believes it had to do there are serious risks. As we cannot afford to make mistakes, I do not believe it is valid to make comparisons. As I am not at the coalface on this subject, I am unable to make comparisons between those who are managing these very sensitive, risky and important activities and people in more everyday types of employment. That said, consultancy fees, in general, are, with a lot of other professional fees — a subject raised by another Senator — exorbitant; they are one of the costs that need to come down. I have responsibility for the Office of Public Works and would be very slow to appoint consultants unless an overwhelming case was made. In my experience of consultancy studies over 20 to 25 years, they are generally very expensive and often of distinctly variable quality. I do not deny the necessity for them, but they certainly should not ever be a source of Government patronage. That is my conviction.

Senator Paddy Burke: We cannot afford to pay such fees to the banks.

An Cathaoirleach: No interruptions, please.

Senator Eugene Regan: What about the €2.5 billion in consultancy fees in the case of NAMA?

An Cathaoirleach: The Minister of State is replying.

Deputy Martin Mansergh: We should try to focus on the main debate. I have replied to the Senator.

Senator Butler referred correctly to the 20% to 25% cuts made and the many job losses in the private sector. If one were to average out the job losses and the cuts, one would be talking about an even greater figure than the one with which he was dealing.

Senator Harris is an old sparring partner of mine, both of us in different ways being ideologists, but he probably engages in a good deal more ideological warfare than I do. At times he can verge a little on the apocalyptic; at the same time, however, he had the House gripped by what he had to say.

The whole point and purpose of social partnership when introduced in 1987 was to avoid the destructive confrontations that had taken place between Arthur Scargill and the Thatcher

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Government and which, incidentally, had led to the complete ruin of the British coal industry and its proud traditions. However, I still hope and I am cautiously optimistic, although I accept Senator Harris has vast knowledge, probably more than anyone in this House and most people outside, of the inner workings of and the cross-currents in trade union circles. One gets a taste of this in magazines such as *Tribune*. From time to time I read left-wing literature and one can see posters on lamp posts around the city at regular intervals for public meetings at which the usual list of suspects speak about smashing this, that and the other.

Senator Liam Twomey: The Minister of State will have to round them up.

Deputy Martin Mansergh: No. That is the sort of thing one or two Fine Gael justice Ministers in the past might have done——

Senator Liam Twomey: Deputy Mansergh is obviously changing tack.

An Cathaoirleach: Please allow the Minister of State to continue.

Deputy Martin Mansergh: I am replying to Senator Harris, as I replied to Senator Twomey, if that is possible. My hope is, notwithstanding the different currents about which he knows and describes, that nonetheless sense will prevail among the majority of trade unionists. I have no sense in my constituency that the majority of public sector workers want to take a militant path. Many of them may, for reasons of membership and solidarity, go along with one or two token protests, as they have done in the past, but I do not think there are too many who want to take a wrecking militant path. I agree with whichever Senator said we will have to come back to the reforms identified.

Senator Callely raised a very specific issue about nursing homes and the extension of limits. I would treat it as a pre-finance Bill submission and I am sure it will be considered with other finance Bill submissions.

Senator Bradford but Senator Walsh, in particular, would be in favour of much tougher measures than the Government adopted. Not for the first time, Senator Walsh would have liked the Government to have gone at least twice as heavy on the public sector and social welfare recipients. Leaving aside the question as to whether in some abstract economic sense vis-à-vis international opinion that would have been the right thing to do, a Government, even one as unpopular as the current one, has to bring the people with it to a certain extent. Establishing a consensus on what has to be done is impossible to achieve.

Senator Harris set out in rather stark terms and in complete contrast to Senator O'Toole the reasons a realistic agreement could not be reached and it was simply a bridge too far in terms of the forces with which we were dealing. Even for a Government which is not particularly concerned about its current standing in the opinion polls, there is only so much
6 o'clock it can do at a particular time. In terms of the budget recently introduced, the point was made that it would have been impossible to introduce it in December 2008. It is not possible to do everything all at once. Even Mr. Colm McCarthy accepted that the €5 billion in cuts proposed in his report could not be introduced at once or in one year and — I hasten to add — I am sure a certain number of them will never be introduced. On the other hand, other measures he did not identify will be introduced.

Senator Norris is a good champion of his constituency. He raised an issue that Deputy Burton raised in the Dáil yesterday about academic researchers employed on contracts. I have to declare an interest. One of my daughters in Trinity College is in exactly that position. She came home four years ago, is in negative equity and has the mortgage difficulties that have been

regularly described in this House. I have every sympathy for her and will certainly inform her that Senator Norris has also been championing her cause.

Senator Eugene Regan: I asked a few questions.

Deputy Martin Mansergh: Yes. I was looking for my note and did not want to sit down before I had replied to them. The Senator raised the issue of the timing of the notification of NAMA to the Commission. There is no formal notification, but consultations are continuing. The notification will deal more with state aid issues rather than the business plan. The documents will, therefore, be different, although they will overlap to a degree.

Question put.

The Seanad divided: Tá, 29; Níl, 17.

Tá

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

Leyden, Terry.
MacSharry, Marc.
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

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

Hannigan, Dominic.
McFadden, Nicky.
Norris, David.
O'Reilly, Joe.
Phelan, John Paul.
Regan, Eugene.
Twomey, Liam.
White, Alex.

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

Question declared carried.

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

Senator Donie Cassidy: Tomorrow at 10.30 a.m.

Forestry (Amendment) Bill 2009: Second Stage.

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

Minister of State at the Department of Agriculture, Fisheries and Food (Deputy Tony Killeen): The purpose of the Forestry (Amendment) Bill 2009 is to increase Coillte Teoranta's

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statutory borrowing limit. The Bill proposes to amend section 24(1)(b) of the Forestry Act 1988, which provides for borrowings by Coillte Teoranta for capital purposes including working capital.

Section 1 provides for an increase in Coillte Teoranta's statutory borrowing limit from £80 million, that is, approximately €101.5 million, to €400 million. It amends section 24(1)(b) of the Forestry Act 1988 in which the existing borrowing limit of £80 million is stipulated.

The existing statutory limit was set in 1988, when the legislation providing for the establishment of Coillte was enacted, and has not been increased since then. Coillte has a significant capital investment programme each year. That includes reforestation, investment in forest infrastructure and plant and equipment. It is necessary to increase the statutory borrowing limit to make adequate provision for the borrowing requirements of Coillte for its capital expenditure programme.

Section 2 provides for the Short Title, collective citation and construction of the Bill and is a standard provision.

Coillte Teoranta is the national forestry company, established as a private commercial company under the Forestry Act 1988. The Act provides that the principal objects of the company are to carry on the business of forestry and related activities on a commercial basis and in accordance with efficient silvicultural practices; to establish and carry on woodland industries; to participate with others in forestry and related activities consistent with its objects, designed to enhance the effectiveness and profitable operation of the company; and to utilise and manage the resources available to it in a manner consistent with these objects.

In the intervening 20 years since its establishment, Coillte has increased its forest estate by 37,000 hectares, developed its recreational facilities and extended its business base to include panel products. Coillte currently manages 445,000 hectares of forest land, of which 79% is forested with the remaining 21% encompassing open spaces, water, roads or land above the tree line. Such management induces maintenance of the forest estate, felling as appropriate and replanting. The company supplies logs to the timber processing industry including sawmills, panel board mills and the emerging energy supply businesses. While the company provides direct employment, it also engages harvesting and haulage contractors thereby sustaining employment for a far greater number.

The company also owns two panel board businesses, namely, Smartply in Kilkenny and Medite in Tipperary, both of which I visited recently. These manufacture OSB and MDF boards, respectively, with more than 80% of their output being exported. There are significant investments currently in train in both plants. Coillte has also entered into a joint venture arrangement with ESB to develop a windfarm in Garvagh Glebe, County Leitrim.

It is also important not to overlook Coillte's contribution to recreation by way of its forest parks and trails and its involvement in Lough Key Forest Park in Roscommon. The company now has an extensive remit.

Colleagues on the Joint Committee on Agriculture, Fisheries and Food met with Coillte at the end of October to discuss the company's annual report for 2008, at which Coillte informed the members of its current structure and its businesses. This was a valuable opportunity for members to raise issues directly with Coillte such as its performance, current business environment and plans for the future. The company similarly met with the committee in June 2008 to discuss the company's annual report for 2007. Such meetings facilitate accountability and transparency and I am sure the company also welcomes the opportunity to brief Members of both Houses.

The purpose of this brief outline of Coillte's business interests is to put in context the proposed increase in the statutory borrowings level for the company or, in reality, the group, as the limit on borrowings applies to the aggregate at any one time of borrowings by the company and its subsidiaries.

The limit on the company's level of statutory borrowings is currently €101.5 million. The business environment in which Coillte, as a commercial company, operates is vastly different from the business environment in which it operated in its earlier years. There is a provision in the Act whereby Coillte may seek approval for temporary borrowings. Coillte has sought and received approval under this provision on a number of occasions over the past number of years. However, it is considered sensible to increase formally the statutory borrowing limit rather than have any concern about the interpretation of "temporary" in the context of borrowings.

While it was generally accepted in principle that the company's statutory borrowing limit should be increased, there has been a lot of consideration as to the most appropriate level. Inflation alone would allow an increase in the borrowing limit from €101.5 million to €182.5 million. This is based on inflating the €101.5 million limit in 1988 by Ireland's inflation rate up to October 2009.

