



DÍOSPÓIREACHTAÍ PARLAIMINTE
PARLIAMENTARY DEBATES

SEANAD ÉIREANN

TU AIRISC OIFIGIÚIL—*Neamhcheartaithe*
(OFFICIAL REPORT—*Unrevised*)

Thursday, 30 September 2010.

[illegible]

SEANAD ÉIREANN

Déardaoín, 30 Meán Fómhair 2010.
Thursday, 30 September 2010.

Chuaigh an Cathaoirleach i gceannas ar 10.30 a.m.

Paidir.

Prayer.

Business of Seanad

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

The need for the Minister for the Environment, Heritage and Local Government to introduce a more user friendly system similar to the car tax system through the local authorities to remind and assist those listed in the system as having a second home to pay their annual fee to overcome the level of penalties being imposed unfairly.

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

Order of Business

Senator Donie Cassidy: The Order of Business is No. 1, statements on the economy, to be taken at the conclusion of the Order of Business and adjourn not later than 2 p.m., if not previously concluded; on which spokespersons may speak for 15 minutes and all other Senators for 12 minutes and Senators may share time, by agreement of the House.

Senator Frances Fitzgerald: This day will go down in Irish and economic history as being a dark day for the economy, citizens, the taxpayer and the Government. If we were to repeat for decades all of the mistakes made in the misspending and waste to date of public money that have been discussed in the House on many occasions, including on PPARS, the botched decentralisation plans and the e-voting machines fiasco, we would still come nowhere near the figure the Government has today committed to a defunct bank. That is the context in which we are discussing the issue and how serious it is. The country faces an enormous challenge. We were told originally that the bank bailout would cost €4.5 billion and that it would be the cheapest in the world, yet we have now been told it will cost us €34 billion. The result is that Ireland will have the largest budget deficit in the eurozone. This crisis has cost the country dear and will continue to cost us. It raises many questions. What did the Government know? Why did not it not know the full extent of the banking crisis? What was the Department of Finance doing? There are many questions about why information was not placed in the public arena when it should have been.

[Senator Frances Fitzgerald.]

The Government's irresponsibility was evident again last night when the bank guarantee extension was introduced before we were given the figures today. It was yet again the wrong way to do business.

Senator Jerry Buttimer: Hear, hear.

Senator Frances Fitzgerald: I make one plea that we have a real discussion in the House; that we have honesty on the figures; that we examine the implications for the taxpayer; that we look at the implications of the Croke Park agreement and the implications for the almost 500,000 who are unemployed, and that we look at where we are going with budgetary strategy. Can we have a real discussion in the House of what is happening with the cutbacks to front-line services? We need to have reality figures, not fantasy figures, which are we are finally beginning to see.

It is hard to believe the Government which was wrong about the bank guarantee, on the cost of the bailout, the measures needed to reassure the bond markets, growth projections and so much else. I ask that this afternoon we begin with a debate on the economy but clearly we need ongoing discussion of the approach to the budget and the real decisions that have to be taken which will have a huge impact on the lives of citizens. The rate of emigration among our young people has increased by 33% year on year. The best and brightest are leaving the country because of the Government's mistakes. It is time to replace it, but in the meantime can we have a real discussion in and proper use of the Houses of the Oireachtas in the decisions we have to make in the lead-up to the budget?

Senator Joe O'Toole: Much of this material will be discussed during today's important debate. I welcome the fact that we are having the debate on a day when it is highly topical. This is something we have always sought and I look forward to the contributions from Members on all sides of the House. However, Senator Fitzgerald has raised a very important issue. Questions are being raised which we must examine from a disinterested or non-political viewpoint. I can understand somebody getting figures wrong or being wrong, but I wish to be reassured that information was not kept from us. We need to hear today how the Government went from the position it held two years or one year ago on the banks to the one it now holds and about the steps that brought the figure from €5 billion to a possible €34 billion or the more likely €29 billion. I seek an honest assessment, to which I will give an honest response. It will not be an effort to set the Minister up for a fall. I simply wish to know how we reached these positions. I can understand how no one can have great certainty; therefore, what has happened today is important. However, it is awesome and terrifying and we need to be together in dealing with it. In that context, certainty is required on a number of issues.

We had a debate yesterday in which my colleagues, Senators Harris and Buttimer, took strong positions on the public sector. Obviously, Senator Buttimer's position is closest to mine, but that is not the issue. The points raised by Senator Harris must be discussed. While we were speaking in the House, two men, Mr. David Begg and Mr. Jack O'Connor, were outside the gates being threatened, barracked and jeered because they were taking a responsible position in an effort to ensure Irish workers would not end up on the streets, as they were being pressurised to do by European colleagues. It is not as simple as cutting costs, as Senator Harris would maintain. The Croke Park agreement is not just about cutting costs. While there is a requirement to reduce numbers and costs, it is also about service quality, which the Members of this House will be demanding time and again. The importance of the agreement is that whatever we do will be done on the basis that people buy into it, see the national position and recognise they must take a hit and that service quality, effectiveness and productivity must be

at a higher level than anywhere else in Europe. That can be done if we work together. However, I seek recognition in the House of what responsible trade union leaders — I am not saying every trade union leader is responsible — are trying to do to help the country to get out of this situation. They are showing the moral courage which is lacking in many other parts of Irish society. They are standing up and taking the hit.

I will conclude on a less international matter, the name of my home town Daingean Uí Chúis — Dingle. Thug an Rialtas geallúint dúinn go ndéanfaí athrú ar ainm an bhaile, that it would go back to its original Irish and English titles of Daingean Uí Chúis and Dingle. I seek an indication of the timescale involved. It is a matter of huge concern to people i Chorca Dhuibhne atá ag maireachtáil i gCorca Dhuibhne agus atá ag brath ar an ainm sin ó thaobh tionsclaíocht agus turasóireacht, mar shampla. It is a brand product and name they need.

Senator Michael McCarthy: We now know the bank guarantee scheme was absolutely calamitous for the State. At the time it was put in place there were many economic, banking and financial views and opinions offered, but in the sea of information and technical language one view was excoriated and the person who expounded it was attacked relentlessly by the Minister for Finance and various members of the Government. He was Professor Morgan Kelly who suggested the cost of the Anglo Irish Bank bailout could amount to €15 billion. If only it was.

As we cart billions to the Anglo Irish Bank incinerator, we must be mindful of a number of commitments given at the time by the then Minister for Finance and now Taoiseach, Deputy Cowen. His first commitment was that Ireland would be the first country to come out of recession. That was an example of the triumph of vanity politics over reason and experience. No one has doubted the sincerity of or the effort made by the Minister for Finance, Deputy Brian Lenihan, but when it comes to political and economic judgment, it was absolutely hopeless. On 16 September 2007, following the Northern Rock debacle in the United Kingdom, the then Minister for Finance, Deputy Cowen, said the Government would not bail out banks from the consequences of their reckless lending. However, the figure is now running into unimaginable proportions and no one is in jail. A number of months ago in the House I referred to the deaths of two people who were members of the criminal world in this city. All media organs reported that they had been known to the Garda, as if their lives had been worth less than the lives of others because of that involvement. However, people who were involved in the near collapse of the economy are known to the Garda but will probably never serve as much as one month in jail. It is absolutely unthinkable that they appeared before an Oireachtas committee in June 2008 and gave a commitment that the banks were sound and the balance books were good. Now we know the lies they told. Who will pay for this economic mess? Will it be pensioners, students and the unemployed? I fear it will not be Fingers and Seanie.

Senator Dan Boyle: The seriousness of the economic situation in which we find ourselves cannot be overstated. I am encouraged by many of the contributions from the Opposition benches which recognise the need to tackle it. We must recognise that we are very much a hostage to international factors and that the actions we take within this jurisdiction will determine whether we can emerge from it in a healthy economic state. Despite the figures announced today, I remain confident that we can, but it requires a degree of political sophistication and maturity that, for the most part, has not always been evident. It is unfortunate to hear analogies with what happened in Pearl Harbour being used in the other House, particularly when that event was ultimately followed by the dropping of the atomic bomb.

The bank guarantee was necessary. It has been described by the Governor of the Central Bank as too broad in its focus, but the bank guarantee extended last night was different. It offers means to the Minister for Finance to exclude certain financial instruments. Mistakes have been made and lessons have been learned. What astounds me is not so much the figure

[Senator Dan Boyle.]

for Anglo Irish Bank, as it has been slowly emerging, particularly through the efforts of NAMA, but the sum of €3 billion going to Allied Irish Banks. It is something of which we all should take stock. A major mistake was made in appointing personnel from within the bank. The people appointed then are now standing aside.

Senator Fidelma Healy Eames: Why were they not removed sooner?

Senator Dan Boyle: The question is how we should deal with this. The debates we will have in the House will not only be about how we should resolve the banking crisis which affects the country's credibility economically, but also how we should deal with the huge obstacles presented in budget 2011, budget 2012 and budget 2013.

Those who are profiting politically are those who are saying "No." Those who want to face up to the country in which we must live will be there to take the decisions that must be made, be it the Government or the parties which make it up.

Senator Paul Coghlan: There is no doubt that we are in a sad and sorry state. We all wish the State well in its recovery and the crisis must be dealt with. The sad aspect is that we are still dealing with those who lent recklessly and consistently concealed from the State the information now becoming available. They dishonestly and deliberately misled the State. The Minister for Finance and the Department were consistently told lies. There was a consistent and continuous cover-up. That is the reason for all these revelations.

An Cathaoirleach: There will be statements on the economy after the Order of Business and I hope Members will not start the debate on the Order of Business.

Senator Paul Coghlan: I appreciate that. I welcome the fact the situation in Allied Irish Banks, a truly systemic bank with branches throughout the State, is being addressed. Sadly, wrong appointments were made. There was never a total clear-out either at board or senior management level. The sad fact is that inside the banks, including AIB, there are people managing the impaired portfolio who were responsible, at least partly, for that reckless lending and could have been involved in the cover-up. In the interests of the taxpayer the Minister needs to get a firm grip on the situation with regard to further appointments, the total clear out of the board and the senior management level. This should have been done before but now it will have to be addressed because it will be nationalisation effectively for quite a while. We must wish it well in the interests of the economy and the State.

I wish to refer to another matter and about which I know Senator Ned O'Sullivan and others also have concerns.

An Cathaoirleach: Speakers are limited to two minutes and that time has expired.

Senator Paul Coghlan: I appreciate that but I must refer to Kerry Airport and the threat it is under from Ryanair. This is reckless. These people are breaching — welching on — a public service obligation agreement. I wish the Minister for Transport well in addressing this issue and examining the options because the service is vital for tourism.

An Cathaoirleach: The Senator's time is expired.

Senator Paul Coghlan: I support Senator O'Toole on the Dingle-Daingean Uí Chúis issue and having the name properly restored. This was voted on and passed years ago and should have been dealt with by now.

Senator Mary M. White: In 2006, as many of my colleagues will know, I produced a policy document, *A New Approach to Ageing and Ageism*, in which I made 28 recommendations. We have a long way to go before we get all these recommendations implemented. There are one million people over the age of 60 living on the island of Ireland. I do not think anyone could have missed the fact that this week was positive ageing week. I am pleased that the topic of older people has been given more attention.

There are three areas of concern with regard to ageing. It is unjust and a denial of the human rights of Irish people who want to stay in work after the age of 65 in the private and public sectors that they cannot do so. A person should have a choice to stay in his or her job if he or she wishes. There is discrimination in the health service. A woman between the ages of 50 and 64 is given a free breast cancer screening whereas there is no free breast cancer screening after the age of 64 even though a woman is seven times more likely to develop breast cancer after that age. International travel for people over the age of 65 is three times more expensive than for people under that age. These are issues to do with the human rights of older people.

Will the Minister for Health and Children come to the House to explain why she has not increased the availability of breast cancer screening? I have made this request to her on numerous occasions, including at a meeting of the Joint Committee on Health and Children.

I draw attention to the fact that when a person reaches 70 years of age, he or she is required to be medically certified as fit to drive. How dare they make this a requirement. The rules for older drivers need to be overhauled. People may not wish to go to their GP for a certificate. If people in rural areas are not free to drive and get around to meet people and go shopping, they may be at risk of being isolated which can lead to sickness and depression. I thank the Cathaoirleach for being lenient with the time I have taken to speak about positive ageing week.

Senator Eoghan Harris: I welcome what Senator O'Toole said. I know this is a bad day for the economy and I know that people think the rock of the banking debacle lying on them is the worst they have to deal with, but there is a larger rock coming down on them and that is the public sector finances to which the Minister referred yesterday. If there is to be any credibility in the Croke Park deal, cuts in numbers are going to have to be delivered soon because the deal is running out of road and credibility with the public. I hope the Minister of State, Deputy Dara Calleary, takes serious action with regard to the TUI. We cannot have this game whereby the TUI does not sign up to the deal and then wants the benefits. That must not be allowed. So far as I know, the Minister of State is of that mind but the problem has been that once it gets to the Secretary General and into the Department of Finance and the Department of the Taoiseach, cowardice and soft soaping start to appear.

I agree with the point made by Senator O'Toole. Yesterday I saw David Begg and Jack O'Connor, the leaders of the trade union movement who were trying to do their duty, being barracked by the usual bunch of Trots who want it every way. They want to be a part of the Croke Park deal and they want the benefits but they also want to be outside the deal and posturing as socialists. This must stop. If one does not sign up for the deal, one does not benefit from it. I hope the Minister of State, Deputy Calleary, is backed to the hilt by the Taoiseach and the Minister for Finance, Deputy Brian Lenihan. I will be keeping a close eye on it because I will be back to it if they do not back the Minister of State. The Croke Park deal is meant to deliver cuts, we want to see numbers cut, we want to see credibility in the deal and, in the meantime, we want the Trots to get off the backs of the legitimate trade union movement.

Senator Ned O'Sullivan: I endorse and support what my colleague, Senator Coghlan, said about Kerry Airport. Will the Leader arrange for the Minister for Transport, Deputy Noel

[Senator Ned O'Sullivan.]