Coillte has a significant capital expenditure each year. In its annual report and accounts for 2008, Coillte states that its capital expenditure in 2008 was €58.1 million and explained that a significant proportion of the expenditure was incurred in enhancing and maintaining the forest estate and expanding the road network within the forest and added that expenditure also included a substantial investment in Medite Europe Limited that will increase production capacity and improve operational efficiency.

The figure for capital expenditure in previous years was €58.4 million in 2007 and €49.4 million in 2006. This level of ongoing capital expenditure was a consideration.

Coillte has outlined its strategic plans to 2012 in its document, *Destination 2012*, to which it referred in its discussion with the joint committee. This document focuses on Coillte's four business areas and contains many proposals, including proposed investment in renewable energy, especially wind energy. This strategic plan requires in-depth consideration to which I will refer again.

In regard to determining the most appropriate level to which the limit should be increased, it was concluded that €400 million would allow Coillte sufficient headroom for core activities, working capital as well as approved investments.

Returning to the consideration of Coillte's strategic plan, the Seanad is aware that under the new programme for Government, I am committed to reviewing State forestry policy to take account of its critical role in relation to climate change and its importance to construction, bio-energy, bio-diversity and its potential to deliver long-term employment in other downstream industries. The review will include the role of Coillte and its functions and operations. It will also assess the effectiveness of current forestry grant schemes and make recommendations on how best to deliver supports in the future.

Three working groups are being established to carry out the review with each group assigned a specific aspect. The respective groups will be reviewing forestry grant and premium schemes, State forestry policy and Coillte's role, functions and operations.

In regard to the review of Coillte's role, function and operations, the working group will also consider the Coillte strategy document, *Destination 2012*, to which I referred earlier. Pending the outcome of those reviews, my initial view is that Coillte, with its extensive experience in forestry management and knowledge of the timber market, has played a significant role in the development of Irish forestry and that it is timely to look at its role, functions and operations

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to optimise its contribution to forestry and the economy. I look forward to the output from the Coillte review group.

In regard to the proposal before us to increase Coillte's statutory borrowing limit, it is important, in view of its current contribution to the economy by way of employment, both direct and indirect, and the export of its products, that it be provided with the means to acquire adequate funding for investment in its businesses. There are also the numerous other benefits which we derive from Coillte's management of the forestry estate, such as carbon sequestration, bio-diversity benefits and the provision of recreational facilities.

I stress that an increase in the company's statutory borrowing limit does not automatically mean the company may go out and borrow to that limit. Under section 24(1) of the Forestry Act 1988, the borrowings of the company require the consent of the Minister for Finance and the Minister for Agriculture, Fisheries and Food. When the company sends a request outlining its expected borrowing requirements, the request is closely examined by the Department and the Department of Finance and, if considered reasonable and soundly based, it will be submitted to the Ministers for consent. The level of borrowings is also reported to the Departments on a monthly basis. This requirement is in addition to the reporting requirements provided in the code of practice for the governance of State bodies.

Significant investment proposals also require the approval of both Ministers. In regard to reporting requirements, I draw particular attention to the requirement in the code of practice that:

the Chairperson of each State body must furnish to the relevant Minister in conjunction with the annual report and accounts of the body, a comprehensive report covering the Group...outlining all commercially significant developments affecting the body in the preceding year, including the establishment of subsidiaries or joint ventures and share acquisitions, and major issues likely to arise in the short to medium term.

In regard to the code of practice, I take the opportunity to welcome the revised and updated code of practice for the governance of State bodies published by the Minister of Finance earlier this year. The reporting requirements, which it stipulates, and ongoing communication between Departments and agencies under their remit are vital elements in the oversight of agencies.

I have focused so far on Coillte and the basis for seeking an increase in its statutory borrowing limit and also the controls on borrowing levels. However, it is important, for contextual reasons, to look at Irish forestry and to appreciate the significant role played by Coillte.

Investment in forestry has been a part of Government policy since the foundation of the State. This investment has contributed to a thriving wood processing sector which employs many thousands throughout Ireland, in both rural and urban areas. COFORD recently published a number of information papers on forestry, which serve to illustrate the importance of forestry. For example, the forest industry, comprising growing, harvesting and processing of forest products, makes a significant and growing contribution to the Irish economy with output in 2008 estimated at €1.89 billion or just under 1% of GDP.

Another point to note is that harvest from Irish forest in 2008 was 2.3 million cu. m, of which 2.1 million were from Coillte and the balance was from privately owned forests. While new planting is now undertaken predominantly by private growers, it will take some time for significant volumes to come from the sector. Until such time as the privately grown timber becomes available, Coillte will continue to have a major role in the provision of timber for the wood processing sector.

Forests provide a range of raw materials for industry as well as services to society, including climate change mitigation, enhancement of bio-diversity and provision of recreational activities. A well-balanced age structure is needed to sustain the production and the provision of services so afforestation, that is, new planting of forests, is vital. I was pleased, therefore, with the recent decision of the Government announced in the budget last week to allocate significant funds for new planting.

In regard to the role of Coillte in afforestation, when it was first established in 1989 the company actively engaged in land acquisition for afforestation purposes and expansion of its estate. In latter years, it has reduced its land acquisition programme for a number of reasons, including reduced availability of land for sale, rising land prices and the company's ineligibility for forestry premiums. Since 2000, the company has focused on contributing to the afforestation programme through its farm partnership schemes, by providing forestry services to farmers and by promoting forestry investment.

Coillte is currently engaged with Bord na Móna in a joint venture to afforest cutaway bogs. The pilot phase of this project will commence next year with the planting of 200 hectares initially. It is proposed to plant up to 5,000 hectares over a number of years which would be a significant contribution to the national afforestation targets.

In the wider context, Coillte also has a pivotal role to play in renewable energy. The Government White Paper on energy policy set a target of 12% of thermal energy to come from renewable sources by 2020. Biomass is expected to play a significant role in achieving this target.

Coillte is strategically positioning its forestry business and biomass resource to play an important part in contributing to the reduction in greenhouse gas emissions and climate change mitigation for Ireland. While much of Coillte's timber supply is destined for processing, the production of biomass for energy will still be significant for the company. The company is working with the key stakeholders in the market and, in particular, with the bio-energy group under the auspices of the Department of Communications, Energy and Natural Resources. In order to refine its business model and strategy for approaching the market, the company has established a pilot depot in County Mayo. Coillte is also currently seeking to align itself with a leading technology company with demonstrable experience and a proven track record in the larger industrial biomass sector.

Wind energy is also regarded as playing a major role in the achievement of the renewable energy targets. Coillte has outlined its long-term proposals in its strategy document *Destination 2012*. As I mentioned, the Coillte review group will be considering the company's strategy documents and those proposals in the context of the overall review of Coillte's role, functions and operations. A representative from the Department of Communications, Energy and Natural Resources will be a member of that particular review group as it is important that those proposals are considered in the context of ongoing developments and policy for renewable energy.

As I am sure members appreciate, Coillte has developed significantly from the time of its establishment and, for commercial and operational reasons, it is timely to revisit the level of statutory borrowings set down in the 1988 Act. As I indicated, the most appropriate level received much consideration and €400 million was the amount considered appropriate at that time. I have outlined the range of businesses in which Coillte is involved, the significant role it plays in the economy and society and its potential role in renewable energy.

It is important that a commercial company is in a position to access funding to facilitate its ongoing development and investment programme. The company's statutory borrowing limit has remained unchanged since 1988 so this needed to be reviewed and updated. I remind the

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House that agreeing to this increase does not mean Coillte may automatically borrow to that level. The consent of both Ministers is required for the level of borrowings and the requests will be the subject of scrutiny by both Departments. It is not envisaged that this proposed level will be sought in the immediate future; however, when it is being amended, it is important to provide for a sufficiently high level in the medium term.

Senator Paul Bradford: I welcome the Minister of State back to the House and the legislation, which I appreciate is brief in nature. It is also important for Coillte's long-term planning. I am reminded of the line from the poem we learned in school, "Cad a dhéanaimid fasta gan adhmad". If this Bill and its intentions come fully to fruition, the poem need not be on the curriculum any longer.

We have had interesting discussions, as the Minister of State is aware, in this House, the Lower House and in political life over the past number of months on the state of our economy and the need for a stimulus plan to generate jobs. This leads to the Copenhagen summit and the question of climate change, as the environment is very much back on top of the political agenda. This legislation provides for the long-term future of a company that in regard to both the environment and the economy can provide us with a win-win solution. The statistics have been given and there is no need to go over them.

Since the inception of Coillte in 1988 it has been very successful, although there have been concerns, worries and some problems in recent years about planting targets. This was particularly relevant to farmers intending to invest in forestry. There have been disappointments concerning the reduction in forestry premia and the difficulty in resolving the payment of establishment grants. If our targets are to be met, we must ensure forestry can continue with farmers and landowners in mind, as it should be seen as a genuinely long-term source of income. It must be a solid and sound alternative farming enterprise.

As a country our proportion of land under forestry is still very low by European standards. To the best of my knowledge we are, to put it mildly, struggling to meet forestry targets. Any further assistance, drive and enthusiasm provided through Coillte must be welcomed.

The purpose of the Bill is to provide borrowing capability and flexibility. I accept what the Minister of State said and we have all been discussing the state of the economy so frequently here that when we provide for any organ of the State or semi-State bodies to be in a position to borrow further, we must ensure there are very firm guidelines and rules in place. It is taxpayers' money that is always at risk. We may have one or two questions on Committee Stage regarding the formula which is presented, and the aspect of temporary borrowing in particular. That concept must be kept to the fore of our deliberations and we must ensure the temporary borrowings are transparent. There should be a strong illustration of these in the annual reports and no relevant financial facts should be covered.

I accept fully the need for the legislation and I am sure my party strongly supported the legislation in the Lower House. We see the strong role that Coillte has and, I hope, can continue to play into the future. The Minister of State and some of his Government colleagues will be aware of the broader Fine Gael proposal on the future of the economy. We made a suggestion through our spokesperson in the other House, Deputy Coveney, that Bord na Móna and Coillte be amalgamated, which is part of our alternative economic strategy, NewERA. We see strong possibilities of a tie-in between Coillte and Bord na Móna from an energy and environmental perspective, particularly as it deals with renewable energy.

The Minister of State briefly mentioned the role of Coillte with wind farms, which is a very exciting departure. We must recognise that we are so dependent on fossil fuels and foreign imports that we must make serious strides at the end of the first decade of the new millennium

to become independent in that way. Coillte has a major role to play with our forestry, and it can help in wind generation and using our seas to generate energy. We should put that on the agenda and as a result of the financial facilities afforded to Coillte by this Bill, progress will be made.

I have one or two questions to pose on Committee Stage and there may be one or two items to formally pursue by way of amendment. Everybody in this House supports the concept of further strengthening and developing the Coillte concept, management of our forestries and the further growth — excuse the pun — of forestry potential. Much has been done but there is more to do. We look forward to the Bill being enacted allowing Coillte make further strides in future.

Senator Francis O'Brien: I welcome the Minister of State, Deputy Tony Killeen, with this very important legislation. I support this Bill and the need to amend the Forestry Act 1988 to increase the statutory borrowing limit. Section 1 of the proposed Bill provides for an increase in Coillte Teoranta's statutory borrowing limit from £80 million, or approximately €101.5 million, to €400 million. The existing statutory borrowings limit was set in 1988 at the time of enactment of the legislation providing for the establishment of Coillte and has not been increased in the mean time.

Over the past number of years Coillte has been able to avail of the temporary borrowing provisions in the Forestry Act 1988 and its level of borrowings at the end of 2008 was €161.2 million. The company currently has approval to borrow up to a total of €260 million under sections 24(1) and 24(2) of the Forestry Act 1988.

The business environment in which Coillte operates, as a commercial State company, is a world apart from the business environment in which it operated in 1988 when it was first set up. Coillte has a significant capital investment programme each year and this includes reforestation, investment in forest infrastructure and plant and equipment.

It is necessary to increase the statutory borrowing limit to make adequate provision for the borrowing requirements of Coillte for its capital expenditure programme. In 2006, the Coillte group was reorganised around three key operating divisions — Coillte Forests, Coillte Enterprise and Coillte Panel Products. The average number employed by the group in 2008 was 1,250. Since it was established 20 years ago, Coillte has increased its forest estate by 37,000 hectares, developed its recreational facilities and extended its business base to include panel products. The agency currently manages 445,000 hectares of forest land of which 79% is forested with the remaining 21% encompassing open spaces, water, roads or land above the tree line. The company also owns two panel board businesses, namely, Smartply in Kilkenny and Medite in Tipperary and it has also entered into a joint venture arrangement with the ESB to develop a wind farm in Garvagh Glebe, County Leitrim. Coillte also contributes greatly to recreation by way of its forest parks and trails and its involvement in Lough Key Forest Park in Roscommon.

I welcome the Minister for Finance's announcement in last week's budget speech that he will provide €121 million for forestry and bioenergy. This includes a capital provision of €116 million to plant a further 7,000 hectares of trees next year, which demonstrates the Government's continued commitment to this vital sector as set out in the renewed programme for Government. Coillte has developed its business interests significantly over the past 20 years and it faces a positive future as it expands into the renewable energy sector and as Ireland commits to reducing its level of carbon emissions through increased forestry cover. It is, therefore, timely to revisit the statutory borrowings set down in the 1988 Act. The amount required was debated at great length and €400 million was considered the appropriate limit.

[Senator Francis O'Brien.]

It is important that a commercial company such as Coillte is in a position to access sufficient funding to expand its essential business interests, which are critical to our economy and the future of the environment. I support the Bill and the need to amend the Forestry Act 1988 to increase the statutory borrowing limit. The commercial context in which Coillte operates is vastly different from that when it was set up in 1988 and I commend the Bill to the House.

Senator Paudie Coffey: I welcome the Minister of State. The Bill provides us with a good opportunity to reflect on the forestry sector, management of our forestry resources, the sustainability of our forests and on new opportunities to exploit this significant natural resource to its full potential. Coillte has played a major role since 1988. Its remit has expanded and it is engaged in many activities other than planting forests such as the manufacture of panel products. Two of its companies are close to my constituency — Medite in Clonmel, County Tipperary, and Smartply in County Kilkenny. It is important that support is maintained in order that Coillte can avail of new opportunities.

The development of our carbon sink presents an opportunity. The more forests that are planted in a sustainable way, the better we will be able to counter carbon emissions. All parties are developing good green policies and it is important that Coillte plays its role and is seen to be productive in managing forestry plantation sustainably.

I am not sure why the borrowing threshold is being increased. I am conscious of one high profile case in which Coillte was involved last year relating to lands in County Waterford. The agency had a 150-year lease with a landowner, which was taken out in 1933 but, unfortunately, due to its failure to maintain the lands, a High Court action was taken against it. The outcome of the case was that Coillte should purchase 400 acres of the 900-acre estate it had leased at a minimal cost for €3.7 million. This resulted in a significant loss to the taxpayer, which is a pity. I hope similar cases will not recur in the future because we depend on State agencies to manage our resources to the best of their ability on behalf of the taxpayer.

What is the rationale for this legislation? Have all Coillte's borrowings to date complied with the current legislation? Is there a compliance issue? It is important that we learn from the past. The recreational opportunities our natural resources offer are positive. I visited Northern Ireland last summer. The Minister of State referred to only one forest park in County Roscommon but I appreciate his remit is wide. I visited four forest parks in County Down within ten miles of each other, including Tollymore Forest Park and Castlewellan Forest Park. They are more developed from a tourism perspective than our forest parks. We more or less allow people to walk around and orienteer in our forest parks. Caravan facilities, well sign-posted walking trails and other services for families are provided in Northern Ireland. They are a huge attraction, they are well promoted and they provide a cheap holiday for families. I appeal to the Minister of State to impress on the officials in Coillte the opportunity that exists to develop forest parks to attract domestic and foreign tourists. If they can do it in Northern Ireland in very similar circumstances, there is no reason whatever we cannot do it here also. There are lessons to be learned in this area.

Another area in which there is huge potential is that of mountain bike recreational facilities. It is developing massively, not only in Europe but across the world. I acknowledge that there are parks for mountain biking in Ballinastoe, Ballyhoura, Derroua and Portumna on Coillte lands. However, proposals have been made to develop a similar facility in the south east. More than 1,000 people use the Ballinastoe facility every month. This creates a demand for bed and breakfast accommodation, restaurants and public houses and a new dynamic is created. In Wales, a short trip from here, the Government invested heavily to derive benefits from mountain bike parks. It estimates that more than £5 million is generated for local economies from

each mountain park created. Each park also creates between 54 and 60 maintenance jobs. It is a natural resource that does not involve huge overheads. It takes thinking outside the box to develop these facilities that will attract people, not only from the United Kingdom but from elsewhere in Europe and much further afield. We already have the natural facilities which they could be further developed at very little cost.

Outside the structural issues and the hard work of Coillte, there are recreational facilities and opportunities that should be exploited. Tourist facilities for families in forest parks is one such area, as is mountain biking. Proposals have been made in Waterford where the local authorities are engaged with Coillte. I appeal to the Minister of State that they be given every facility. We should think not so much in the old way but outside the box and facilitate the new ideas presented to Departments or agencies such as Coillte. Everyone would benefit, including the State and the communities in which the facilities would be operated.

Senator John Carty: I welcome the Minister of State and thank him for his very comprehensive contribution on why the borrowings figure should be raised for Coillte which is to complimented on the work it has done in the 21 years since 1988. Senator Coffey spoke about many aspects of forestry which I we can enhance, particularly with reference to recreational facilities, on which much work has been done. I come from County Mayo where in Belleek woods, a hardwood forest on the verge of Ballina, the red squirrel has been reintroduced in recent years in conjunction with the Department of the Environment, Heritage and Local Government. This has been a huge success and added much to the tourism aspect of Ballina, where fishing is the prime attraction. The people involved are to be complimented. They received tremendous assistance from Coillte, the forestry service and the Department of the Environment, Heritage and Local Government.

It is delightful to see Coillte getting involved in a wind farm in County Leitrim which I hope will be a tremendous success. In these times we have to produce as much energy as possible and not depend on imported energy resources such as oil. I note that under the renewed programme for Government it is proposed to diversify forest culture with an emphasis being placed on native trees and to plant a minimum of 30% broadleaves annually in order that by 2030 there will be a major increase in plantations. That is very important. Now that the price of land has decreased, I appeal to Coillte to try to purchase large acreages of good land which could be used to produce hardwoods which take a long time to mature. I do not suppose anyone in the Chamber will see the day when they will mature, but it is important that we grow them for the generations to come. That is for whom we should plan.

Forestry provides much local employment. In County Mayo one of my family members is involved in the production of stakes using various timbers and employs five or six people. It is great to see the business, based in the countryside, doing so well and it could not operate without the raw material.