Dempsey, to attend the House and brief Members on the ongoing critical situation? Aer Arann ran a very good operation for a number of years——

Senator Paul Coghlan: Hear, hear.

Senator Ned O'Sullivan: ——but this was underbid in a reckless, ugly, capitalist move by Ryanair——

Senator Fidelma Healy Eames: Hear, hear.

Senator Ned O'Sullivan: ——which said it could run a better service for less money and less subvention. Now, completely in breach of its contract, Ryanair has given just one month's notice to Kerry Airport that it will withdraw all operations. This is the ugliest face of capitalism I have ever seen.

Senator Paul Coghlan: To cut its costs, it scuppered the service.

Senator Ned O'Sullivan: The Minister for Transport is addressing the situation and I compliment all the Oireachtas Members for Kerry South, Kerry North and west Limerick who are working together in a non-partisan fashion. Will the Leader arrange for a debate on the issue because, as a major tourism county, Kerry is greatly dependent on its regional airport?

I endorse and support Senator Joe O'Toole's comments today and yesterday on the Croke Park agreement. He is talking sense. The Croke Park agreement is one of the critical steps on the road to recovery. When we have rounded this famous corner, it will be seen to have been one of the major turning points. I commend the trade union leaders, Jack O'Connor and David Begg. The way in which they were abused yesterday was criminal. One would wonder what heads these people have when they heckle the people representing the workers and who have a responsibility to workers to try to hold and create jobs. One wonders about the priorities of such people. Senator Harris is right in calling them crazy Trots or whatever he called them. There is no sense to them.

I refer Members to a very good article in *The Irish Times* last week by David Begg on the subject of where we are going in terms of our attitude to job creation. That subject could be debated in this House. Ba mhaith liom cuidiú le Senator O'Toole ó thaobh Dingle-Daingean Uí Chúis as that is long overdue and should be put to bed.

Senator Jerry Buttimer: I add to the concerns raised about the bank bailout. Even though we were hostage to international fortunes, we are also captive to our own bad economic regulatory affairs and to the lack of accountability by the Government, the Financial Regulator and the boards of governors and boards of directors of the banks. When will we see people held to account and held responsible for their action and inaction?

Senator Paul Coghlan: Hear, hear.

Senator Jerry Buttimer: The people have been told lies and misled and there has been concealment and dishonesty. The only ones to have paid are the people. When is this going to stop? When will we see people put in jail, debarred from serving and made to pay a price? The public have paid the price.

Like others, I would like a debate on aviation, something I have called for numerous times. A policy is being pursued by the Dublin Airport Authority to the effect it is Dublin and Terminal 2 at all costs and forget about Shannon and Cork.

Senator Fidelma Healy Eames: And Galway.

Senator Jerry Buttimer: Cork is the capital of the southern region and international flights from America cannot land in Cork Airport even though it is the gateway to the south. When will Government aviation policy deal with the cost of airport landing charges, handling fees, the €10 travel tax and the monopoly exercised by the Dublin Airport Authority over Cork and Shannon airports? When will the Minister be fair to the regions? There is talk about balanced development and the national spatial strategy and all of that but when Dublin controls everything, the rest suffers. When will it end?

Senator Denis O'Donovan: Without taking away from the seriousness of the banking and financial crisis in this country, I ask the Leader to have a debate on the fishing industry as a matter of urgency. This was promised to me in May 2009. Stringent new requirements of the Department of Transport mean 33 fishing vessels in Rossaveal, Dingle, Castletownbere, Union Hall or Dunmore East will be tied to piers at a loss of 150 jobs. Fishermen and farmers along the coast did not gain much from the economic boom in this country. They toiled and went out in bad weather and some lost their lives over the past number of years. I hope they will not suffer in the decline. They are looking for very little.

Regulations require people to spend up to €100,000 on vessels worth no more than €10,000 or €15,000. What is valuable to these vessels is a fishing licence, which is worth a substantial figure up to €150,000. The Minister told me the Department of Transport regulations must be enforced. There is a code of practice. These daytripping vessels go out at 6 a.m. or 7 a.m., subject to weather, and return at night. They are supporting indigenous fishing families along the coastline. Fishermen are a quiet race and rarely protest outside this House. However, they are suffering and I ask that we have a debate on the fishing issue, including the Common Fisheries Policy that will be signed off in Europe in the next short while. The critical issue is fishing vessels between 15 m and 18 m. As of midnight, they will not be allowed to fish and this affects 33 families, most of whom are involved in family run businesses. I feel very strongly for them. These people are entitled to fair play and fair procedures at the same time as we have debates on major economic issues. If fishermen and farmers in this country are unable to work or progress, the situation facing this country will be much sadder.

Senator Ciaran Cannon: I echo the calls for an urgent debate on air transport policy. The shocking revelations of the past 24 hours must lead us to conclude that we need to examine urgently job creation and the conditions required for job creation across the country. If the Government is serious about balanced regional development, it must look to ensure the future of Shannon Airport and other airports serving the western region. I ask for the patience of the Cathaoirleach to hear these words from a person who said that Shannon is being run by remote control from Dublin and, as part of Aer Rianta, does not have the freedom to compete for business to the fullest extent with Dublin. "The dead hand of Dublin was slowly strangling Shannon Airport" he said and as long as Shannon and Cork remain under Aer Rianta ownership and control, they offer no competitive threat to the company's main profit generator, Dublin Airport. He said he wanted to see Shannon Airport thrive and prosper and "We believe that the airport must have complete freedom to market itself as a regional gateway to the mid west and west of Ireland in direct competition with Dublin." Those remarkably prescient words were spoken 11 years ago by Des O'Malley, when he recognised the threat that existed to Shannon Airport. That threat still exists and is more serious now.

No matter what one thinks of Mr. O'Leary, we must conclude his track record in the aviation business is second to none. He has pointed out quite correctly that Shannon Airport was dying on its feet. At the height of Shannon's success in 2008, Ryanair employed 300 staff in Shannon,

[Senator Ciaran Cannon.]

had six aircraft at the airport and served 53 routes around Europe. Two years later, Ryanair has one aircraft there, employs 45 people and, after its Paris route closes in a few weeks, it will serve just six destinations from Shannon. Something urgently must be done. Along with everyone on the west coast, I welcome the recent announcement of the proposed M17 motorway, which was announced with great fanfare. This will serve a major tranche of the west coast and link with the newly opened M6 motorway. Part of the reason for the new road network is to ferry passengers safely and efficiently to Shannon Airport. Unless something is done urgently, that road will ferry people to an empty airport in two years' time.

Senator Labhrás Ó Murchú: Next year will mark the 70th anniversary of the execution of Tipperary man Mr. Harry Gleeson for a gruesome murder. In the intervening years, much analysis and research has been carried out on the case. Mr. Marcus de Búrca did a masterly job of dissecting the case in his book. He showed a litany of false procedures, evidence that was tempered with and local conspiracies. A recent television programme upholds the points put forward by Mr. de Búrca. The legal people involved in that said there is a need for the State to re-examine the case and offer a pardon to Harry Gleeson, as late as it may be. Justice delayed is justice denied. We owe a debt of gratitude to people like Mr. Marcus de Búrca and TG4 for taking cases such as this and arguing the need to revisit them. Throughout his life until the very end, Mr. Sean MacBride contended that Harry Gleeson was innocent and the victim of a miscarriage of justice. His solicitor, Mr. Timoney, said that in the final moments before his execution, Harry Gleeson said that he was an innocent man and hoped that sometime in the future someone would take up his case and the real culprit would be found. I ask the Leader to take up this matter with the Minister for Justice and Law Reform and appoint a High Court judge to examine the case. Having looked at it, there is no doubt in my mind and there is no doubt locally that Harry Gleeson was an innocent man. Some 70 years later, it would be wrong not to use the opportunity to clear his name. It is good for society and it would be good for justice.

Senator Joe O'Reilly: I join with colleagues, led by Senator Fitzgerald, who expressed concern about what is happening today. Today is the culmination of a dreadful process and represents a dark and disturbing day in our history. While we must recognise its gravity, we must try to progress from here. It merits repeating that the advice of Fine Gael on Anglo Irish Bank should have been taken. The advice of Fine Gael on the economy should have been taken. It is not wrong to repeat that because the public needs to hear it. Based on my experience of meeting people over the summer in their homes, on the streets and at clinics, people need to see tangible evidence that top salaries in the public service and the banks in this country will be capped and the bonus system will stop. Senator Buttimer's point yesterday about the lowly paid public servants is correct. If it does not end, we cannot maintain the confidence of people in any rectification. There must be clear evidence we are dealing with waste and quangos. Department by Department, State board by State board, there should be an audit of areas of waste and expenditure. That can be achieved without affecting frontline services. There is an abomination of waste in this country and if audited and eliminated, we could correct the finances.

Senator Cecilia Keaveney: I add my voice to those seeking a discussion on air services, particularly the public service obligation for Derry. I do not exclude Donegal. When we talk about job creation we talk about the importance of tourism and tourism related industries. One of the greatest keys is access. We in the north west have a difficulty with our geographical location and the fact the local airport for the area is in a different jurisdiction. We had to battle against Belfast when I got the Dublin-Derry issue back on the agenda again. MLAs and MPs

in the northern Executive and the British Parliament were circulated by the airports in Belfast to try to stop that at every cost because they saw it as a threat to their airport. We now have the new leader of the UUP running the gauntlet to try to stop us getting a decent road from Aughnacloy to Derry. Access is key for us. Between 48% and 52% of passengers using Derry Airport come from Donegal. Derry is a city of culture. It will be the stopover for the Clipper service and it will be the location for the north west Milwaukee festival in the next couple of years. We need the access to be kept open. I look forward to a chance to debate that not only in the Seanad and in the Joint Committee on the Implementation of the Good Friday Agreement which is due to commence at 11.30 a.m., but also in the inaugural North-South meeting of MLAs and the Members of the Houses of the Oireachtas that will take place next week. I wish that event well. It is time to get over the small-minded pettiness that politics sometimes throws up and look at real geographical movement and at trying to develop the island of Ireland in all its potential and economic value.

Senator Mary M. White: Hear, hear.

Senator Cecilia Keaveney: We are talking today about the difficulties we face as a region and as a jurisdiction but we have considerable potential if we work together as one entity rather than engaging in small petty political lambasting of each other.

Senator David Norris: I spoke twice yesterday on the economy and I have to speak on it again today so I do not intend to say very much about it but I say this, I listened to the broadcast this morning on the early news and I could sense a shudder of fear going through the Irish people. We all feel that fear. That is why speeches like that of Senator Marc MacSharry yesterday, which was a clear clarion call that dealt directly and honestly with the situation and called for us to look forward and be constructive, are a very important contribution because when people are frightened they need something like that to look forward to.

I wish to raise another issue. I ask the Leader to intervene directly with the Tánaiste and Minister for Education and Science on this and to allow us to have a debate on the operation of the residential institutions redress scheme. I say this in light of the situation regarding Bethany Home in Rathgar which operated between 1921 and 1972. This was an organisation run by Protestant evangelical groups for the accommodation of prisoners, prostitutes, alcoholics and unmarried mothers. Many children were born there. I attended recently a service of commemoration in Mount Jerome Cemetery where there is an unmarked grave in which more than 200 children are buried.

In 1939 the State's inspectors reported cases of serious medical neglect and the State deflected that and publicly instructed the institution to not under any circumstances include Roman Catholic citizens in their remit. They were sectarianising it and deflecting the situation which was an appalling thing. The Department of Health and Children in recent years told the Department of Education and Science that Bethany Home did come under the remit of the redress scheme but the Department of Education and Science rejected that advice. The legal situation is perfectly clear; that the home was registered by the Minister for Justice and Law Reform as a place of detention for offending female, non-Catholic children and young persons under 17. We know the legal position. The Government must act on this.

This is vitally important. The Church of Ireland Archbishop, Dr. John Neill, has expressed grave concern about this and has stated within the past two weeks that he is deeply concerned at the information revealed by recent research and the Church of Ireland has repeatedly petitioned the State to have the home brought under the remit of the residential institutions redress board. The Church of Ireland archbishop, the Department of Health and Children and legal authorities all say that should be the case but it has not been done. We would not know

[Senator David Norris.]

about it but for the remarkable and courageous work done by Derek Leinster, a survivor of the home, and the academic and historian, Dr. Niall Meehan. The Seanad should play a role in this because in this economic situation human rights must not be forgotten.

Senator John Hanafin: In light of the facts that we have this morning of the very disturbing figures, albeit that they are horrendous they are manageable, it is not necessarily a time just to say that is then and this is now. We do have to look again and see what actually happened. It is my contention that not only was there reckless lending but there was knowingly reckless lending. That is something we must ensure never happens again. If it was the case that bonuses were paid not on the quality of the loans but on the volume of the loans we must ensure that it cannot and does not proceed into the future. This is a serious matter and it could happen again. It is not the case that there is €29 billion of non-performing loans; €29 billion has just been written off which means that non-performing loans are much higher than that. It is again my contention that there was deliberate and knowingly reckless lending. If that was the case we must ensure it never happens again. People should be held accountable.

I seek cross-party support for a debate on transport. I notice when driving that people are still using mobile telephones as they drive. When people go to drive-through restaurants they do not all bring their meals home — they eat them as they drive. One can now play movies in cars which must be a distraction. In time I have no doubt there will be a supermarket offer for a mini deep-fat fryer that one can plug into the cigarette lighter to have one's chips on the go. If human nature is not going to change we have the capacity to put into cars technology that will prevent collisions. As human nature will not change is it not time that we in this country gave a lead and put in technology that will prevent collisions automatically if a car is within a certain distance of an object that it could hit?

Senator Paschal Donohoe: I wish to pick up on the theme raised by Senator Fitzgerald about the challenge our country is facing. I was listening to the radio this morning and heard what was going on as I was on my way to drop off my young son at primary school which he has been attending for three weeks. Young life is full of possibility. Schoolchildren are going to a place that is secure, provided for by the State, and is kind and full of comfort. People want them to do well.