Between 2005 and 2008 the profit figures were €19 million, €22 million and €40 million. However, in 2008, the profit figure was €9.2 million, even though turnover was €249 million. I know dividends of €2.6 million were paid, but why was the profit figure so low? I am not giving out; many companies would be delighted to make a profit of €9.2 million and the employment of an average of 1,250 people is a huge bonus. Coillte is to be complimented on the work it has done. It has diversified into other businesses and has a huge export market; it exports approximately 80% through Smartply Europe based in Waterford and Medite Europe based in Clonmel. That is very good for the economy, as it proves that if we put our minds to it, we have the people and expertise to produce high quality timber products and diversify into other lines, which is of huge importance.

[Senator John Carty.]

I commend the Bill to the House. I have not doubt it will be passed and give Coillte more flexibility. It was only able to borrow approximately €101 million, which figure is being extended to €400 million, which will enhance its position.

Senator Niall Ó Brocháin: I welcome the Minister of State, Deputy Tony Killeen. I have to commend him because the ink is not even dry on the renewed programme for Government and he is already acting on it. The Bill provides for a 400% increase in the statutory borrowing limit for Coillte, which is fantastic. I also commend and agree with Senator Coffey that all parties are developing good green policies. Senator Norris has stated we are not developing indigenous green shoots; I can tell him that we are, as this Bill is all about indigenous green shoots.

I understand that nearly €2 billion, or 1% of our GDP, currently comes from forestry. That will be increased significantly. Currently, 11% of the country is covered by forests and we want to increase this to 17% by 2030. Nearly one third of Germany is covered in forestry, so it shows that we have a long way to go. There has been an increase this year of nearly 6,000 hectares of new forests, which has led to nearly 1,000 new jobs. If we reach the target of 15,000 hectares per annum, then we need to ramp this up. We could create 2,500 jobs in parts of the country where it is difficult to create jobs. I commend various Members who have spoken about ecotourism, renewable energy and the carbon credit system. There are 16,000 people currently working in the industry.

Ten per cent of the land area in my county of Galway is covered by forestry, while only 3.96% of Dublin is covered. There are many different areas in Dublin that are suitable for forestry, so we should increase that figure. Wicklow is the county containing the highest percentage of forestry, at 21%. Forests take out 2.2 million tonnes of carbon per annum in this country, and that is saving the taxpayer €44 million, which is fantastic. There have been 18 million ecotourism visits to forest parks, which generates €268 million indirectly. I am baffling myself with statistics, but this is a win-win story for Ireland. It is a long-term issue, as the targets are set for 2030.

The current Government is taking the issue very seriously under the Minister of State, Deputy Killeen. The Green Party believes we are dealing with ecotourism, renewable energy sources such as wood chip and wind energy under Coillte, which is saving on carbon emissions. I thank the Minister of State and I ask him to keep up the good work. I commend this Bill to the House.

Senator Donie Cassidy: I compliment the Minister of State and I welcome him to the House. He has a vast knowledge of the importance of forestry to rural Ireland, and I look forward to the passage of this Bill. My father was a forestry worker all his life and I have known the importance of the woods of north Westmeath to the community. We are privileged to be living in the lake district area of north Westmeath, with its forestry and bogs.

The programme for Government has highlighted and recognised the importance of forestry. The programme clearly states that forestry policy must take into account its crucial role on climate change and its importance to the construction of energy biodiversity, with its potential to deliver long-term employment in other downstream industries, such as ecotourism, furniture and crafts. The review will include the roll of Coillte, its functions and options, and I welcome this announcement by the Minister of State. It will also assess the effectiveness in the current forestry grants scheme and make recommendations on how best to deliver supports in the future. Following the review, there will be an overhaul and significant enhancement of the current situation, with hopes to improve plantation by 2030 to 17%.

I congratulate local authorities, the Department of the Environment, Heritage and Local Government and the NRA for the great work they have done over the last few years. They have transformed Ireland by linking Dublin with Cork, Limerick and Galway. Right before our eyes, we see all the young trees and shrubs that are planted on our drive to the capital city when we come to work in the Parliament. It is obvious that importance was put on this during the planning stages of these roads.

The programme for Government stated that we will be promoting a diversity of forestry culture, with an emphasis on native trees, to ensure that a maximum 30% of broad leaf trees will be planted annually. We have a serious love for beech trees in my part of the country. Will these trees be included for grant funding? Beech is a magnificent species of tree, and the Tullynally estate, the hills of Mullagh and Mullaghmeen all contain beautiful trees that have been planted.

We can become a net exporter of energy. Coillte is currently engaged with Bord na Móna in a joint venture to do this. There is a great amount of bogland and high ground where trees are being planted, such as Mullagh and Randoon, and where the farming community could be assisted with alternative farming income which would be of great significance to the Exchequer for energy costs. I welcome the pilot phase of the project that will begin next year with the initial planting of 200 hectares. It is proposed to plant up to 5,000 hectares over a number of years.

We have the right Minister of State *in situ* with the necessary attitude, and the Government has a determination to do everything it can to improve the environment and reap the return from our efforts. This is particularly the case for tourism, and it has been suggested that mountain bike tourism can provide an opportunity to make our youth fit. The greatest gift one can give is to make oneself fit. That level of fitness provides confidence and confidence can move mountains.

Acting Chairman (Senator Paul Bradford): You might move towards a conclusion now.

Senator Donie Cassidy: I welcome the allocation of €121 million in these difficult times. I wish a speedy passage to this Bill and I thank the Minister of State for bringing it to our attention. We will support it all the way.

Senator Paddy Burke: I welcome the Minister of State and wish him well with the legislation. I am pleased to have an opportunity to say a few words on this exciting Bill. This is also an exciting time for Coillte. As Senator Ó Broilcháin stated, poorer parts of the country have a golden opportunity to make progress, through Coillte, in alternative energy and forestry.

I concur with Senator Coffey on orienteering and mountain biking, both of which are major sports on the Continent. While they are not yet major sports here, advances have been made in the south east and the sports could spread throughout the country. The local authority in County Mayo allocated €100,000 for mountaineering and to open new routes and walkways in the mountains. This presents an opportunity for it to work with Coillte. Other local authorities could make available funding for orienteering, mountaineering, mountain biking and other alternative pursuits. This would make Ireland more attractive, especially given our beautiful scenery. These pursuits could be developed if Coillte works closely with local authorities and the Department. There is no point talking unless action is taken. Such action must be spearheaded and I believe the Minister of State could do this by liaising with local authorities.

I agree with Senator Carty that we have an opportunity to plant hard wood trees. These take a long time to grow and few landowners will invest in them, other than perhaps by planting

[Senator Paddy Burke.]

one corner of a field. The fourfold increase in the borrowing limit for Coillte and dramatic decline in land prices presents an opportunity for Coillte to enter this market.

In my parish when I was young there were 400 full-time farmers. At best, the majority of them are now part-time. I do not believe there is one full-time farmer left in my parish. Coillte has an opportunity to lease land for 40 or 50 years from some of these individuals or groups of individuals who are forming co-operatives.

I welcome the pilot scheme on biomass established in County Mayo and ask the Minister of State to elaborate on how it will operate. Will he also indicate how farmers could benefit from producing materials for biomass and help expand this sector and create more jobs? Employment opportunities are available in this area. As Senator Ó Brolcháin stated, all parties are pushing a green agenda and the nation has an opportunity to grasp this. The Minister of State can push this agenda forward through Coillte, the local authorities and the farming sector.

Minister of State at the Department of Agriculture, Fisheries and Food (Deputy Tony Killeen): I thank the Acting Chairman, Senator Bradford, and other Senators for their positive contributions and for the many and wide-ranging ideas which have emanated from all sides on the future role of Coillte and the value of forestry. It is encouraging to hear such positive views.

Senator Bradford referred to the 8% reduction in premia which was necessary in the April budget. This measure arose due to the economic circumstances. There was genuine concern, which I shared, that the impact of the reduction could be negative. As it transpired, however, the level of planting this year will be higher than last year and the indications are that it will also increase next year. Obviously, this increase cannot be attributed to the 8% decrease in the value of premia. A number of other considerations such as land use options came into play.

I separated this provision on the funding limits for Coillte from a much larger Bill which is under preparation in the Department and will probably run to 40 sections. Approximately half of the sections have been cleared by the Office of the Parliamentary Counsel. I will explain the reason for the urgency with the Bill later. Ideally, I would like to return to the House early in the new year with the main Bill which deals with many areas which were mentioned by various Senators.

Senator Bradford asked whether borrowing heretofore has complied with rules and guidelines. Having checked this matter carefully in preparing the legislation, I am satisfied that all the borrowing which has taken place complies with legislation.

I was pleased to hear Senator Bradford and other speakers take a positive view of the involvement of Coillte in wind farms. This is being done in a number of ways. The company is co-operating in a joint venture with the ESB in Garvagh Glebe in County Leitrim. Coillte may also be in a position to act alone in some instances. In specific circumstances it may be advantageous for it to arrange permissions and so forth before selling the site and investing the proceeds in an alternative forestry enterprise. I would like such flexibility to be in place and I am pleased Senators welcomed this idea.

Senator O'Brien also spoke in positive mode and cited a number of positive and exciting statistics related to forestry. Despite the visibility of trees, we tend to overlook forestry's value in terms of employment, recreation and other areas.

Senator Coffey is clearly familiar with the two panel board product facilities located close to his home in County Waterford. One of the plants is just inside the border of County Kilkenny at the Port of Waterford, while the other is in Clonmel. These companies provide employment opportunities. Substantial investment has been made in Medite in recent times and similar investment is required in SmartPly to facilitate exports and ensure standardised quality, speed

and other factors which are important considerations when one is exporting 80% of one's product. I visited both plants recently and what I saw was positive. Senator Coffey also referred to opportunities in carbon sequestration, to which I will refer.

Given that the original borrowing limit was set at €101 million or thereabouts and has increased, through inflation, to approximately €188 million, people are entitled to ask the reason it is being increased to €400 million. It is being increased in the context of a draft strategy from Coillte for the period until 2012. This appears a short timeframe in some respects. The strategy envisages the company developing in non-traditional areas to ensure it is able to fulfil its commercial remit in the first instance and plays a much more positive role in afforestation, recreation and many other areas. This is a welcome development.

Initially Coillte indicated that its plans could involve borrowings of up to €700 million. Having consulted the company and examined its proposals and potential developments in the short to medium term, we decided that €400 million is more than sufficient to enable the company to do what is necessary for a considerable period.

Senator Coffey referred to an incident in Waterford involving a 150 year lease and so forth. While I was familiar with the case six months ago, I have forgotten the details. I will, however, obtain an update for the Senator because this is an important point. Part of the job the Houses are charged with is to ask hard questions about how public money or money in public companies is spent. The places in which to answer the question are these Houses and I will be more than happy to revert to the Senator with the details, as I do not have a sufficiently clear recollection to respond now.

Senator Paudie Coffey: I appreciate that.

Deputy Tony Killeen: The borrowings have been in compliance with the provisions of legislation. We will deal with the matter on Committee Stage, as Senator Bradford has tabled an amendment on it.

I frequently visit Castlewellan and Tullymore in the North and they have good facilities that are widely used. They use a slightly different system, with The National Trust and the local authorities playing a slightly different role. Local authorities here are becoming proactive also. Senator Ó Brocháin has made the point that, in respect of Coillte, there are 18 million visits a year, an extraordinarily high number, of which the value to the economy is estimated at €97 million. Senator Coffey's point is central to how we should examine what appear to be problems. However, alongside them, there are enormous opportunities. Where Coillte lands are not directly in State ownership but under State influence, there are opportunities to do things earlier than in the private forestry estate, which is also significant. I welcome the ideas that have come from several Senators.

Coillte is responsible for ten forest parks, 150 recreational sites and 50% of road walking routes in the country. This represents a significant contribution to the recreation industry in terms of the health-related recreation benefits arising. Members also mentioned mountain bike trails and other very important facilities. Perhaps it is a good time to focus on this aspect. Coillte officials tell me they invest heavily and have a sense that it is not particularly appreciated at national level. The investment is appreciated by those who use the facilities, but the level of investment is not appreciated in the same way. A clear signal will be sent by this debate that it is appreciated.

I am also familiar with Belleek House mentioned by Senator Carty. He welcomed the establishment of wind farms and made the important point that we were dependent on oil. It costs us some €7 billion per annum and we are at the furthest end of a gas pipeline that extends to

[Deputy Tony Killeen.]

much less stable political entities. Security of supply is a major issue, as are environmental concerns.

The Senator also referred to employment. One of the beauties of employment in the forestry industry is that it is frequently in areas where there are few other opportunities. The profit drop to which he referred is largely attributable to the decline in the construction industry. It is also attributable in part to the difficulties that arose with the sterling euro exchange rate. Many exports are to the United Kingdom. That market remains robust in terms of quantity but is less positive in respect of the income derived from it.

I welcome Senator Ó Brocháin to the House and wish him well in his political career. He mentioned that this was an indigenous industry and referred to points made by Senator Norris, one of which was that some of the most positive green shoots were attributable to foreign direct investment, but indigenous sectors of great importance are doing reasonably well. Some of the ideas presented can be put to use and great advances can be made. As Senator Ó Brocháin pointed out, the challenge is to increase the percentage of our forest estate from 11% to 17%. Reaching this level of land cover in forestry seems like a major challenge. However, if one looks back 100 years, some 1% of the area of the country was covered in forestry. We have increased this to 10%, a tenfold increase; therefore, the challenge seems less daunting.

There are competing land use possibilities, which represents a challenge for forestry which is relatively difficult to address. Some 16,000 people are employed in the industry, a significant number. A number of speakers referred to the potential for tree planting in areas that were neither urban nor woodland. I refer to the little groves one sees frequently on the Continent. That is not attractive for commercial reasons or to Coillte because it is involved in the board business, among others. We could examine the matter in the context of the new legislation to encourage people to grow small groves of trees that would have the same impact in terms of carbon sequestration as if they were grown on sites of 200 acres. There may be possibilities in this regard.

I acknowledge the role played by the Green Party, in particular by my colleague in the Department of Agriculture, Fisheries and Food, Deputy Trevor Sargent. I also acknowledge the role played by the Minister for Communications, Energy and Natural Resources, Deputy Eamon Ryan, and the Minister for the Environment, Heritage and Local Government, Deputy John Gormley, with whom I worked for the first year of the Government's term. They have been very supportive of forestry.

Senator Cassidy referred to climate change and made the important point that there were obstacles to increasing the level of afforestation. We must examine these issues closely. The Senator also referred to the role of the NRA, the local authorities and the Department of the Environment, Heritage and Local Government in growing trees along the roadside. Apart from being beautiful and preventing wind damage, it sends a positive message about afforestation.

The Senator asked if beech was a native woodland or broadleaf species. It is classified as a broad leaf species for grant assistance purposes but there are separate schemes for native species. There is no native species of beech tree. When dealing with forestry, I am often worried that people will ask me very specific questions because there are a range of schemes in place. Some say we should simplify them, but there are good reasons we should promote native species and broadleaf species. In this instance, beech qualifies as a broadleaf species but not as a native species. There are considerable differences in the premium rates payable.

Senator Donie Cassidy: Is there a small grant?

Deputy Tony Killeen: There is a significant grant payable.

The Senator referred to the wind energy sector. There have been landslides related to the construction of wind farms. That is a concern I have about such sites, but the matter is difficult to predict. The Senator also referred to the budget allocation, which sends a positive message to the industry.

Senator Burke mentioned that this was an exciting time for Coillte and that there was a golden opportunity for the country in the provision of recreational facilities and employment. I have not thought much about his point that there are opportunities to involve local authorities. This was mentioned by many speakers and it is a matter I will pursue in the context of forestry policy. Coillte has close associations with local authorities in amenity areas. Sometimes these take the form of good joint ventures in the Dublin area and elsewhere. Perhaps I need to examine how the Department interacts with local authorities and I will be more than happy to do so.

The increase in the number of hardwoods grown is interesting. In years we have exceeded the 30% target for the planting of broadleaf trees. This is to be welcomed, although those involved in panel board and sawmills say one must wait much longer for the product to reach the stage where one can benefit from it. Ensuring a mix is the best way.

Senator Burke referred to the changing role of farming and the opportunities available in respect of the long-term lease of agricultural land by Coillte. I will mention this to the company because it is true, despite the fact that land prices have dropped, that this presents a significant challenge when Coillte does not benefit from the premium payments from which others benefit. There is a good scheme under which it co-operates with landowners and provides technical expertise for them.

Senator Burke also asked about the biomass scheme in County Mayo. As he is aware, there are many proposals with regard to availing of alternatives and the use of biomass. One of my concerns is that the industry is in its infancy. Many are becoming involved in it. The challenge is to provide the level of biomass the industry has the potential to require, particularly if the price of commercial timber remains high relative to the price of wood as a fuel product. That is one of the challenges we face. I would not rule out the possibility that in the short term we may be importing substantial amounts of timber and timber products to meet that particular industry.

I thank Senators for their co-operation and for the very positive messages.

Question put and agreed to.

An Leas-Chathaoirleach: When is it proposed to take Committee Stage?

Senator Donie Cassidy: Now.

Agreed to take Remaining Stages today.

Forestry (Amendment) Bill 2009: Committee and Remaining Stages.

Section 1 agreed.

NEW SECTION.

Senator Paul Bradford: I move amendment No. 1:

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

“2.—Section 24(2) of the Forestry Act 1988 is amended:

[Senator Paul Bradford.]

(a) by the insertion of the words “but shall not exceed €100,000,000, without receiving the express approval of Dáil Éireann” after “the consent of the Minister for Finance”, and

(b) by the insertion of a new paragraph in subsection (2) as follows:

“(a) Monies borrowed temporarily at any point in the accounting year under this subsection shall be noted in the annual report of the company for that accounting year.”.”

The purpose of this amendment is to ensure the new borrowing powers being given to Coillte will be used in a careful and cautious fashion and, in particular, that the temporary borrowings which we accept are necessary can be used in a productive and innovative fashion, will be used sparingly and that the Oireachtas, acting on behalf of the taxpayer, will have a significant influence over those temporary borrowings.

The Bill proposes an increase in the borrowing power of Coillte to the new limit of €400 million. We accept that in this new commercial era, 21 years after Coillte was initiated, it is appropriate that new limits and new figures be put in place. The Minister of State’s new limit is balanced and fair. The Fine Gael amendment seeks to ensure that an appropriate level of care and caution will be applied in respect of the borrowings and the suggestion of €100 million, that is, 25% of the maximum borrowing limit is not appropriate from the point of view of the taxpayer and from the point of view of public accountability.

Senator Paudie Coffey: I second the amendment. Essentially it is a genuine attempt by Fine Gael to introduce an element of oversight in regard to what is quite a substantial figure of €400 million of temporary borrowing power to Coillte. We do not doubt the competency of Coillte. The Minister of State has outlined its competence in many areas. However, I have outlined one area where it may not have been competent. That is why it is important to have the appropriate checks and balances in the various powers we give to semi-State agencies. There is a need for the Dáil and the Minister to have a good oversight role. That was the reason for tabling the amendment.