Let us compare that to the situation in which our country finds itself this morning. I wish to draw attention to one fact that has not been discussed in the House so far, namely, the statement by the Government that it will defer our monthly bond auctions for two months. The implications of that are so stark and serious as to be nearly unspeakable in terms of what it means for the country. The Governor of the Central Bank spoke this morning about the need to reprogramme budgetary priorities. We find ourselves today with debt as a percentage of national income of approximately 32% with a commitment to move to 3% by 2014.

We are facing a profound and existential crisis in our country today. Senator Buttimer has called many times in the past year for a debate about the future of politics. I echo that call. We are calling again and again for our people to come together in a common purpose to make our country secure. It is now apparent that our politicians need to do the same.

Senator Paul Bradford: Hear, hear.

Senator Paschal Donohoe: We must find a new way of working together and create new institutions and a new culture that will make that happen. A definition of insanity is often offered to be to do the same thing again and again and to expect a different result. We are

facing such a crisis in our country that it is incumbent on all of us to reflect on how we do our business and to find a way to change that to keep our country secure.

Senator Terry Leyden: I agree with Senator Donohoe that this is a national crisis and that everyone has a role to play. On the bonds issue, we are funded until the middle of next year so there is no need to raise further funds in October and November. I believe December is a closed month. It would be irresponsible to have a bond auction especially given that the current rate is 6.9%. That is far higher than Ireland should be charged at this stage.

I commend the Minister for Finance, Deputy Brian Lenihan, and the Government on making very hard, strong decisions last night. Like Senator Donohoe, I appeal for a type of Tallaght strategy. Never before have we needed such a strategy involving in particular the main Opposition party. From what I can see, the less responsible the other party, the Labour Party, is in regard to the guarantee——

Senator Michael McCarthy: Rubbish.

An Cathaoirleach: This is questions to the Leader.

Senator Terry Leyden: The point I am making is that the Labour Party goes up in the polls and Fine Gael, which is being responsible, goes down in the polls. The more irresponsible one is as far as national funding is concerned, the more popular one is in the polls.

Senator Michael McCarthy: The Senator's party is up three points for bankrupting the economy. Well done.

Senator Terry Leyden: Irrespective of the cost of €34 billion, at the end of the day, this is a very wealthy country.

Senator David Norris: Tell that to the 450,000 unemployed.

An Cathaoirleach: We can have that discussion during statements on the economy later.

Senator Terry Leyden: I appeal for the type of leadership shown under Mr. Alan Dukes, who is playing a very important role in regard to Anglo Irish Bank at present. He was a very responsible leader of Fine Gael, although a price was paid for that when he lost the leadership of that party. I believe Fine Gael will act in a very responsible manner. There is a very good case for the extension of this Parliament for another few years because of this emergency. It is in the Constitution. I feel we should bring on board responsible members of the Opposition——

Senator Fidelma Healy Eames: It is the Government's only way of staying there, its only way of surviving.

An Cathaoirleach: There should be no interruptions. This is questions to the Leader.

Senator Terry Leyden: We need to be here until 2014.

Senator Eoghan Harris: No caesareans — it is full term.

An Cathaoirleach: Members, please. I call Senator Bradford.

Senator Paul Bradford: I support every word of my colleague Senator Paschal Donohoe. I say to Senator Leyden that it is not a Tallaght strategy or a national government we need to speak about but we certainly need to speak about a new type of politics. My fear is that there is an inclination to replace the economics of illusion which has brought us to where we are

[Senator Paul Bradford.]

with what I would call the politics of delusion. The politics of delusion is the simplistic view that somehow changing the chairs on the deck will bring salvation to the country; it is not as simple as that.

There was talk earlier of jailing bankers, and all of that is fine. However, when all the bankers are jailed and all the bank boards have been replaced, while it will be satisfying for the majority of our citizens, the current budget deficit will still be almost €20 billion and the real problems will not have gone away. The figures presented to us last night as part of the bank bailout and economic recovery presentation are absolutely frightening but they must and, I believe, can be tackled and challenged. However, we need a new type of politics to do so.

We in this House are better placed than those in the other House to talk about that type of politics and the type of political response which is required. I speak not of a national government but of the need to have a national political truce. We on this side of the House should co-operate with the Government in order to put through the next budget which will decide the fate of this country.

Senator Mary M. White: Hear, hear. Well said.

Senator Paul Bradford: We should play our part and we should decide with our political partners on this side and on the other side of the House a date next September or October for the next general election. Between now and then, we should put petty party politics aside and decide to put Ireland first. Politics can wait and elections can wait but Ireland cannot wait. It is as serious as that. The old thinking and the old tweedledum versus tweedledee is not just out of date but it is dangerously irrelevant to the Ireland of today. Let this House lead with a mature political reflection on where we are and how we can get to where we should be. We have a few weeks, not months, to turn around the ship of state. I appeal to all of my colleagues to think differently and maturely on the crisis we face.

Senators: Hear, hear.

Senator Brian Ó Domhnaill: I agree with Senator Bradford. We need to move politics to a new age, given the difficulties the country now faces, and we need to have co-operation. We must forget about the politics of the past, when the nod and the wink moved the line forward. We must consider co-operation. I welcome Senator Bradford's comments in regard to having that co-operation in the lead-up to the budget and thereafter next year, given the current fiscal difficulties the country is facing. The world would look at Ireland as being a better place if this were the case because we are being portrayed in a negative manner by some of the world's media, which is having a negative effect on the world markets and affects our borrowing capacity and the cost we are paying for that borrowing. We must be responsible as public representatives in articulating views and in co-operating with each other on both sides of the House. I hope we can set the example here in the Seanad and perhaps the other House would follow.

On a second issue, I agree with Senator Hanafin that we have to draw a line in the sand with regard to today's figures. However, we can only draw that line in the sand if those who created the problem within the banks are punished. They have to be punished and they have to pay the ultimate price, whatever that price may be, and people in higher echelons will decide what that price may be. Ordinary people out there trying to pay their mortgages or rent deserve to be assured that those people are punished for the wrong they demonstrated and inflicted on the Irish people.

Finally, I wish to refer to the issue of the Department of Transport's awarding of the PSO to the regional airports. It is of vital importance that the PSO is protected in any budget and

in any upcoming reorganisation of the regional airports. I come from County Donegal, where there is no rail access and where road access is not brilliant, although improvements are underway and are planned by the Northern authorities in conjunction with the Minister here. I ask that we have a discussion on transport, discuss the regional airports and also have a discussion with the Minister on ensuring the development of the road to Donegal proceeds, given the negative press it is receiving from elements in the North at present.

An Cathaoirleach: I ask Members to be brief as time is up. I call Senator Doherty.

Senator Pearse Doherty: All of us are taken aback by the statements early this morning. I want to focus on one point, namely, political accountability. Government Members in this Chamber have mentioned that the scale of the debts is manageable but the reality is that the people who will manage them are not the Minister for Finance or the Taoiseach but the people in our communities who will see more cuts inflicted as a result of today's announcement. This must be resisted. There is talk about national government, which might have happened because the polls for the first time have shown that both Fine Gael and Fianna Fáil combined have less than 50% support of the people, so it would not really be a national government if that were the case.

I want to propose an amendment to the Order of Business in the context of political accountability. It is important that we look forward but we also need to have political accountability. Particularly given the RTE "Freefall" programme, which Members of the Government might not have seen because of the think-in in Galway at the time, we have seen clearly what happened and who was informed in regard to the insolvency of Anglo Irish Bank, a bank which was guaranteed because the Minister for Finance came in and briefed Members of these Houses that it was a liquidity issue — a cash flow issue — not a solvency issue. Whether the Minister for Finance deliberately lied to people of these Houses and withheld information in regard to that matter——

Senator Paschal Mooney: That is outrageous. The Senator should withdraw that remark.

Senator Pearse Doherty: ——or whether he got it completely wrong is irrelevant. The reality, as we know today, is that €34 billion is the price tag of that decision. The Minister for Finance got it absolutely and terribly wrong. There needs to be political accountability. We cannot allow somebody who is charged by and has the confidence of these Houses to make decisions, to brief Members of these Houses, to state categorically that it was not a solvency issue——

An Cathaoirleach: The Senator's time is concluded.

Senator Pearse Doherty: ——when the information was out there in the public arena——

An Cathaoirleach: Senator Doherty's time is up. I call Senator Daly.

Senator Pearse Doherty: ——and put us in a position where we guaranteed a bank which is costing us €34 billion.

I formally propose an amendment to the Order of Business that Seanad Éireann debate a motion of no confidence in the Minister for Finance, Deputy Brian Lenihan, today.

An Cathaoirleach: The Senator's time is up. Statements on the economy will follow and the Senator will have time to contribute on that later. I call Senator Daly.

Senator Pearse Doherty: On a point of order, is the Cathaoirleach accepting my amendment to the Order of Business, or is he just pushing it aside because it is a motion of no confidence in the Minister for Finance?

An Cathaoirleach: The Senator must give formal notice.

Senator Pearse Doherty: I am proposing a change to the Order of Business in order that we can debate——

An Cathaoirleach: No.

Senator Pearse Doherty: Will the Cathaoirleach accept the amendments to the Order of Business proposed earlier, in respect of which no formal notice was given? I am asking that we hear statements to express no confidence in the Minister for Finance. I formally propose an amendment that statements be taken.

An Cathaoirleach: I can accept such an amendment.

Senator Pearse Doherty: It is an amendment to the Order of Business.

An Cathaoirleach: Is the Senator proposing an amendment to the Order of Business?

Senator Pearse Doherty: Yes, that statements to express no confidence in the Minister for Finance be taken.

An Cathaoirleach: I want to be fair to everyone. The Senator had gone way over time and I was trying to allow another Senator to speak, which is why I was not taking his amendment. However, I will take the amendment proposed to the Order of Business.

Senator Pearse Doherty: I thank the Cathaoirleach.

An Cathaoirleach: Senator Daly is next, but time is up and I must put others off.

Senator Mark Daly: I thank the Cathaoirleach for giving me the opportunity to speak. When the Minister of State attends the House, will the Leader allow me to contribute on Deputy Burton's comments on radio this morning which were nothing short of reckless? The Labour Party's finance spokesperson was discussing defaulting on senior bondholders which legally would be the same as defaulting on deposit holders. As such, Deputy Burton was proposing that the Government should default on deposit holders.

Senator Michael McCarthy: That is utter rubbish.

An Cathaoirleach: I wish to indicate to Members that my hands are tied in respect of the time allowed.

Senator Mark Daly: As Senator McCarthy is well aware, that is what Deputy Burton stated this morning. She wanted to give bondholders a hair cut to a figure of 50% but no better man than the Minister for Finance, Deputy Brian Lenihan, to put the matter in simple terms.

Senator Michael McCarthy: Some €34 billion. That is simple enough.

Senator Mark Daly: He stated it would be like going to a bank manager, telling him or her that we would default on a loan and asking for another one. This is what the Labour Party proposes to do in government. It wants to go back to the market to ask for more money, despite defaulting on our loan.

Senator Fidelma Healy Eames: The Government is defaulting on citizens.

(Interruptions).

An Cathaoirleach: We have gone over time.

Senator Mark Daly: It is as simple as that. If this is what the future holds for the country under the Labour Party in government, God help us all.

Senator Michael McCarthy: Rubbish.

Senator Mark Daly: In support of my colleague from County Donegal, will the Leader arrange for the Minister for Transport, Deputy Dempsey, to attend the House to discuss the issue of regional airports? We had a positive meeting with the Minister last night about Kerry Airport, but other regional airports will be affected by the conclusion of the funding allocation in July next year. I thank the Cathaoirleach for his indulgence.

An Cathaoirleach: I have to call on the Leader to reply.

Senator Dominic Hannigan: I formally second the amendment proposed by Senator Doherty.

Senator Fidelma Healy Eames: On a point of order, the Cathaoirleach indicated to me that I would be given a chance to speak.

An Cathaoirleach: Unfortunately, I am unable to give the Senator that chance. My hands are tied by the rules of the House and we are three minutes over time. I will not call anyone else. Three others Members have indicated their desire to speak.

Senator Dominic Hannigan: On a point of order, I will not make a statement,——

An Cathaoirleach: I will not hear anyone else.

Senator Dominic Hannigan: I formally second the motion to amend the Order of Business.

Senator Donie Cassidy: Senators Fitzgerald, O'Toole, McCarthy, Boyle, Coghlan, Harris, O'Sullivan, Buttimer, Cannon, O'Reilly, Norris, Hanafin, Donohoe, Leyden, Bradford, Ó Domhnaill, Doherty and Daly made their views known to the House on the announcement made this morning by the Minister for Finance, Deputy Brian Lenihan.

Yesterday Senator O'Toole and others asked me to contact the Minister of State, Deputy Calleary, concerning a debate on progress under the Croke Park agreement. The Minister of State will be only too pleased to attend the House given an opportunity to do so but definitely bimonthly to provide an up-to-date report on events for which he has been given special responsibility.

On the announcement made this morning by the Minister for Finance, the House will discuss the economy later and I can confirm that the debate will continue next Wednesday. It will be an opportunity for every Senator to make a contribution. I congratulate most Senators on the responsible way in which they have conducted their affairs, but under no circumstances can I agree with Senator Doherty. Deputy Brian Lenihan is one of the most outstanding public representatives to have held the portfolio in the history of the State.

Senator Pearse Doherty: He got it terribly wrong.

An Cathaoirleach: No interruptions, please.

Senator Donie Cassidy: I came through the gates of Leinster House——

Senator Pearse Doherty: No matter how good or nice the man is, he got it terribly wrong.

Senator Donie Cassidy: The Senator is misguided. May I give him the benefit of my experience?

Senator Pearse Doherty: I am sorry. Did the Minister get it right? If it was just a cash flow problem, we would not be paying €34 billion.

An Cathaoirleach: I ask the Senator to resume his seat.

Senator Pearse Doherty: The Minister got it wrong.

An Cathaoirleach: The Senator should resume his seat or leave the Chamber. There should be no interruptions while the Leader is replying. I ask the Leader to reply to the points raised.