The Minister of State explained briefly the reason the borrowing threshold has been increased. As the economy and companies develop there is a need to increase the threshold and we agree with it in principle. However, the amendment seeks to introduce an oversight role. I will be interested to hear further explanations on the reason the extra borrowing power was introduced.

Minister of State at the Department of Agriculture, Fisheries and Food (Deputy Tony Killeen): I appreciate the sentiments underlying the proposed amendment. At the current rate, Coillte’s borrowing will still be under €200 million. If this legislation is passed we will provide an additional €200 million which will enable Coillte to proceed with all its strategic plans. The provisions of section 24(2) of the 1988 Act will remain in place. I do not want to send out a signal to Coillte that in the short to medium term we will engage in the temporary borrowing facility. I would much prefer if, for the future, it operated within the provisions of section 24(1)(b) of the 1988 Act which is the ordinary borrowing requirement.

I remind Members that setting the limit at €400 million does not entitle Coillte to go out tomorrow and extend its borrowings to that level. For each piece of new infrastructure in respect of its borrowing it is required to make its case to the Department of Agriculture, Fisheries and Food in the first instance and, subsequently, to have it examined by the Department of Finance. There is a very strong set of balances in that regard. I am entirely satisfied

with the checks and balances already in place but I do not wish to send out a signal that I am interested in hearing about any temporary borrowings from Coillte in the future.

When we come to debate the substantive Bill, about which I told Members earlier, if the Senator wishes to revisit this issue I would be happy to consider it in that context where I think it might be more appropriate. The second part of the amendment deals with accounting practices and how clearly they should be shown in the annual accounts. There is a requirement that the levels of borrowing at the beginning and end of the year be set out clearly in the annual report. Those of us who are not accountants sometimes do not see this clearly but we do have the facility to have it examined as we always do within the Department.

Senator Coffey mentioned the issue of oversight. My strong view is that the most appropriate and most effective method of oversight available to the Oireachtas is that bodies such as Coillte should appear before the Joint Committee on Agriculture Fisheries and Food, which it does every year or whenever it is invited, as it did last October. Some of my colleagues in the other House were of the view that the discussions which were engaged in in October 2009 could have been more open and issues such as this could have been flagged more clearly. Coillte did indicate that there were issues about its borrowings but, perhaps, it was not as clear as Members would have wished. I believe the oversight provisions in the Oireachtas committee system are by far the most practical and are solid in any event. Since in the accounting practices that apply to the annual report they are already provided for, the second part of the amendment is superfluous and I certainly do not want to go down the road of the first part of the amendment.

Senator Paudie Coffey: I accept and understand where the Minister of State is coming from. I mentioned briefly one specific case for the reason of oversight. It is an obvious case in which Coillte was involved. It had a 150 year lease on almost 1,000 acres of prime forestry land since 1933 which would have taken it up to 2083. Unfortunately something was wrong because the lease was challenged by the private owner of those lands and it had to be broken. Coillte entered into a new agreement whereby it bought 400 acres of land at a cost of €3.7 million to the taxpayer and ended up giving back 500 acres of what was previously leased. It has the agreement of the landowner that it can harvest that land up to 2035 so there was some allowance back on those lands. This is the reason I seek an oversight role. Would Coillte have power to approve the purchase of those lands? I appreciate it is an agreement and is out of the court but would that require the approval of the Minister? The Minister of State did acknowledge that this is the place to ask the hard questions and I appreciate him saying that because too often hard questions are not answered, especially in Parliament. I do not expect an answer today but the Minister of State said he would come back to me with more detail and I accept that.

As regards an oversight role, I use this specific case as an example. Some €3.7 million, a substantial amount of money, was used to purchase lands which we already had on a long-term lease of 150 years and, due to inappropriate maintenance or whatever, the State was forced, though Coillte, to purchase these lands and give back almost half of the resource it had available to it. I hope the Minister of State understands where I am coming from. I have given a hard example of the reason oversight is important and the reason approval is required right up to the level of the Minister. That is why we are here. We are elected parliamentarians and should not give all the power to State agencies. We must have accountability and transparency right up to elected Members.

Deputy Tony Killeen: I appreciate the points made by Senator Coffey with regard to that case. As I said, I do not have sufficient detail here to answer all his points immediately. It is important to bear in mind that the acquisition of that estate dates back to 1933, which is 55 years before the setting up of Coillte, and I do not know how much of whatever ought to have

[Deputy Tony Killeen.]

been done ought to have been done in that particular period. I will find out all the details and will forward them to Senator Coffey.

In general terms, I also flagged that there are risks associated with almost any project on which one would engage on any lands, but also on public lands, if that were to be the issue of today. There are issues of landslides in some of the cases where there are wind farms — there have been two minor ones on the Garvagh Glebe site. My recollection is that in each case where an incident arises that has any implications, it is notified to the Department and is considered. Unfortunately, in cases like that and perhaps in some respects in this case, by the time one is getting information and by the time they may have the information, it may already be too late. Nevertheless, my experience has been that the reporting procedures are very robust. I have made it very clear to the chairman and the CEO that I would like those procedures to be strengthened. In fact, I have arranged for an engagement between Department officials and senior personnel in Coillte to ensure those lines of communication remain as robust as they ought to be.

Senator David Norris: I would like to say with overpowering irrelevance that I was charmed to be mentioned by Senator Ó Brolcháin in his earlier contribution. As Oscar Wilde said, the only thing worse than being talked about is not being talked about. However, I point out I have spoken passionately in earlier debates on the subject. My mother's family, the Mac Giolla Phádraig — Fitzpatrick — family planted all over the Slieve Bloom mountains and because of their obsession with trees turn up in James Joyce's *Ulysses*. I felt I had to restore the family name, however irrelevant it is.

An Leas-Chathaoirleach: It is not on the amendment in any case.

Amendment put. The Committee divided: Tá, 14; Níl, 27.

Tá

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

Cummins, Maurice.
Fitzgerald, Frances.
McFadden, Nicky.
Mullen, Rónán.
Norris, David.
O'Reilly, Joe.
Phelan, John Paul.

Níl

Boyle, Dan.
Brady, Martin.
Butler, Larry.
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.
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.

Tellers: Tá, Senators Paul Bradford and Paudie Coffey; Níl, Senators Camillus Glynn and Diarmuid Wilson.

Amendment declared lost.

Section 2 agreed to.

Title agreed to.

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

Forestry (Amendment) Bill 2009: Motion for Earlier Signature.

Senator Donie Cassidy: I move:

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

Question put and agreed to.

An Cathaoirleach: When is it proposed to sit again?

Senator Francis O'Brien: At 10.30 a.m. tomorrow.

Adjournment Matters

Census of Population.

Senator Maria Corrigan: I am grateful for the opportunity to raise this important matter.

There is currently a significant information deficit regarding the number of people who have been diagnosed with autism or as being on the autistic spectrum disorder. A group has proposed that the most cost-effective way of capturing the national statistics for autism and ASD within the country would be the inclusion of a question to this effect on the 2011 census. I ask if the Minister of State could indicate if this is a matter that could be considered and what would need to be done to bring this about.

There has been increasing awareness of autism as a disorder. It is only in recent times that the ability to diagnose it has become fine tuned. However, there are no national statistics on the disorder. Autism and autistic spectrum disorder has not been captured through the use of the intellectual disability database although this database is being amended to allow a capture of the national statistics in the area of physical and sensory disability. We need to keep in mind that the database will still only capture those people who are accessing services and have agreed to allow their details to be included in the database.

The lack of accurate statistics regarding the number of people with autism or who present on the autistic spectrum is a serious challenge in the area of service planning and provision and future demand for funding. I ask that the census of 2011 be used to capture the national statistics. This would present a very valuable tool for planning services and also provide an accurate picture of the profile of autism within Ireland in 2011.

Minister of State at the Department of the Taoiseach (Deputy Pat Carey): I thank Senator Corrigan for raising this matter. I am very familiar with this issue because in the preparation of the memorandum for the census I was closely involved with the Central Statistics Office which is within my area of responsibility. I will outline the current position. The Cabinet at its

[Deputy Pat Carey.]

meeting last Tuesday agreed to the recommendation that the next census would be held on 10 April 2011. The Government decision of July 2008 agreed to the holding of a Census of Population in 2011 and that the CSO should immediately commence the necessary preparatory work associated with the holding of the census.

Part of the preparatory phase of all recent census in Ireland is to consult with users regarding the questions to be included on the census form. In this regard the CSO conducted a public consultation by inviting members of the public and various interest groups to make submissions on the topics to be covered and on the outputs to be produced. A notice to this effect was published in the national press in September 2008 seeking submissions, and all Departments were contacted for their input.

A census advisory group was set up in autumn 2008 to consider the submissions received and to advise on the questions to be tested in a pilot survey planned for April 2009. The census advisory group is representative of central and local government, the social partners, universities, research bodies and other users of census data along with the relevant CSO personnel.

Over 90 submissions covering 31 topics were received in total, among them submissions on the subject of disability and in particular on the subject of autism. In order to progress matters relating to disability the CSO convened a specific subgroup to consider the disability questions on the census form. This subgroup was composed of representatives from the National Disability Authority, the Equality Authority, the Disability Federation of Ireland and the National Federation of Voluntary Bodies.