Senator Donie Cassidy: I first passed through the gates of Leinster House in 1962 and I have met no one with greater ability or who has shown greater honesty or integrity than the Minister.

Senator Terry Leyden: Hear, hear.

Senator Donie Cassidy: He has been a shining example in the national interest. The personal sacrifices he is making in the name of the people——

Senator Pearse Doherty: It is the people who will have to make sacrifices because of the cuts that will be imposed as a result of the decisions taken by the Minister.

An Cathaoirleach: The Senator should understand that this is Seanad Éireann. I do not want any interruptions. He should understand the rules of the House. I ask the Leader to reply to the points raised on the Order of Business and not to make comments across the floor.

Senator Donie Cassidy: I am addressing my remarks to the House through the Cathaoirleach. The Minister has been a shining example and motivator for the captains of industry, in particular, those who are providing and creating employment and will play a part in the future. This must be acknowledged in the Upper House.

I thank the leaders of the political groups and all colleagues in the House for the responsible way in which they are conducting themselves. I agree with Senator O'Toole on the leadership being given by the trade union movement.

Among others, Senators O'Toole, Coghlan, O'Sullivan, Buttimer, Keaveney and Ó Domhnaill referred to Dingle and asked about relevant developments under the legislation. I will make inquiries in the office of the Minister today and revert to the Senators directly.

Senators called for a debate on regional airports, particularly Kerry, Cork, Shannon, Derry and Waterford airports.

Senator Brian Ó Domhnaill: And Donegal.

Senator Donie Cassidy: Of course. Senators asked for the matter to be debated with the Minister at the earliest opportunity. I will see what I can do in that regard.

Senator Mary White referred to the considerable success of Positive Ageing Week and gave various examples. She is to be highly commended for her stance and publication in this regard. She referred to the human rights issues involved in making a choice to work beyond 65 years of age, breast screening for women aged over 64 years and requiring someone over 70 years of

age to have a doctor's certificate. I will pass on her comments to the Minister and have the matter debated in the House the next time we discuss the health portfolio.

Senator Ó Murchú referred to the late Harry Gleeson — next year will mark the 70th anniversary of his death — and called on me to ask the Minister to appoint a High Court judge in order that the case might be reopened and the State might consider granting a pardon. The Senator outlined what could have been a serious miscarriage of justice. I will consult the Minister and do everything I can to determine whether he will respond positively to the Senator's request.

Senator O'Donovan called for a debate on the fishing industry, particularly the Common Fisheries Policy, the codes of practice and new regulations to be introduced tomorrow. He outlined his serious concerns about the right of the 33 families in question to live and work in the place where they were born and reared. I have no difficulty in allowing an all-afternoon debate on the Common Fisheries Policy. I know the potential is enormous and there could be significant job creation if everything was put in place to exploit this natural resource that we have as an island nation.

Senator Norris spoke about the redress board and the archbishop in the Church of Ireland regarding Bethany House. I fully agree with the Senator's sentiments and I will do everything I can to highlight this to the Minister and see what can be done.

Senator Hanafin called for a debate on transport issues, particularly those involving black box technology. Part of this technology can ensure a vehicle would be at least 25 metres from a vehicle in front. The distance can be changed to 30 metres or 50 metres depending on the programming. I saw it in America when I chaired the Oireachtas committee dealing with enterprise, trade and small business. It works very well in the state where we visited a university and it is worthy of a debate in the House at the earliest possible time.

An Cathaoirleach: Senator Pearse Doherty has moved an amendment to the Order of Business, "That statements on the lack of confidence in the Minister for Finance be taken today." However, the amendment has not been seconded and subsequently falls. Is the Order of Business agreed to?

Senator Pearse Doherty: On a point of order, I clearly heard Senator Hannigan formally second my motion. If this is political——

An Cathaoirleach: As far as I am concerned, I did not call him. I did not call anybody else in that respect on the Order of Business. Unless called on the Order of Business, a Senator is not entitled to second any proposal. People have a free right to oppose the Order of Business if they wish to.

Senator Pearse Doherty: I believe this is a case of protecting the Minister for Finance in not allowing the debate to take place.

An Cathaoirleach: I am not protecting anybody here and I am independent. People may want to play local politics in this Chamber.

Senator Pearse Doherty: This is national politics. It is the biggest decision taken by the State in a long time.

Question, "That the Order of Business be agreed to", put and declared carried.

National Economy: Statements

An Leas-Chathaoirleach: I welcome the Minister of State at the Department of Finance, Deputy Martin Mansergh.

Minister of State at the Departments of Finance and Tourism, Culture and Sport (Deputy Martin Mansergh): I am pleased to have the opportunity to contribute to statements on the economy. It is a critical day in our recent development. The economic downturn that has afflicted this country over the past two years has been unprecedented in its severity and complexity. It has therefore presented the Government with a series of major challenges to deal with it. The Government had to respond swiftly and boldly to each of these challenges, and there are four key strands to the Government's policy response to dealing with them. These are fiscal consolidation in order to put the public finances on a sustainable path, repairing the banking system to ensure credit is available to finance viable business and consumer lending, improving our competitiveness so exports can once again become the engine of growth in the Irish economy and upskilling the labour force to ensure those who lose their jobs are in a position to gain employment in expanding sectors of the economy.

Much attention has been given in the media here and abroad to the quarterly national accounts data which were published by the Central Statistics Office last week. Whereas the data were somewhat weaker than market expectations, the figures were not uniformly negative. For example, the quarterly GDP decline of 1.2% comes on the back of a very strong increase of 2.2% in the first quarter of the year, which essentially indicates that the level of economic activity has stabilised in the first half of the year.

In addition, the figures show a very robust export performance in the second quarter, following a good performance in the opening three months of the year. This is encouraging and is clear evidence that the improvements in competitiveness in recent years are having the desired effect. In addition, the export figures show a broadening of our export performance, with strong performances recorded across a number of sectors.

The quarterly figures also point towards a bottoming out of gross national product, which is the most appropriate measure of Irish living standards. This fell by just 0.3% in the second quarter compared to a decline of nearly 11% last year. In summary, the latest figures point towards stabilisation rather than to further output falls and there is certainly no evidence to support the hypothesis discussed in the international media regarding the world economy and a double-dip recession.

Competitiveness improvements are an integral part of Government policy, and its actions in this regard have been timely and decisive. Public service wages have been reduced, providing a clear lead to other sectors of the economy, which is now being followed. The latest data confirm that economy-wide earnings have fallen, and this is helping to restore some of the loss in competitiveness. Moreover, consumer prices have fallen compared with rises elsewhere in Europe, helping to improve our competitiveness as well as protect disposable incomes.

Notwithstanding recent reductions, capital spending remains high by international standards, enhancing our competitiveness and boosting our capacity to grow over the medium term. In addition, our economy is flexible and resilient, due in no small part to the measures implemented by this Government in recent years.

Regarding the emerging fiscal position for this year, I am pleased to say that based on the performance of taxes and expenditure in the period to the end of August the overall borrowing target for the year has not been revised. The Exchequer returns of revenues and expenditure covering the period to the end of September will be published on Monday, 4 October and the Department of Finance will comment at that stage as to the likely end-year position.

Last week, the National Treasury Management Agency raised €1.5 billion in its ninth bond auction of the year, meaning the target of raising €20 billion from the bond markets in 2010 has been achieved. Allowing for cash balances, retail debt and long-term funding carried over from last year, the Exchequer is now fully funded to the middle of 2011. Accordingly, the

NTMA has decided not to proceed with the bond auctions scheduled for October and November. The agency will return to the bond markets in the normal way in early 2011.

The underlying general Government deficit for 2010 is expected to be broadly in line with the budget day target. However, as a result of including within the deficit the capital injections to support certain financial institutions, on a headline basis our general Government deficit will be around 32% of GDP. It is important to remember that the classification of this capital support as a capital transfer would impact on the general Government deficit in 2010 only. This is because it is a once-off action and does not alter the stated aim of reducing the deficit to below 3% of GDP by the end of 2014. It must be stressed also that no additional borrowing would be required this year as a result of this technical classification. In cash terms, the capital injections will be paid out over the next ten years or so, thereby lessening the burden on the Exchequer.

Over the course of the past two years, the Government has clearly demonstrated it is willing and able to take the necessary steps to bring stability to the public finances. The Government is fully committed to stabilising and restoring sustainability to the public finances by bringing the general Government deficit below the 3% of GDP Stability and Growth Pact threshold by the end of 2014. It is of vital importance that we have a credible path to show how we propose to meet this commitment and, accordingly, the Minister for Finance stated this morning that a four year budgetary plan, incorporating annual measures, will be published in November.

The latest national accounts data point to a stabilisation of economic output. I am pleased that the latest information on labour market trends also provides evidence of stabilisation. The CSO's quarterly national household survey provides a definitive measure of labour market trends. Last week the survey for the second quarter of this year was released. The year on year decline in employment in the second quarter of 2010, while unwelcome, was not unexpected. It was the smallest annual decline in employment since the third quarter of 2008, and half the rate of decline this time last year. QNHS figures show there was a small increase in employment in the second quarter of 2010. Although seasonal factors account for this upturn, nevertheless the trend is encouraging, particularly because on a seasonally adjusted basis employment rose in several economic sectors in the second quarter of 2010. Employment also rose in the second quarter in certain occupations such as professionals, managers, and plant and machine operatives. The Government is particularly concerned at the growing rate of long-term unemployed. Upskilling and retraining this group, in particular, therefore will continue to be a priority for this Government. These figures, although encouraging, highlight the considerable work that still needs to be done. This Government will continue to focus on improving our price and labour cost competitiveness which is a necessary condition for improving the labour market.

Last week, the CSO released its population and migration estimates for April 2010 which show that gross outward migration in the year to April 2010, although high, was virtually unchanged from last year. The high level of net outward migration recorded is due to a sharp fall in inward migration compared to the previous year's figures. Net outward migration of Irish people in the period was just under 14,500. The CSO data show a healthy distribution of population. The number of people aged 65 years and over reached 500,000 for the first time; this, however, represents just 11.4% of the population. The EU average is 52% higher than this. The data also show that the natural increase in the population is at its highest rate since at least 1987 which is an encouraging pointer to the overall sustainability of the Irish economy over the longer term.

More evidence of stabilisation in the economy is provided by September's live register figures which saw a decrease of over 24,500 compared to August, or a decrease of 5,400 when season-

[Deputy Martin Mansergh.]

ally adjusted. The live register year on year increase of 22,563 is the lowest increase since December 2007. September's unadjusted fall in the live register was the largest ever recorded. The seasonally adjusted decrease last month of 5,400 was the largest in over ten years. The live register figures for September give the first indication of a levelling out of the numbers on the register for one year or longer. Typically, live register numbers dip in September as the academic term commences. This year, ever greater numbers are returning to education to retrain and re-equip with new skills to compete for jobs the Government is committed to creating under its trading and investing in a smart economy strategy for job creation launched by the Taoiseach earlier this week.

The Government's jobs strategy is built on export-led growth as the principal basis on which to deliver sustainable jobs and growth. For a small open economy like Ireland's, exports offer the highest potential for growth on the basis of value added through increased productivity, innovation, competitiveness and a strong enterprise mix. Export-driven growth will turn the other wheels of the economy and create a virtuous circle to deliver jobs. The report of the innovation task force, ITF, which was published in March 2010, provides a road map for positioning Ireland as an international innovation development hub and to assist in making the smart economy a reality, including the creation of sustainable jobs.

Significant progress has been made in implementing a number of key recommendations in the ITF report. The €500 million Innovation Fund Ireland which was announced by the Taoiseach on 12 July targets the development of a vibrant venture capital community in Ireland through attracting top international venture capitalists. The launch on 16 July of a €296 million investment supports third level research and leverages €63 million private investment. This is a strategy which is already delivering, notwithstanding the major challenges which Ireland faces. Recent successes include 75 investments to date in 2010 from IDA supported companies, which have the potential to create 6,000 jobs; 44 new high potential start-ups approved to date in 2010 by Enterprise Ireland; major marketing promotions by Enterprise Ireland and An Bord Bia, which have seen exports of Irish goods, including food products and services, increasing in 2010, with Enterprise Ireland expecting that in 2010 Irish companies will recover over 70% of exports lost in 2009. In addition, employment in the tourism sector grew by 5,500 in the first quarter of 2010, compared with the same period last year.

This week the Taoiseach launched an ambitious five year integrated Government plan for trade, tourism and investment aimed at generating 300,000 jobs and boosting exports by one third. The new plan, "Trading and Investing in a Smart Economy", is the first integrated strategy to promote overseas trade, tourism and investment. The plan aims to create over 150,000 direct new jobs in manufacturing, tourism and internationally trading services, with another 150,000 spin-off jobs; increase the value of Irish exports by indigenous agency-assisted firms by one third; increase the number of overseas visitors to Ireland to 8 million; and attract an extra 780 foreign investment projects through IDA Ireland.

The new Foreign Trade Council will bring together all of our activities in a fully integrated fashion. It will devise new common "brand Ireland" initiatives, exploit marketing platforms such as St. Patrick's Day and trade missions, open new markets for Irish small and medium-sized enterprises, align our visa policy with strategic business interests and maximise the effectiveness of our overseas diplomatic and agency representatives in key markets. I have seen this strategy at work. I was in China for about nine days in connection with Expo and the Asia Pacific Ireland Business Forum, and it is very clear that these opportunities provide a basis for increased business to Ireland. This was obviously the main purpose and object of discussion.

The global financial crisis, which took hold in August 2007, resulted in unprecedented difficulties across international funding markets. This is a global problem, and governments across the world have repeatedly intervened in domestic banking systems to preserve financial stability.

Irish banks, reliant on international funding, have suffered as a result of the reduced availability of credit. Government intervention was necessary to secure the liquidity of our banks. Concerns about the quality of assets held by banks and possible impairment levels have focused the attention of international markets on the level of capital that banks hold. Most developed economies, including Ireland, have had to commit state funds to recapitalise their banks and initiate policies to deal with impaired assets. The downturn in the global economy is having a negative effect on banks. At a time when the financial position of banks is fragile, poor earnings prospects and concerns that asset quality will deteriorate further do little for confidence in the banking system.