The 2006 census contained questions on disability in two parts. The first part asked, "Do you have any of the following long-lasting conditions?". It then listed five different categories of disabilities for people. At the second meeting of the subgroup on disability the proposal to list specific, named disabilities within the disability question was discussed. Specifically, the proposal to make a special reference to autistic spectrum disorder or Down's syndrome, in the category of "A learning or intellectual disability" was considered. Having discussed and considered the matter, the group concluded it would not be appropriate, nor would there be enough room on the census form to list individual disabilities. There is simply not enough space on a census form to list individual categories of disability. However, in order to go some way towards accommodating the request regarding autism and Down's syndrome it was decided that the existing 2006 category of "A learning or intellectual disability", should be split into two separate categories namely, "An intellectual disability" and separately, "A difficulty with learning, remembering or concentrating". The group considered this approach narrowed the categories in the question and thus helped address the issue of autism while allowing the question to remain as inclusive as possible. It was decided that this new format of the question should be tested in the pilot survey.

The pilot survey was held on Sunday, 19 April 2009. It covered 32 enumeration areas spread throughout the country and the sample consisted of 11,400 households. The main purpose of the pilot survey was to test public reaction to the wording of a number of new questions, among them the new format of the disability question. The CSO, with the assistance of the census advisory group, has now finalised its analysis of the results of the census pilot. This analysis has indicated that the revised questions on disability tested in the pilot have been successful and accordingly these questions have been recommended for inclusion in the 2011 census questionnaire. The Government has now accepted this recommendation and agreed to the inclusion of these questions on the 2011 census form.

8 o'clock

I know Senator Corrigan has a professional interest in this area. Much thought and consideration has gone into trying to find a way to accommodate the wishes of interested groups. She referred to the data deficit. The reply from the statisticians is that it is simply not possible to collect statistics on individual specific disabilities on a census form as there is simply insufficient space on the form. It is claimed this is not the appropriate tool for collecting this type of information and it is not realistic to collect information on individual specific disabilities on any household survey. The range and diverse nature of illness and disability is not suited to survey collection. It is more appropriate to gather such data from administrative records. I have a copy of the draft questions, which I will pass on to the Senator if she would like them.

The Senator asked why additional questions on autism cannot be included on the form at this stage, and I outlined the thinking behind that. I would like to think that in regard to this and other issues it will be possible to refine this information further down the road. The appropriate term escapes me but there will be more refinement information on households through the use of technology. Area postcodes, for example, will facilitate the collection of other data which has not been possible up to now. A geophysical technique, although perhaps that is not the right term, is being used to identify households and other issues. One of the matters raised was would it be possible to identify the composition of households — I am straying slightly from the subject of the Senator's matter — in terms of whether the members of them were same-sex couples, if they were legally married, separated and that kind of information. It is not yet possible to achieve that level refinement of data, but I suspect it will be possible to do so within a relatively short time.

Senator Maria Corrigan: I thank the Minister of State for his comprehensive response. He is the Minister who has been dealing with this issue and I thank him for coming to the Chamber to respond to this matter. I appreciate that. I thank him for his detailed response, especially the outline of the process that has been gone through.

I have some reservations about the wording the Minister of State has decided upon. It does not relate so much to this matter but, from my professional background, it occurs to me that to ask people to put a tick against either intellectual disability or a difficulty with learning, remembering or concentrating — the latter category will apply to people with dyslexic-type disability, people with acquired brain injury, attention deficit disorder and hyperactivity — will result in some refinement but it will collect all for such information. It may cause more confusion for the people completing the form than was intended.

If I understand the Minister of State correctly, he is saying that the form for the 2011 census is finalised and that it is not possible to proceed any further with changes in that respect. Is that correct? I take on board the comments he made off script that this possibly is not the most appropriate tool to try to capture this information, but because we have that deficit perhaps the appropriate course of action would be to pass this on to the Minister with responsibility for the disability sector and examine other more appropriate tools, as I appreciate what the Minister of State has said about the 2011 census. I thank the him again for his time.

Hospital Services.

Senator Brian Ó Domhnaill: I am delighted to have this opportunity to raise on the Adjournment the issue of neurological services in the north west. This issue was brought to my attention by MS Ireland which has an office in Donegal from which it provides a service for the north west. I also raised this issue on the Adjournment in February 2008.

This issue relates to the need for an additional consultant neurologist in the north west. Currently, there is one consultant neurologist for the HSE north-west region. That consultant is located in Sligo General Hospital. It has been well documented that neurological services

[Senator Brian Ó Domhnaill.]

within the State are underdeveloped generally in comparison with other European and developed countries. Neurological disease affects approximately 700,000 people in Ireland. Each year approximately 44,000 new patients are diagnosed with neurological problems. Stroke is the third most common cause of death and the leading cause of disability in this country. With our ageing population, neurological diseases such as Alzheimer's disease and Parkinson's disease will become an even more serious public health issue in the future.

There are 21 consultant neurologists and five consultant neurophysiologists in the public service within the State. In April 2003, a report published by Comhairle na nOspidéal, the National Hospitals Office, on neurological diseases and service provision recommended one consultant neurologist per 100,000 people within the State. That suggests there should be 39 such posts within the Republic of Ireland, and following the last census figures, that figure would increase to more than 40. The report's recommendations for clinical neurophysiology is for a total of nine consultants compared with three in 2003. That would leave a shortfall of 30, which is obviously having an effect on the north west.

The demands on the service in the north west are overwhelming. On MS Ireland's books alone, there are 700 or 800 patients in the region who utilise its services. There are more than 1,000 people on the outpatient waiting list at Sligo General Hospital to see the consultant neurologist, who travels between Sligo General Hospital and Letterkenny General Hospital, and I understand he is in Letterkenny General Hospital one day a week. There is an 18-month waiting list to see that consultant. The consultant neurologist in Sligo General Hospital is not necessarily responsible for diagnosing the patients. They are diagnosed more often than not in Dublin or in Galway. The difficulty arises in terms of the waiting list of patient referrals, following their initial diagnosis, to see the consultant neurologist for regular appointments. That 18-month waiting list is unacceptable and must be dealt with. Some work was done by the HSE to try to rectify the situation with the making available of additional assistance.

I raise this matter on behalf of multiple sclerosis patients, especially in Donegal where there is a large number of MS sufferers, many of whom I know who are experiencing major difficulties. When one is diagnosed with MS it is a life-changing experience. Those patients and their families experience difficulties, which would be eased if, following their diagnosis, the waiting list was reduced somewhat.

I know of patients who were diagnosed in recent months who are now on a waiting list and there is a massive backlog. It would be helpful if that waiting list was dealt with by the appointment of a second consultant. I would like to pay tribute to the consultant in Sligo General Hospital, Dr. Murphy, who is doing an excellent job. He is available to the families concerned but resources dictate the level of service he is able to provide. I have no doubt he would warmly welcome the appointment of a second consultant neurologist to assist him in reducing the waiting list from 18 months to a more reasonable waiting time.

Deputy Pat Carey: I thank the Senator for raising this issue, which I note from his presentation he clearly understands and with which he is heavily involved. As he did, I pay tribute to all the professionals who work with different groups in the medical and paramedical areas.

I am responding to this matter on behalf of the Minister for Health and Children, Deputy Mary Harney, and I will outline the position. The Minister has identified the development of neurology services as a policy priority in recent years. Additional revenue funding of €7 million was allocated to the Health Service Executive in 2006 and 2007 for the overall development of services in the area of neurosciences, which comprises neurology, neurophysiology and neurosurgery. Nationally, the investment in recent years has helped to increase the number of approved consultant neurology posts, which now stands at 25 compared with 14 in 2003. In

addition, there are seven approved consultant clinical neurophysiologist posts, an increase of four since 2003. As part of these service developments, the HSE appointed a consultant neurologist to Sligo General Hospital in early 2008, as the Senator said. The post provides neurology services to the north west region.

Of the development funding for the provision of neurology services in the north west, €80,000 has gone towards the establishment of a pilot tele-neurophysiology link between Sligo General Hospital and Beaumont Hospital. This has facilitated patients in receiving their EEGs locally, thus avoiding the need for them to travel to Galway or Dublin. The HSE has conducted a national neurology needs assessment. This sought to identify the current provision and future requirements of the health system for neurology services. The strategic review was overseen by a multidisciplinary steering group, chaired by an assistant national director of population health. The executive sought external expert opinion from international neurologists to ensure the conclusions of the review were aligned with the HSE transformation programme. The advice of the external experts is being considered by the HSE prior to finalisation of the strategic review.

Government policy is to move from a consultant-led to a consultant-delivered service, with increased availability of senior clinician decision makers to treat and discharge patients. The new consultant contract is designed to support this way of working and, as in many areas of our health services, service improvements will depend to a much greater extent on the ability to mobilise and reconfigure existing resources successfully than on the provision of additional funding.

The creation and funding of further consultant posts will take place in line with the service priorities identified in the HSE's annual service plan, while taking account of the resources available and the policy of achieving a better balance between the numbers of consultants and non-consultant hospital doctors. The further development of neurology services in the north west must be considered in this context.

On behalf of the Minister, I assure the House of the Government's continuing commitment to the further development of neurology services as a key element of an integrated, high-quality health service for the future. I assure the Senator that I will bring his concerns to the attention of the Minister and ask her to liaise with him and his colleagues on the matter.

Senator Brian Ó Domhnaill: I thank the Minister of State for that.

National Drugs Strategy.

Senator Jerry Buttimer: I welcome the Minister of State, Deputy Pat Carey, to the House. I am pleased he is present for the debate as he is a former Minister of State with responsibility for this area.