The Government's approach has been based on three broad principles: one, not to let any systemically relevant financial institutions fail — this involves protecting depositors and creditors; two, any State involvement in the financial institutions will protect the interests of taxpayers; and three, to ensure the flow of credit to the real economy. The Government in its actions has sought to reflect agreed principles at EU level and comply with state aid guidance. Guided by these three principles, the Government's approach to the banking crisis has been to ensure stability through the two guarantee schemes which have been essential to maintaining banks liquidity; ensure appropriate levels of capital to meet solvency requirements and enable lending to the economy through capital injections; remove the most risky assets, large property and development loans from bank balance sheets through NAMA; promote the flow of credit to viable companies through the establishment of the Credit Review Office and the small and medium-sized enterprise, SME, lending plans; and minimise the immediate budgetary effects of banking support spending through the use of NAMA bonds rather than cash to purchase property and development loans at a discount from banks and the phasing of capital injections through the issue of promissory notes.

Senators will be aware that a statutory instrument which extends the eligible liabilities guarantee scheme to 31 December 2010 was approved by both Houses of the Oireachtas yesterday. This is an important support to the Irish banking system which facilitates its access to both short and longer-term funding to help maintain the overall stability of the banking sector and complements the broad Government strategy to restore the banking system fully and maximise its contribution to overall economic recovery.

With regard to the situation beyond the end of 2010, the Department of Finance and the relevant State authorities, along with the European Commission, will continue to monitor market developments over the coming months to confirm that the guarantee continues to underpin the core principles of financial stability and funding access for the financial institutions. Approval for the continued provision of financial support under this scheme must be sought from the European Commission every six months in accordance with EU state aid requirements.

Much of the concern over asset quality internationally has revolved around toxic financial assets whose value is now highly questionable. In contrast, concerns over asset quality in Irish banks relate to loans based on property, both here and in the UK, especially land and development lending. Having regard to international developments and ongoing work at EU level, the Government examined proposals to manage and reduce the risks on these specific exposures. Following an examination of potential solutions and receipt of advice from the Central Bank, the Financial Regulator and the NTMA, the Government concluded that the establishment of

[Deputy Martin Mansergh.]

an asset management agency was the most effective way to bring stability to the Irish banking system. The National Asset Management Agency Act was passed in late November 2009, and the European Commission approved the establishment of NAMA on 26 February 2010. The financial institutions participating in NAMA are Allied Irish Banks, Bank of Ireland, Anglo Irish Bank, the Irish Nationwide Building Society and EBS.

NAMA is taking a borrower centred approach to dealing with risky assets. Where a portfolio of eligible asset transfers to NAMA, it includes the entire exposure of the borrowers concerned. Thus, some performing as well as non-performing loans will transfer to NAMA. The largest exposures are being transferred first to remove from bank balance sheets the most systemically significant risks.

It had been predicted by many commentators that NAMA would overpay for assets but this has not been the case. NAMA has to date acquired loans with a nominal value of €27.2 billion for consideration of €12.7 billion, an overall discount of 53%. The discounts are being calculated following detailed loan-by-loan assessments, which include legal due diligence, a detailed valuation process and internal and external checking processes, including external audit.

The Government on 8 September announced its proposals for the restructuring of Anglo Irish Bank. The approach is to split the bank into an asset recovery bank, which would work out the bank's assets over time, and a funding bank which would raise funds for the asset recovery bank. The statement indicated that the Central Bank would determine the capital needs of the two institutions and announce its findings by October. The detailed development of this broad outline is under way and it is intended to submit a plan to the European Commission for approval in the near future. The Central Bank today published its assessment of the capital requirements resulting from the recently announced restructuring of Anglo Irish Bank. This assessment has been applied to both the proposed funding bank and the asset recovery bank that will be created. The total capital required for both institutions under the base or expected loss scenario is €29.3 billion. Under a stress scenario, an additional €5 billion of capital could potentially be required.

The Financial Regulator has made a statement outlining the total capital requirement for the restructured entities today. As a follow on and to bring certainty to the situation, the Minister for Finance has also made a statement today on this matter and on the Irish banking system generally. The Financial Regulator now requires banks to put in place an 8% core tier 1 capital ratio, of which 7% must be equity. After performing a detailed assessment of the capital requirements, both current and under a stress scenario, over a three-year time horizon the regulator determined the additional capital requirement of each NAMA participating institution to be in place in each of the institutions by the end of 2010. The Government has made it clear that to the extent that an institution's capital requirements cannot be met from private or internal sources, the State will make up the shortfall in the form of ordinary shares.

Work has begun on forging a new model to govern the conduct and behaviour of the financial sector, both here and internationally. Ireland will play its part internationally and especially at EU level in seeking to ensure that the redesign of the financial system and financial regulation is consistent with the objectives that underlie a strong, stable and functioning national banking system.

I have focused on the detail of the most recent economic data. When this is omitted it is not surprising that assessments of the prospects for the Irish economy have been unjustifiably negative, which is having a serious impact on the spread of Irish interest rates against the German benchmark. While we cannot underestimate the extent of our current economic problems and of the difficulty of the task in dealing effectively with them, we can be heartened by

the recent evidence that points to economic recovery. Ireland's economy is resilient and has great strengths. The Government must do whatever is necessary to repair the breach. This Government must continue with its policies and demonstrate in next December's budget its commitment to meeting its fiscal targets. Then the recovery will become firmly established and evident to all.

Senator Liam Twomey: The news being announced on the airwaves just adds to the calamitous situation we are facing for the next couple of years. I want to focus on three major issues that are important for our recovery and perhaps the Minister of State might reply to some of the issues being raised, because they are important, in addition to some of the matters we are reading about today on banking.

There are several big issues facing the Minister for Finance outside of banking and the overall economy, one of which is the status of the Croke Park agreement. It has been a number of months since its announcement and it is important that we know its status. What is happening in terms of implementation? What changes have taken place across Departments? The Minister of State might give an overview, but there is a need to provide a more detailed explanation of where we are going with the agreement which is absolutely pivotal to improving the public finances. As the Minister has put a lot of stock in it, it is important that we know exactly what is happening. Will it go the same way as benchmarking, with a few Departments making serious attempts to implement change, a few others making lacklustre attempts and the majority doing nothing at all? This requires a response from the Minister because the circumstances are much more difficult today than they were in the past.

There has been much discussion about public sector pay, whether staff are over or underpaid and who should be protected. However, if the public finances continue to deteriorate at the current rate, the ability of the Government to pay public sector pensions in five or six years' time will be under threat. This is something about which we are all concerned because such a large number are dependent on Government pensions.

Another issue facing the Minister is that of cuts to Government spending. The Government has said it is fulfilling its budgetary mandate of cutting back expenditure year on year. The trouble is that capital spending may be taking the brunt of the cuts and the Government may not be achieving the necessary cuts in current spending to get the public finances back in order. Cutting back on capital spending is damaging for our recovery. Cutting back on spending in building new schools, extensions to hospitals, roads, motorways and so on will hinder our ability to recover. The core requirement is to cut back on day-to-day spending. We must cut waste and get spending in order. There is a sense that the Government may be taking the soft option and only cutting back on capital expenditure. The Minister of State may want to reassure us that is not the case.

The Minister has mentioned that he is improving competitiveness in the economy, but we have not seen many examples of this in the part of the economy for which the Government is responsible. Charges to customers who rely on Government services are not decreasing at a rate that will help us to start economic recovery. The State's responsibility to reduce costs to businesses, consumers and its own customers is not being fulfilled. This is something on which we must focus.

That issue is related to today's announcement that AIB is essentially being nationalised. It is well known to small and medium-sized enterprises and anyone who wants to borrow money that there is, more or less, a credit lockdown. Banks are not lending. It is completely obvious that, no matter how many reports are published by the banks stating otherwise, far too many are unable to obtain loans. People are coming to us about it and we are even experiencing it ourselves with family members who own good and viable businesses but cannot obtain credit.

[Senator Liam Twomey.]

It is not because the banks do not want to lend but because they do not have the money to do so. The Government is making all the right noises, but it is not doing enough to ensure credit is available to those who want to develop businesses and create jobs. It must face up to this problem quickly.

At the beginning of the week the Government announced an ambitious five-year plan which reminded me of the days of Joseph Stalin. The Soviet Union was good at having five-year plans also, although they did not do it much good in the end. If I remember rightly — sometimes I cannot get dates right because these things happen so often — only a few months before the last general election the same five Ministers were rolled out to launch a plan to deliver so many hundred thousand jobs in five years. It might even have been 300,000. Of course, we have now seen a reduction of 300,000 jobs. However, the point is that the same grand plan was announced before the last general election as was announced at the beginning of this week.

I must tell the Minister of State that this week's announcement was taken with a grain of salt by the general public. The public is getting a bit tired of the Government announcing big plans that come to nothing. It needs to focus on making the economy work. The problems I have mentioned are serious, but we have not even touched on the banking issues yet. The Government has been well aware of these problems since long before the bank guarantee was introduced in September 2008. They date back to the days after the last general election. We had the same issues of competitiveness, credit availability and a large Government deficit and the Government has simply failed to do anything about them.

I have been critical of the Minister for Finance but, as I stated last night, he is an excellent communicator and the general public buy into the idea that he is doing something right. For too many of us in the House, however, he is starting to be seen as a bluffer. The Government's banking policy, as we saw from the announcement this morning, has essentially fallen apart and is in tatters. There is a need to produce a radical plan that will work for the country.

An article in *The Irish Times* at the beginning of the week showed that, amazingly, Commissioner Rehn seemed to be dictating the policy that the Minister announced this morning. According to the article, he requested the Minister to outline his budgetary measures and reforms for the next four years. It also stated the markets needed clarity on what was to happen between 2012 and 2014. It is interesting to see what the Minister is saying this morning: that he will outline at the beginning of November what will happen in the next four budgets. The problem for the markets is that there is no guarantee that the Government will be in office for the next four years; therefore, they cannot really take these predictions into account. In some respects, it just adds to the uncertainty.

The next Government will be tied to the commitments entered into by this Government.

Senator Liam Twomey: It has certainly committed taxpayers to paying for commitments entered into by the Government for the next 30 years, never mind the next four.

The other point the Minister made this morning was that the budget in December would be much harsher than the public was expecting. It is only common sense to cancel any more bond issues before the end of the year because what the bondholders would be seeking would be disastrous in terms of international opinion. However, the responsibility for any additional funding we may need is now wholly with the ECB. The Government told us two years ago that what it was doing was absolutely essential to protect the sovereignty of the country, while, in fact, it was risking it in order to protect the banks. That policy has backfired.

The Minister of State's speech was well written. He mentioned that the Minister was aiming to reduce the budget deficit to below 3% of GDP by 2014 and that this year's Government

deficit would be 32% of GDP when funding for the banks was included. However, if we do not include the funding for the banks — the one-off amounts given to bail out AIB and Anglo Irish Bank — the Government deficit is still 12% of GDP. How in God's name is the Minister hoping to pull this back to 3% by 2014? This was mainly predicated on the fact we would start seeing growth in the economy by now, but we have not. Therefore, the 3% is not achievable by 2014. Why does the Government not acknowledge this and start planning on that basis? How will it achieve a reduction rather than an increase of 9% in Government spending? How will it make such a massive reduction in Government spending so as to return us to within a 3% deficit? That is not achievable. The Government should acknowledge the problems and put forward its solutions for them. Otherwise it has no credibility with anybody with even the most basic understanding of economics. I have only a basic understanding of economics and am no expert in that area. All I know I have learned in this House and from newspapers, but even still I can see the Minister of State's proposals unravel.

The Minister of State mentioned long-term unemployment. The long-term unemployed, people out of work for more than a year, make up one third of the unemployment figures — in excess of 100,000 people. This is a massive number and is a concern we must deal with urgently. Apart from the economic problem of such a massive number of unemployed people, there are also massive social consequences for the individuals and their families. We must get moving on this issue. The Minister of State also mentioned that people are being encouraged to return to third-level education to improve their skills. However, a major complaint people who want to return to education have made to me is that it is extremely difficult to get grants to do so. They lose their social welfare entitlements and face a number of other difficulties. The sense exists that the Government has not quite faced up to the national emergency, but it is its responsibility to do so.

I was somewhat annoyed yesterday to hear representatives on the Government side of the House come in and pour cold water over the Croke Park agreement. They basically said they did not agree with the Croke Park agreement, but it is part of Government policy. If Members on the Government side are breaking ranks, what hope have we of getting the country sorted out. This is the Government's responsibility. It says it was given the mandate by the people. Therefore, it is its responsibility to deliver. We will be watching for it to do this. We know there are tough times ahead and agree we too have a responsibility to play our role in the months or years to come. We will face up to that when the time comes. However, we are stuck with the current Government now. It has not done much about some of the major problems over the past couple of years, but these problems are bringing it closer to the precipice. We and the general public are concerned and need clear answers on the issues.

Senator Marc MacSharry: I join others in welcoming the Minister of State and am glad to have the opportunity to make some points on the economy. At the beginning of this session it is important that in our debate we communicate a strong and clear message that the Government and all Members of these Houses are prepared to take the necessary action and dispense with the pantomime politics which have taken up so much time over the past two years.

The airwaves seem to be exclusively filled with academic economists vying for position to ensure they are the ones chosen for the "Prime Time" slot, "The Frontline" slot or the "Tonight with Vincent Browne" slot. Last night, one wondered why we needed three of them vying for the position at the same time. They were comical in the extreme as one said to the other: "Don't you agree with that, David?" This is the kind of pantomime and comic entertainment to which serious economic issues have been reduced.