I raise this matter because the use of heroin and other drugs is on the increase. The Minister of State, Deputy Curran, is on record as saying that this week in the other House. I am concerned that a reduction in the programme funding for local drugs task forces and the national drugs strategy will have an impact on the provision of services at a time when drug use is on the increase. I will outline some figures from Cork city to illustrate the point. In 2004 there were just four seizures of heroin. In 2006 there were 77 and last year there were 159. To date this year there have been 165 heroin seizures. That is a tribute to the great work of the Garda in the Cork area. We have a heroin epidemic and a drug use problem that we have failed to get a handle on, despite the national drugs strategy and the fact that we have invested huge sums of money.

[Senator Jerry Buttimer.]

I commend the Minister of State, Deputy Carey, on the part he played when he had responsibility for that area. He did a very good job. Cuts have been made to the programme of 11% and 8%. Regional drugs task forces are being affected. That will have a profoundly negative impact on what we are all trying to do, namely, eliminate the use of drugs, avoid deaths and put the drug dealers out of business.

The national drugs strategy is predicated on a number of investment and funding pillars. Will the aims of the strategy, to which we all subscribe, be hindered by the reduction? There will be an impact on the programmes we offer and the people whom they are meant to support.

“Morning Ireland” did a good programme yesterday on the Ballyfermot youth service. Jerry McCarthy said there may be a recession in the country but there is no recession in drugs. He is dead right. Some funding for the provision of youth services has been cut altogether while in other cases it has been reduced. The number of projects has been reduced and some projects have been amalgamated. We all accept we are in a difficult time.

Having taught leaving certificate applied courses in school and been involved in community associations, I subscribe to the view that one must be at the coalface in communities. Local gardaí came to the school and that created a great buzz and excitement among the young people but it led to experimentation. I suspect the Minister of State, Deputy Carey, might agree that the best approach is for one to be immersed in the community and involved at that level. We successfully fought against the use of drugs, albeit to a limited degree. This cut is an abandonment of what the Minister of State signed up to as a Minister when he had responsibility for the drugs strategy and what we worked to achieve with him. We are now seeing an abandonment of the joined-up thinking and collaboration between the Departments of Health and Children, Education and Science, Community, Rural and Gaeltacht Affairs and Arts, Sport and Tourism.

At a time when drug use is on the increase, it is important that the impact of cuts in this area would be reduced and that we would see them reversed. I am not being political in this, but as the Minister of State is well aware, one death is too many, one person going to jail for whatever reason connected with drug use is wrong and we must do everything in our power to tackle the problem. I hope the reply will be positive.

Deputy Pat Carey: I thank Senator Buttimer for raising this issue. I am well aware of his interest and deep commitment to addressing the drug problem and other issues associated with risks to young people.

I am responding to this matter on behalf of my colleague, the Minister of State, Deputy John Curran. When introducing the 2010 budget, the Minister for Finance said that over the past year we have been running to stand still in terms of spending on public services. Accordingly, in the 2010 budget, the Government decided, as part of its strategy to manage its way through the current severe economic crisis and to return the country to prosperity, to reduce spending on public services by almost €1 billion in 2010 compared with the pre-budget Estimates. The savings have been sought through efficiencies rather than through reductions in services to the greatest extent possible. In this case the gross funding of the Department of Community, Rural and Gaeltacht Affairs of €415.4 million in 2010 is a reduction of 13% relative to the 2009 allocation of €475.7 million. Current funding is reduced by 9%, a decrease of €32.1 million, and capital funding is reduced by 21%, a decrease of €28.2 million.

In a joint statement from the Minister, Deputy Ó Cuív, and the Minister of State, Deputy Curran, on budget day, it was stressed that their primary concern is to make every effort to ensure the daily front-line services provided with funding from the Department are protected,

especially those focused on the needs of the most socially deprived communities. Every saving that can be made from cutting down on overheads will be pursued so that the entire range of urban, rural, Gaeltacht and island communities we serve retain, to the greatest extent possible, the services that have been developed in partnership with them over the years.

In 2010, funding of €36.2 million is being made available for drugs initiatives supported through the Department of Community, Rural and Gaeltacht Affairs, which is an overall reduction of approximately 11%. While this funding will allow for a significant number of projects in local and regional drugs task forces to be maintained, it is acknowledged that the reduction may result in the scaling back of some projects. However, as I outlined, the Department will be seeking to have front-line services protected to the greatest extent possible.

In excess of €31 million has been made available to fund the activities of drugs task forces next year, of which €21.06 million is being provided for the local drugs task forces and €10 million for the regional drugs task forces. Despite the overall reduction in funding available, the Minister is confident that the work of the drugs task forces will continue to make a positive impact on the lives of those affected by drug misuse.

Senator Buttimer might wish to note that in recent months the Minister of State, Deputy Curran, has met all drugs task forces and funding for 2010 was among the issues discussed in all cases. It was emphasised at that stage that there was a need to prioritise projects with a view to ensuring the most effective use of resources and the most beneficial outcomes for service users.

Needs and priorities change over time and, consequently, drugs task forces and service providers must ensure funding is realigned to match changing circumstances. The task forces are fully engaged in this process and they have been given the scope to redirect funding within their allocations to best address the realigned priorities that they identify for their areas of operation. The Minister of State, Deputy Curran, is satisfied that this approach will help to minimise the impact from the reduction in funding in 2010.

On 10 November last, the Department of Community, Rural and Gaeltacht Affairs wrote to each task force setting out the procedures in regard to the 2010 allocations. Given the likelihood of a reduction in moneys for drugs initiatives in 2010, task forces were asked to review all projects being funded by them to ensure they are drugs targeted and evidence-based, can show tangible outputs and outcomes, are addressing current gaps and local needs in their areas, and can demonstrate clear links with the priorities as set out in the National Drugs Strategy 2009 to 2016.

As the Senator knows, the new drugs strategy was launched in early September. Its overall strategic objective is to continue to tackle the harm caused to individuals and society through a concerted focus on the five pillars of supply reduction, prevention, treatment, rehabilitation and research which the Senator mentioned. The strategy sets out a range of actions across the five pillars to be delivered in the next eight years by Departments and agencies. It also provides for the establishment of the Office of the Minister for Drugs, the functions of which include facilitating the co-ordination of the implementation of the strategy across statutory, community and voluntary sectors.

The task forces were also asked to identify the areas to assimilate a reduction in funding in 2010. These could include negotiating rents and administration charges, lowering overheads, sharing resources, a partnership approach and merging. The Department was in touch with the task forces again on 3 December, pointing out that, as part of the approval for specific cocaine and rehabilitation projects approved in 2008, they were required to be evaluated. They were requested to complete an evaluation form for each of them. This evaluation is needed for the approval of funding for next year. Funding proposals for 2010 were due back from the task

[Deputy Pat Carey.]

forces to the Office of the Minister for Drugs yesterday, 16 December. The Department will be in touch with the drugs task forces in the next few days to confirm the allocations.

The Senator can be assured that the Office of the Minister for Drugs is very conscious of the value of the work done by the local and regional drugs task forces. The allocations made to drugs task forces, while reduced, nevertheless continue to be financially significant in the local areas and will continue to make an important contribution to the lives of those affected by drug misuse and the communities in which they live.

I concur with the Senator that this is not the time to take the foot off the pedal in terms of effort. Undoubtedly, in times of constrained resources, greater coherence will be required. I draw the Senator's attention to what was a useful Adjournment debate in the other House last night. The matter was raised by my colleague, Deputy Noel Ahern, with his Cork colleague, the Minister for Education and Science, Deputy Batt O'Keeffe. The Minister emphasised the range of initiatives being delivered across Departments, including the Department of Education and Science, and the need for inter-agency co-operation, in particular. I am well aware of the problems the reduction in funding is causing for some of the front-line services in the longer established task forces, in particular. The Minister is very cognisant of this. I am also aware of the piece on "Morning Ireland". In fact, there was a similar piece on the news on television tonight.

I do not believe there has been an abandonment of the joined-up thinking approach. The Cabinet sub-committee on social inclusion is the vehicle used, apart from the Office of the Minister for Drugs, to ensure the greatest co-ordination possible on this issue at the very highest level. It is one which will not go away and it must be addressed in a coherent fashion. The national substance misuse strategy 2009-16 will address the issue, but it will only be done with the highest possible level of co-operation between all of those involved.

Without wanting to give too many plaudits to Cork, to which it is entitled, some of the very best work being done in tackling the drugs problem is being done by organisations such as ógra Corcaigh, the Garda in Cork and the local drugs task force. Initiatives probably unique to Cork have been replicated elsewhere. I commend those involved. I hope that in these difficult times they will be able to continue as best they can to keep the services at the highest possible level.

Senator Jerry Buttimer: Will the Minister of State raise with his colleague, the Minister of State, Deputy John Curran, the fact that there seems to be a trend running through Government policy on social inclusion. We have seen the amalgamation of community development projects and the closure of some, which is wrong. I am genuinely worried. The Minister of State referred to the programme in Ballyfermot, "Can You Hack It?", which, as mentioned on "Morning Ireland" today, might be closed. That would be a wrong move. It is a six week programme undertaken in the community. I hope the Minister of State will come back into the House in the new year and that we will look at this matter again because it is important.

I thank the Cathaoirleach for allowing me to raise so many Adjournment matters during the year. It is a valuable exercise.

The Seanad adjourned at 8.25 p.m. until 10.30 a.m. on Friday, 18 December 2009.