I was delighted to hear the contribution made in the House this morning by Senator Paul Bradford, who is always measured, intelligent, informed and thoughtful in his comments. He

[Senator Marc MacSharry.]

was the same in the Dáil and has been the same in this House in the eight years I have shared here with him. He said we should let the Punch and Judy show stand aside while we look forward to an inevitable election in due course. We on this side of the House say that is likely to follow the full term of this Government and following all of the actions that must be taken. He went on to say that in the meantime we should focus our views not on the “Oh no you are not, oh yes we are” blame game of who is right or wrong or who could have done things better and focus instead on what has been done correctly, what continues to be done correctly and what must be done in the interests of the people. Clearly this will be painful for every household and is not palatable for anybody in or outside of the Houses, but is the reality.

We have had various reports placing the blame and these will continue. We had Professor Honohan's report, the Regling and Watson report and the report of the Joint Committee on Finance and the Public Service, which had the help of experts to assess the role of macro-economic and fiscal policy in getting us into our difficulties. We are in those difficulties and must now, as the Minister of State said, reflect on some of the serious actions that have been taken over the past period of time. On the Order of Business today, which was largely taken up by commentary on this morning's announcement and the economy, I was appalled to hear a Senator effectively call the Minister for Finance a liar, saying he had misled the Houses. At no time did the Government mislead the Houses, but it is proven to have acted on the best information that was given to it at the time. In the context of the bank guarantee, there is much talk suggesting we must have known about the solvency-capital situation. At that time, the only talk was about liquidity. As soon as it became evident, when we set up NAMA and began following the PwC and other reports to look under the bonnet of these reckless institutions which were backed up by a reckless national and international regulatory regime, we took the most aggressive action in the world to rectify the situation and to assess the haircuts, no matter how draconian. We did not package it up like the Germans did, who for example insured against them hoping that when they take a close look in ten years time the situation will be better. We faced up to our problems from the off, as painful as that has been and as the situation regarding costs has become clearer, we have faced up to that too.

Thankfully this morning, as a result of the determination and actions taken by the Minister for Finance, Deputy Brian Lenihan, and his Cabinet colleagues, we can reach finality on Anglo Irish Bank. There is no question as to the disgracefully unpalatable amount of money that must be put into it, but we have the total. We are also aware now of the additional amounts that are required for AIB and Irish Nationwide etc. We must now look at the bigger picture in their regard. If one considered the amounts stated this morning as sums going into our national debt, they would amount to 98.6% in terms of debt to GDP ratio. However, when one deducts cash the NTMA would have plus the National Pension Reserve Fund, the net GDP ratio is 70%. Obviously, as we contemplate the kind of borrowings that must be done to get the ship moving in the right direction during the next few years in order to reach 3% by 2014, that ratio will grow to approximately 105%. This is manageable. If we reflect on the 1980s, the ratio was from 100% to 120% and more. We got through that then.

Senator Norris and others reflected on the positivity in yesterday's debate and on looking forward to what can be done. The public, rather than needing the pontification of academic economists vying for position need instead assurances from Members of these Houses that they are prepared to take the action on the public's behalf. There is light at the end of the tunnel. The election will come soon enough. We will take our chances then, based on the actions that have been taken on behalf of the people. However, at this point debate on the economy should only be about the future and the tangible actions that can be taken and the recommendations Fine Gael, the Labour Party, Sinn Féin and the Independents have for the Government. The

Minister has consistently said they are pushing an open door. If they have a view or suggestion that is better than the ones we are pursuing, give them to us in order that we can assess them, move forward and embrace them if they are to be embraced on the basis of best advice, but that has not happened. I commend Senator Bradford. Every Opposition Member would do well to read his mature contribution in the Official Report of yesterday's and this morning's proceedings. They were mature comments by somebody who could be in government some day. Heretofore many Opposition Members were vying for position with academic economists and wanting to make sure they would be the first on the list of callers for researchers working on "Frontline". The debate is about the tangibles that will make everything better.

There has been a marginal narrowing of the bond spreads this morning from 6.78% to 6.7% and I am confident that when the markets have had time to assess the recapitalisation announced earlier and the process on which the Government will embark in November when setting out its four-year strategy to bring the fiscal deficit within 3% of GDP, there will be a further narrowing. On the comment that it is disgraceful that the NTMA will not hold bond auctions for the next two months because of the potential impact, it would be ridiculous in the extreme from a business perspective for Ireland to go near the bond markets until its future plans can be assessed by them. This is a basic business decision. We have enough money for the next eight to ten months. Why would we contemplate paying a premium of 6.7% or more at a time when we do not require the money, given that the markets have to analyse what the Government has put forward today as a viable way forward for the country? I checked the bond spreads on my BlackBerry before commencing my contribution and the initial indications are it has reduced to 6.7% and I am confident they will narrow even further as the Government continues to take action. The Minister for Finance has stated the budgetary framework for the next four years will be outlined in November and I am confident this will lead the country back on the road to recovery, far from the doom and gloom preached by economic academics who are determined to appear on various television and radio shows. Let us dispense with the pantomime politics in the Houses and focus on the tangibles.

With regard to the economic outlook, the Central Bank, the European Commission, the OECD, IBEC, Ernst & Young and various stockbroking firms have all forecast economic growth next year of between 2.3% and 3.5%. The Department of Finance budget forecast for GDP growth is due to be published soon. During the summer it revised its forecast from -1.3% to 1%. Export-led growth will ensure the sustainability of the economy. This has been a strong performing area in the past year. The value of exports in July increased by 12% year on year, but we have heard none of the economic academics talk about this. "Don't you agree with that too, John?" Peter Matthews said to David McWilliams last night. He replied, "Oh, I do, of course, David, that is very good, quite right."

An Leas-Chathaoirleach: The Senator should refrain from naming people in the House.

Senator Marc MacSharry: In making a point on behalf of the Irish, it is not a question of abusing privilege. In talking about a programme broadcast last night one is not abusing privilege; one is simply using it, as I am well entitled to do on behalf of the people.

The Minister for Finance mentioned a number of measures to tackle unemployment. Job creation requires that the public finances be put back on a sustainable path. Unless we and businesses have confidence in the banking system, we will not be able to move forward. I acknowledge Senator Twomey's comment that credit is not flowing to the extent it could be. As somebody who has maintained a small business, I can confirm that is beginning to happen. ISME acknowledged at its conference recently that its members were beginning to see a trickle. However, I do not want to see a repeat of the reckless lending where money was thrown at

[Senator Marc MacSharry.]

people without appropriate business plans. We must be realistic about assessing the potential of businesses to survive and succeed. I am hopeful that will be the case.

The live register is stabilising. According to yesterday's CSO figures, the number signing on decreased by 5,400 between August and September, which is hugely significant. Total unemployment now stands at 13.7% or 442,417, of whom 62,000 are in part-time employment. We can focus on all the negatives we want and there is no question that an unemployment rate of 13.7% is disgracefully too high, but the House should remember it was 18% in the 1980s. We got through it and we will get through this one too. We will learn from the mistakes of the past, but let us not focus on the blame game, as that will happen in due course. People will have their pound of flesh in regard to bankers and will have the opportunity to assess the Government on its entire term in office rather than individual aspects of policy.

Various schemes have been put in place during the year to encourage job creation and maintain jobs. A €36 million investment has been made in a PRSI job incentive scheme to create up to 10,000 jobs. This means an employer who creates a new job for someone who has been out of work for at least six months will be exempt. The six-month requirement should be removed and the scheme should be open to anyone who is out of work. The integrated plan for trade, tourism and investment in the next five years aims to create up to 300,000 jobs and boost exports by one third, which is important. The national retrofit and water investment programmes will create 9,000 jobs. Almost €600 million has been set aside for the schools building programme this year and it is set to create more than 5,300 jobs. Summerhill College in Sligo is undertaking a significant development and I look forward to the tender and the employment that will create. This investment will reach the entire nation, not least my own constituency. The number of training and activation places has increased this year to 157,000, up almost 90,000 since 2008. That is also significant but, again, we do not hear about this on the Vincent Browne show, the Jerry Springer show or "Frontline". The community services programme and the rural social scheme will be significantly expanded to accommodate up to 40,000 people over the next year.

On capital investment, unlike what Senator Twomey said, there is a commitment of €40 billion over six years. That equates to 5% of GNP, or more than twice the European average. The Senator should not tell the House, therefore, that things are not being done. Even from an Opposition perspective, we should say these are the good things being done and that this is what should be done on top of it, rather than just moaning about who blew the benefits of the boom and engaging in the pantomime politics of the past. We must look to the future.

I have a number of suggestions to make. Currently, 1% of GNP is invested in the National Pensions Reserve Fund. That was prudent in the past and will be prudent in the future. Should we examine freezing the investment of approximately €1.2 billion in the fund for a few short years, as that would help significantly? Irish pension liabilities are based on the German yield curve which is substantially different from the Irish yield curve. Should they be based on the Irish yield curve? The percentages are used to value future liabilities of pension funds. If we were to do this, the value and solvency of the funds could increase but, more important, greater demand could be created for Irish debt. Irish institutions only own 15% of Irish debt. Perhaps the Minister of State might refer to this. It is a suggestion which may be unfounded, but I just want to show that at least I put my tuppence worth into a process that will be difficult.

This morning and yesterday on the Order of Business I highlighted the difficult process ahead in framing the budget. There is no question that it will mean pain for everybody. Implementation of the Croke Park agreement and the savings it will achieve will be paramount. We might have to make even more savings; I believe we will. We must be creative and proactive in doing that and, at all times, be united in trying to ensure that in cutting services — some

will have to be cut because we cannot afford the amount of public services we are currently paying for — the most vulnerable are least or, if possible, not at all affected. However, let the message from this side of the House, in the first economic debate of the new session, be that we are fully determined to deal with the issues. In this session let there be no negativity, just positivity in assuring the public that all Members of these Houses will take the necessary actions, that there is light at the end of the tunnel and that we will ensure that this will continue.

Senator Feargal Quinn: I welcome the Minister. It was interesting to hear the points he made. I spoke yesterday at a conference in Croke Park which dealt with property, retailing, opportunities in retailing and developing retailing. It was most interesting to hear the success stories. There are not many success stories in retailing and the development of shopping centres but there are some. Just as there were failures during the very good times, there are successes in the very tough times. Who are these successes? They are those who have focused their attention on the opportunities and said: “We can do something. We might have to change from what we did previously but we must grasp that opportunity.” Throughout the country there are opportunities and people who are successful.

I have been involved with a television programme for the past year and we are currently working on a programme for next year. It involves going to various retailers. I have started my contribution by talking about retailers today because at European level, and probably throughout the world, there is a concentration on manufacturing but no recognition of the huge opportunities for job creation in retail, commerce, wholesale and trade in general. It is interesting that most of the Minister’s contribution focuses, understandably, on exports, manufacturing and what we can produce. However, let us not forget that 31 million people in Europe work in commerce. It is a sector we must encourage and continue to develop. We are not asking the Government to do anything other than to remove the shackles and difficulties. This will give businesses the opportunity to create jobs and be successful. We must continue to do that.

There was another conference on Friday last week at which I was invited to speak and which was attended by the Minister for Finance. It was called “Confidence in the Media?”. The event tried to show that there are many voices of confidence around and that the crippling fear and lack of confidence in our economy is partly driven by an almost constant celebrity-driven narrative of fear and crisis. Senator MacSharry was quite right in his reference to some of the television programmes. They appear to be very negative. I mentioned earlier this year that our GDP *per capita* last year was, despite all the challenges, still the second highest in the EU. It was a massive 31% higher than the EU average. For what we earn we can buy 31% more than the average in Europe. In spite of the problems and challenges, this is good news and we should draw attention to it.

It is true that the figure is somewhat distorted by the exports of multinationals but, on the other hand, we will be tuned into the world recovery. The pick-up in the EU and world economy will be reflected in that figure. According to the interim forecast on the EU economy published by the European Commission last week, “The economic recovery in the EU has gained ground of late. GDP growth in the second quarter of 2010 was particularly strong, and more balanced towards domestic demand than previously anticipated global GDP (excluding the EU) is projected to grow by some 5% in 2010, a quarter percentage point higher than in the spring forecast.”

We must remember that we have come far. Our GDP between 1957 and 1987 was 40% below the EU average. Now it is massively above the average despite the downturn. Our economy is now back to the 2004 level, which was a prosperous time. People constantly talk about how tough and terrible things are now and what a disaster we have endured, but we are back to the position we had in 2004. That is only six years ago. Consider the number of cars

[Senator Feargal Quinn.]

on the M50 or the standard of living we have been able to maintain. There are many people unemployed and we face challenges, but let us not talk ourselves into bigger difficulties than we have. Employment has massively expanded in recent years. The level of employment is more than 250,000 more than in 2000 and a massive 700,000 more than in 1993. They are success stories. We must have some perspective. Our situation is a far cry from that of the 1980s and early 1990s. We are in far better condition now, despite our problems.

We gained a great deal during the boom. A new study by Trinity College found that the arrival of more than 300,000 eastern Europeans, mainly Polish nationals, to Ireland in recent years meant that Irish workers had to significantly upgrade their skills to match them. That has been one of the benefits in retailing as well. As retail competition developed, Irish retailers, particularly family businesses and small and medium enterprises, SMEs, had to improve their standards to compete with those of their competitors. In spite of the perception that there is a massive decrease in our population due to emigration, there have been record birth rates. There are 11,400 more people living in this country in the 12 month period April 2009 to April 2010, and there is a new record population level of just under 4.5 million, almost 1 million more than the 1996 level.

Employment is also beginning to settle. The journalist and economist Mr. Marc Coleman, who attended the conference on positivity in the media, has made the point that employment in the economy, at 1,859,000, is not only where the ESRI predicted it would settle but also appears to be settling at that level as each successive fall in employment becomes smaller. That means it is also settling at the level we had in 2005. We often do not hear or see in the media how successful we have been in securing foreign direct investment in Ireland. Government Ministers travel all over the world to encourage investment. A total of 30 Irish firms travelled to Russia this month and signed deals for export sales worth more than €9 million. The Minister spoke about being in China recently. The number of Irish companies with a permanent presence in China has increased from 45 to 115 in just the past four years.

Credit Suisse has said that recovery in Ireland is under way as we benefit from falling prices and wages, which is boosting our exports. Production levels are now back to pre-recession levels. The US investment bank Morgan Stanley has said that the Irish economy has “turned the corner” and that Ireland “should be able to adjust to the new post-crisis world” better than other eurozone nations. It described Ireland as “fundamentally different” from other peripheral European countries because it is “a fully deregulated, fully liberalised, flexible market economy”. We do not often hear such words spoken. I was very impressed by the Minister and many others at the conference last week in the Shelbourne Hotel. They spoke about the danger that we would talk ourselves into bigger problems than we have. According to the many international business people I have spoken to, they are still enthusiastic about the business conditions in Ireland. Let us ensure we do not damage that.

Consider how well Irish exports are doing in spite of the downturn. The Minister referred to this. The fall in the value of the euro is very encouraging for Irish exports because companies have benefited more than those in other eurozone nations from the currency’s weakness against the dollar and sterling. Bord Bia stated last week that the value of Irish food and drink exports has increased by more than 8% in the first five months of this year and is now worth almost €3 billion. Our economy has become more competitive out of necessity. I have told the Minister of State on other occasions about going to a shop in Dundalk which was closing down. I asked some butchers where they would go to look for work. I suggested they go to Newry where there were plenty of jobs. They responded by saying that wages in Newry were only one third of what they could earn here. It is clear we had worked ourselves out of jobs by paying ourselves too much on some occasions.

We have become more competitive. Certain commentators told us we could not do it but it is now happening as a result of competition. We need to continue this drive towards competitiveness and continue to bring down rent, wages and energy prices. We must do something about the cost of energy because this is making us uncompetitive. Our costs are still too high and we failed to benchmark our wages costs against other EU countries. It is not a popular view but we must look at the minimum wage. A great number of jobs would exist but they do not exist due to the minimum wage rate which is the second highest in Europe. Luxembourg is level with Ireland on the minimum wage rate. This rate was understandable when we could afford to pay it but this is not the case now.

The speakers at the event entitled Confidence in the Media agreed that the country is still on a brink of sorts and that there is a real chance we can talk ourselves into a bigger recession. The Minister for Finance, Deputy Brian Lenihan, said at that conference, “It is important for journalists to be aware of the self-fulfilling nature of doomsday scenarios.” Senator MacSharry referred to such references made last night. The media has the ability to undermine or promote confidence in our economy. It can be very easy for us to talk ourselves into trouble.

Donal O’Mahony writing in *The Irish Times* highlighted well how news can be distorted to the detriment of the country: a major overseas investment bank opined that Ireland did not require IMF aid assistance — “at least for now”. This morphed into “may yet need help” on the front page of a major Irish newspaper the next day, and from there back to the newswires, only now with Ireland “perilously close” to an IMF intervention.

This all came about from one comment which had been exaggerated. It is crazy to consider how news can be distorted so much. Positivity is the only way forward and it is crucial to all parts of the economy at this time. Negativity is a real hindrance and in some ways can be an excuse to do nothing. The future is undoubtedly challenging but a downturn has provided so many opportunities for business people to improve their business and many of them are doing so. There must be a will to succeed and this needs to be generated. There are far more people working than was the case 20 years’ ago. We have been very successful. The past three years have been difficult but compared to 20 years’ ago we are doing so much better. We should not talk ourselves into saying it has all been a failure. We must grasp the moment and this is the moment to do so. We need to be more creative, to have a bit more enthusiasm. Businesses need to do what is required and they will come out of it stronger, as will the economy. I agree we have challenges to face and it will not be easy to deal with them but we should not talk ourselves into bigger problems.

Senator MacSharry talked about being realistic and we need realism. We have spent too much time looking at the past. We have had a problem in the banking sector and as with any problem, it is important to deal with it and analyse it, but now is the time to look to the future. Let us make sure that we do not introduce into our economy something that hinders our opportunities to get on top of it. We will have to take some very tough decisions. I prefer that we take those tough decisions rather than find ourselves avoiding them and somebody else coming in to make those decisions for us. We have to make those decisions ourselves and now is the time to do so.

Senator Dan Boyle: Senator Quinn has touched upon some of the more important aspects of what is needed to restore and maintain a successful economy and it is obvious the qualities of confidence and hope are most needed. However, we need to strike a balance. People are wary of false confidence being shown in difficult times. We have had the experience of almost chutzpah during the years of the Celtic tiger when we exaggerated our sense of well-being and wealth. Among the qualities found in the Celtic tiger years was for the first time ever an entrepreneurial belief that did not exist in our previous economic history. One of the dangers

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of the subsequent negativity is a danger of losing that quality which I am convinced still exists but which needs to be fostered and protected. My colleague, Senator Dearey, is our party spokesman on enterprise. He said on the Order of Business yesterday that the biggest safety net required is income support for owner-managers of small enterprises employing perhaps half a dozen people or fewer and whose own income is being threatened in the current circumstances. If these individuals are not given support then the viability of the business and its employees is at risk.

We live in difficult times and we need to make difficult decisions. The degree of honesty that has been lacking in our political debate is beginning to enter into the process. I refer to the contribution of Senator Paschal Donohoe on today's Order of Business. I also heard Deputy

Naughten's contribution in the Lower House in which he talked about how we
1 o'clock need to collectively face the current circumstances. We have to give this due consideration. What is important after today's announcements and the decisions dependent on them is the 2011 budget. We thought last year's budget would be the most difficult budget in our history but it has now been replaced by the decisions that need to be made for 2011. We live in politically volatile times. Those of us in political life have a responsibility to speak honestly about the type of decisions that have to be made, not only in the coming budget but in the years to come because they will be difficult decisions. The turbulence of the interest rates in the markets are as a result of uncertainty in our public finances. Never mind the banking situation, the uncertainty exists in our public finances where we are taking in €30 billion in taxation, spending €50 billion and borrowing €20 billion. This is not sustainable in the long term. One of the decisions made today will help international confidence and that is the budgetary framework to be laid out in the coming weeks. This will show how that gap is to be bridged in the next four to five budgets. It is important that this information is put out as quickly as possible. It is also important for the Opposition to be in agreement with those figures and to have an understanding that should there be an election and or a change of Government in the coming years that the budgetary framework will need to be supported by whoever is in power in the coming years in order for the country to recover sufficiently.

Senator Quinn spoke about what is good about this country. We have a relatively high GDP level and demographically the country is well positioned. Despite the increase in the emigration figures in 2009, the population increased by 11,000 last year. We have, therefore, the bones of what is needed for a successful economy in the coming years.

I am conscious of the tone that must be struck. What has been avoided is showing a willingness to make the necessary structural changes. If we are to avoid a recurrence of this situation, it cannot be left to the same people in the same structures with the same way of doing things. While we are reacting to an economic crisis and decisions must be taken to balance the books of the banks, if we do not make the structural changes required and are not prepared to examine the societal and political culture that brought about the crisis, we will only sow the seeds for a recurrence resulting potentially in greater damage. We have a Government which is reeling owing to the decisions that must be taken and a major political party in opposition which is trying its best to be effective and present itself as an alternative Government, while the political benefit is being gained by a party which is saying and doing nothing about the current situation. If we do not have this national conversation about the structures of the country and who is involved in them and how we can communicate with the people, we will be left with the narrative referred to by Senator MacSharry, involving the "The Frontline", "Liveline" and the front page of the *Irish Independent*. This is not the real Ireland, but it is the perception of so many and will continue to dominate in years to come. Ultimately, that is a failure of politicians collectively. It is not a failure of any particular political party, but it is a

failure of political institutions. Unless we are prepared to say the economy has strength and that we have the ability to restore it and can do so in a just and fair manner, the likelihood is that those who will prosper in the years to come will not be individual citizens and the country will not recover to the extent it should but those who would prefer a negative climate to continue, with an economy that cannot recover. That is the challenge we must meet.

Senator Paddy Burke: I welcome the Minister of State, Deputy Mansergh, for this important debate. The country has reached a critical stage. While the Minister of State delivered a great speech, I was disappointed he did not outline the exact position on AIB. He should have treated the House with respect by bringing us up to date on the percentage shareholding the Government will take in AIB, by indicating how much money will be put into the bank and what the future holds for it.

Much has been said by previous speakers about the need to move forward together. The Fine Gael Party and its leader brought forward plans, but the Taoiseach and the Minister for Finance and their Government colleagues have rejected every plan proposed from this side of the House. That displays arrogance. The Government has been too long in power and believes no one other than the Government parties has any ideas. This is particularly true of Fianna Fáil which has run the country for the past 15 years without interruption.

It is proposed to create 150,000 jobs, with a further 150,000 to follow. Many of these will be in manufacturing. Senator Quinn has pointed out that we must get the cost base right for that sector. We must do something about costs which are too high. Energy bills, water and sewerage costs and rates are too high. Motor, general and public liability insurance is too high. There must be an environment in which 300,000 jobs can be created, but costs too high. We must help in this regard. As Minister of State said, we must have a banking system that will lend to those willing to take a risk to create jobs. There are many risk takers, many of whom got into trouble in the past few years, but there are those who are willing to put their hard earned money on the line. However, they need assistance and a banking force. That is why I am disappointed the Minister of State did not spell out the Minister's decision on AIB in greater detail.

We have all spoken about tourism. It offers one of the quickest ways to get the economy to grow. In the past few years the numbers coming into the country have decreased. One wonders what Fáilte Ireland has done. In the report before us the Minister of State at the Department of Finance suggests some 8 million tourists will be attracted. We have never had a better product in this country. One can go fishing and mountaineering and play golf. Salmon are leaping out of every river in the country. We have never had more hotel bedrooms or hotels of better quality. We have never enjoyed better access through regional and international airports. However, we lost the welcome for which we were renowned during the years, but this is changing. Tourism is one of our greatest assets which can be promoted immediately to secure growth. In that regard, I am disappointed the Government will not deal with Mr. Michael O'Leary, one of the biggest airline operators in the world. The Government should take the bull by the horns and talk to him to secure an attractive package to bring people into every corner of the country. He has the ways and means and marketing experience to do so.

Much has been said in the past few days about the Minister for Education and Skills attending a conference in America. There is no great need for her to travel to America to attract foreign students to this country. If I wanted to go to Australia or New Zealand, all I would have to do is go to the travel agent and I would receive a visa within 24 hours. A student from China, India and many other countries who wants to come here to study for two or three months must wait up to 12 months to receive a visa. That is the reality. I know a person who was bringing students to this country for three months during the summer. Students bring a lot

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of money to the country. Up to 19 students from India were due to travel and they had given notice of that to the Irish embassy in New Delhi to process their visa applications, but there was not enough time to do it. That is difficult to imagine. Is there any need for the Tánaiste and Minister for Education and Science to go to a conference in America when things like that are happening? If we want to attract students, which we do because it will fill hotel rooms, use facilities, bring in much needed revenue and help our balance of payments, then action must be taken to ensure foreign students can come to this country. English is our first language and a great education can be provided to students from abroad.

Issues can be dealt with immediately but the Government does not seem to be willing to take on the challenge. At any rate it is very slow to tackle issues. As the Minister of State outlined in his speech the recession has been going on for almost four years, since 2007. We are still going down. We have not yet reached the bottom. NAMA was a mistake. I said at the time that we needed a bottom. We needed a fire sale of property. If we do not get a bottom in the property market we will not start to climb. We must reach the bottom either through a fire sale or in another way because when we reach the bottom the only way we can go from there is up. We need to get to the bottom and we need to know that we are at the bottom because otherwise no one will have any confidence in buying or selling. A lot of revenue has been generated through capital gains tax and property transactions. Issues such as student visas and tourism can be dealt with immediately but other issues such as the high cost of manufacturing, the cost of electricity, insurance and rates should be dealt with by the Government.

We in the Fine Gael Party and Members on this side of the House are willing to play our fair share but the Government must accept some of the proposals put forward by my party. I cannot see why it would not do that. As Senator MacSharry said, the Minister for Finance has his door open for proposals. We made several proposals and costed several plans, including one for the creation of 105,000 jobs and the setting up of new semi-State bodies. The Minister for Finance and the Taoiseach rubbished them. While our door is open it seems the Government's door is never open. I welcome the opportunity to speak on the matter. I hope the Government takes immediate action on tourism and education.

Acting Chairman (Diarmuid Wilson): I welcome the Minister of State, Deputy Haughey, to the House.

Senator Larry Butler: We had truly bad figures this morning from the banking sector. We expected some of the figures to be bad but perhaps not as bad as they were. We seem to be getting to the bottom line in terms of the total cost of the banking collapse.

The banking fraternity came to the Oireachtas a short time ago to tell us they did not want our money, that it was perfectly able to fund itself. Today is a long way from that but at least we have the figures and the marketplace is responding favourably to an honest approach by the Minister for Finance who has done an excellent job when one considers the work he has had to grapple with in recent years. He has the confidence of the entire European community.

The plan we had for the next two to three years will have to be changed. We must devise a longer-term budget. We will have to ask the ECB to extend our term to meet the budget targets that are required by 2013 as I do not believe they can be achieved. We could damage the economy enormously if we do not seek an extension of time in that regard.

We are expecting the economy to grow by 1.5% to 2% in the next six to 12 months. It is vital that we do not stem that growth by taking severe and very painful cuts that we will have to take in the budget. I hate to say it but we may need to increase taxation. That is unfortunate

but looking at today's figures I do not see any other way to ensure we can balance the budget, even if we extend the term by another three years.

The only way we can keep the economy working, plan economic growth and deal with our payments which will increase substantially is to plan things in an orderly way. I believe the Minister will do that and that the budget will clearly set out how we are going to do that. It is important to bear in mind that the economy has been stabilised even though it was in an unprecedented downturn. The Government response was swift to meet the deficit of payments. We had to deal with that. When we consider the figures that were revealed this morning with what we saved in the past three budgets, those measures pale into insignificance compared with what we must do in the next six or seven years.

Economic growth must be encouraged in various parts of the economy. The retrofit scheme which was introduced two years ago has been an enormous success. A total of 9,000 new jobs were created in the sector. The retrofit programme not only provides warmer homes but also ensures energy, the majority of which is imported at a cost of €6 billion every year, is consumed more economically. We should consider expanding the retrofit programme. A ten-year programme is in place. The Minister has an opportunity to double the workforce in that area by doubling the budget for the scheme and including double glazing. The installation of double glazing is not allowed under the current retrofit scheme and this is one area in which we can increase the number of jobs created. Every one of the 9,000 jobs created would save the Exchequer in the region of €38,000, thereby reducing the real cost of creating jobs in the retrofit sector using some of those unemployed in the construction sector. It would also save us money in the long term and mean at least ten multinational companies coming to Ireland, which we would encourage as it would produce large tax revenue. We can increase the number of jobs created in this sector.

The retail sector is another to which Senator Quinn referred. There is a real opportunity in that sector which has been growing in the past 12 months. It is important to encourage such growth.

It will be difficult to grow the economy and we will have to make sure not to damage it as we progress. If more money is to be taken out of people's pockets, the retail sector and the various other sectors in which people normally spend money will suffer. It is important, if we have to provide for extra taxation, that it is kept to the minimum. People will have to roll up their sleeves and all parties will have to come together because whoever is in government after the budget will be committed to the task in the next six or seven budgets — that is a given. It is important that, therefore, when the next budget is constructed, guidelines are given for the next six to seven years. That is why it is important we secure agreement with the ECB on how it should be structured. I am sure the Minister for Finance will deal with that issue.

I welcome the announcement made by the Tánaiste, Deputy Coughlan. I note that two years ago huge revenue was to be generated by bringing in students to learn English. We have the finest teachers and the finest colleges in Europe, perhaps the world, and can offer students the finest accommodation. It offers a great opportunity when one sees what other English speaking countries have done in this regard. In the region of £7 billion to £8 billion a year is being earned in Britain. In many ways we have a better education system. We are earning €700 million to €800 million a year, not a small sum, but it could be doubled in the next two years. This would help to create jobs in teaching and also give us extra revenue to restore our balance of payments. As Senator Burke noted, it is important that we seize opportunities in these fields.

The Croke Park agreement forms a very important part of the budgetary structure. It is important that the trade unions and those involved in the public service sit down together to decide exactly where the savings will be made. We must end up with a sustainable public

[Senator Larry Butler.]

service. If there is flexibility within it for change, we will have achieved a substantial part of what will form the next budget.

On energy matters, the current situation regarding the ESB must change. We must examine all of the public utilities because, unless we do so, we will find it difficult to compete in terms of energy costs. There are a number of ways to achieve this. The power of wind on the west coast has only barely been tapped and we have not really extended turbo power capacity. The Spirit of Ireland group has identified four new stations at a cost of approximately €21 million. That represents the way forward. We can export energy supplies provided we develop the sector in a proper way. The grid must be improved, as it is not sustainable to keep it in its current condition. It is time to consider how we might find the ESB a new job, perhaps managing the grid instead of the electricity system, and a more competitive way to feed into the production of energy.

Senator Joe O'Reilly: I welcome the Minister of State, Deputy Haughey. I was slightly amused when listening to Senator Butler, for whom I have much personal regard, to hear him talk about the need for national consensus, to agree future budgets and so on. The thought occurred to me that during the supposed boom — what essentially proved to be an illusion — there were not many on the benches opposite who wanted to attribute it to us. I do not recall Senator Butler, a rational man, making many such speeches at the time.

That said, Fine Gael, based on the briefings we received at the time, not all of which were accurate in terms of the figures provided, supported the guarantee scheme proposed by the Government two years ago. Any time, notably in regard to Northern Ireland but other issues also, when the national interest is at the heart of an issue, we support the Government. However, we also have a duty to provide opposition in Parliament, which includes being adversarial. The people need to know that there are those who are questioning the Government and that an alternative point of view is being expressed. If we were to arrive at a cosy consensus in Leinster House, it could possibly lead to others coming out on the streets. It is, therefore, a vexed question. Nonetheless, when the future of the nation and its people is at stake, the record of Fine Gael is impeccable and will be in the future.

It merits repeating by an Opposition spokesperson in this debate that the Government record on the economy is abysmal. It is abysmal because 13.8% of the workforce are unemployed. Some 466,923 people are without work, while 100,000 have left these shores, a shocking indictment of the Government. It is abysmal because all empirical studies and objective commentators have found the Government to be wrong. It was wrong in its approach to Anglo Irish Bank, while we were right. Billions have been buried in it. In recent weeks, the Government has had to adopt our strategy towards that bank.

The Government has an abysmal record on banking, jobs and the economy in general. While we all have immense personal admiration for the courage of the Minister, Deputy Brian Lenihan, in terms of his health and for his patriotism, which is not at issue and is not questioned by anyone right or decent, his stewardship as Minister for Finance must come up for critical question when these considerations are taken into focus. He would not want the Opposition to take a patronising approach and suggest the contrary. He is well fit for the cut and thrust of debate and we cannot go on with a nonsense that does not say he accepts responsibility for what is wrong in terms of unemployment, how we got the banking crisis abysmally wrong and how we did not get the right information. Irrespective of whether the banks deceived us, we have a duty not to be deceived. These questions cannot be avoided.

Our GNP has declined by 29% and our borrowing rates have gone out of kilter, so the story is all bad. It is the duty of the opposition in an adversarial parliament to address these questions.

Let no one have any doubt. When the national interest is at stake and agreement is needed in emergency situations, our record stands up beyond yea or nay and will continue to do so, but we have our other duty.

We must turn to the future. People are angry and want their anger to be echoed in these Chambers, but they also want a positive response and to know we will proceed constructively. With the indulgence of the Cathaoirleach, who is extraordinarily fair and facilitative in the Chamber, I tried to get a point across on the Order of Business within the two minutes allowed me under Standing Orders. My proposal is a positive one and I ask the Minister of State, Deputy Haughey, to convey it to the Government. There must be an audit in every Department and State agency to identify areas of waste without prejudicing front-line services. If we consider our home areas, we can all identify areas of waste. For example, there has been much waste in the procurement area whereby we sold off State buildings in local towns and rented buildings at exorbitant prices. There have also been dramatic cases like that of PPARS.

There are many areas of waste within Departments, State agencies and local agencies. Were one to eliminate the waste without prejudicing the welfare of the disabled, and it does not follow that services need to be reduced in these instances, we would go a long way towards solving our problems. The potential is significant. Consider the anecdotal evidence at local level we each have. I could write out 20 examples on a page of foolscap and provide it to any officer of the State, but I will not cite them in the Chamber. Any Member of Parliament or member of a local authority could do likewise.

The information should be audited properly, collated and acted upon. The audit of waste must go down to the minutiae. If one is in financial trouble, and God knows we have all had and will have our adverse financial days and may have permanently, the first thing a bank manager will do is go through one's personal expenditure, identify areas of waste and adjust accordingly. The same principle must apply to the State. The considerable potential for trimming is not being exploited. I am offering this suggestion. I have often worked with the Minister of State on Adjournment motions and I know he will take it on board because it is a serious point. I am not making this suggestion flippantly. Rather I am sincere when I say there is a potential for significant savings to the State by avoiding wanton waste. The list of dramatic cases can be chronicled — PPARS, FÁS, etc. — but there is also micro waste. Were it audited at the level of Departments and quangos, there would be considerable potential for saving.

We in this Chamber must bite another bullet. Senator Butler raised the issue of consensus, but this issue will challenge that consensus. If sharing it hurts us, so be it, although it will not necessarily impact on us greatly. There must be a consensus on the capping of public sector, RTE and banking salaries. We cannot ask the ordinary members of this great republic, be they from Banagher, Bailieborough or Kiltimagh, who will experience income reductions in the forthcoming budget to accept cuts of €3 billion, which is the national consensus, if they do not see salaries at the top being capped and bonuses being eliminated. Why should people get bonuses for doing their jobs? People must see a curbing of wasteful expenditure at that level. It must be shown transparently and dramatically before we can ask people to follow. Otherwise, one could not logically do it. This would be my proposal were my party in government tomorrow and my party leader sent a memo asking me what my first action would be.

I am not able to go into the mechanics of the implementation, as there are issues involved, but it should be our objective to cap salaries and eliminate waste, bonuses and frills. People at the top of society must be seen to absorb pain. Not only should there be more sackings in the banking sector, incomes should be capped. It would be unreasonable to ask the taxpayer to capitalise the banks if their senior executives who supervised the folly — “folly” is a good word — are getting gigantic salaries and bonuses. This issue must be addressed in the public interest.

[Senator Joe O'Reilly.]

My two proposals are positive, practical steps. I accept Senator Butler's challenge to the Opposition to approach the issue with positivity instead of laying blame where it rightly belongs. We have a responsibility to propose positively and mine is a positive proposal. Were these steps seen to be taken, people could reasonably have confidence in the political process.

I have discussed another matter informally with my colleague, Senator Cannon, among others. As we all did, I spent a great deal of time at home in my constituency this summer meeting people on streets, at functions and so on. They were palpably angry, not only about the folly, but also about the lack of a coherent response that involves the top people as much as it does them. This is not just popular rhetoric; people on the ground need this level of response. The Government stands indicted for not having addressed the issue, but I challenge it to do so now.

It also stands indicted in terms of the shocking level of unemployment. To create jobs, our NewERA policy document made positive proposals on employers' PRSI, State pension funds, the National Pensions Reserve Fund, NPRF, which should be used positively and not for current expenditure, and selling State assets without imperilling the nation. Our proposals have not been taken on board. It is time for action. The people will not tolerate the situation much longer. They need to see a response and practical proposals.

Senator Mark Dearey: I wish to share time, by agreement of the House, with Senator John Hanafin.

An Cathaoirleach: Is that agreed? Agreed.

Senator Mark Dearey: I welcome the Minister of State to the House. I will reflect on some of what can be seen as almost congenital fault lines which existed in the economy that led to exaggerated expansion and subsequent falls in our economic fortunes. I will be very brief because there is no point in doing this in a recriminatory sense. There is a point in examining the issue if we can learn from it.

We have lost 137,000 jobs in the construction sector. It contributes enormously to the overall job loss figure in the economy and reflects an excessive reliance in our economy on construction right up to the bursting of the asset bubble. There was a policy failure as 24% of all economic activity was in the construction sector. That excessive reliance was inevitably going to cost us and after the bursting of the bubble, the cost has been exceedingly dear, which is highly regrettable. The problem was identifiable and has now come about. The question is how to turn around an unparalleled disaster for employment in this country to engage with those 137,000 people in an economy that will guarantee a working life through to retirement. It should not be based on an irrational belief that asset values would continue to increase at an almost exponential rate.

The answer to that question lies in helping people move to what is broadly called the green economy. The United Nations Environment Programme estimates that for every dollar or euro invested in green energy, the job creation impact is greater than in any other sector globally. The figures exist to prove that, although the industry on a global basis is still working at a relatively early stage.

We will get an employment bang for our buck if we invest in sustainable energy, especially in the wind sector, which is becoming increasingly competitive and will continue to do so as global oil reserves diminish and we see a subsequent rise in global prices. I attended a seminar recently that was organised by the Dunleer community development board in County Louth. The board invited people who think about the sustainable economy to speak to them as a

village and a community with a strong rural hinterland, good land and farmers who have prospered over the years and invested in their farms. Many of these have had a good year this year as well. How can such people partake in the green economy and how can the 137,000 construction workers get into it? Such people attended the seminar.

These people may have been lured into construction on the promise that it would secure their futures but arrived as late entrants. As such, they were the first to exit and most badly burned by the kind of investments they made. Some of these people are really struggling. It is incredible to see resilience in people who have been duped in a sense by buying into what turned out to be a parlous dream. This is partly because they have no choice but they also believe in their own ability. They are seeking pathways to sustainable employment and the creation of their own businesses.

I was very struck by how sectors, particularly in the rural economy, are close to being viable without massive subsidy interventions. A curve was shown on the night by the Sustainable Energy Authority of Ireland indicating that with a marginal enough increase in oil prices — I do not wish it but it will happen — afforestation of even reasonably good lands becomes a real economic benefit. For every six hectares planted, a job is created either through nursery work, the planting and management regime or the subsequent value added activity that can be engaged in on foot of producing the raw timber.

There are real prospects in forestry and it is heartening that for the first time the sector is being recognised in the programme for Government, with a commitment to plant 10,000 hectares per year. We will plant approximately 8,000 hectares this year and I fervently hope we will maintain that level of activity in future. It is through the production of biomass and wood that jobs can be created and we will begin to recover.

The question has been asked whether people can be part of the smart economy if they are not smart. Some people do not feel part of the process and there were examples at the meeting I attended. They can begin to see prospects for themselves in the 2020 food programme produced by Bord Bia recently. That is essentially a green vision for Ireland's horticultural and agricultural sector. It is about low inputs and producing food in a way that is less dependent on increasingly scarce resources.

Even in this dark hour — it is said that it is darkest before the dawn — there are opportunities if we begin to embrace the prospects and opportunities the green economy offers. I have only had time to identify two areas in energy and biomass and horticulture but these are real ways to begin growing jobs and get people off the dole. We can then increase the tax take and look to realise the daunting targets we must reach. The economy will back this up in future not just in the form of exports but for our indigenous people.

Senator John Hanafin: I support what the previous speaker has said, especially in light of his suggestion that there is a way forward and there is light at the end of the tunnel. This month alone saw one of the largest decreases in numbers on the live register, with 5,000 people coming off it. I am very conscious that we can talk down an economy, which has happened, despite being self-defeating. For example, the media does it but depends on advertising of cars and property and small advertisements to move income along. Nevertheless, it tells the country we are in a depression.

The reality is we were in a worse position before. I only mention this to put our current position in context. In the 1980s unemployment was at 18%, inflation was at 20%, interest rates were at 22% and debt was at 130% of GDP. We came through that and there are two examples sitting in the Chamber of how necessary positive action was taken at the time. Tough

[Senator John Hanafin.]

decisions were made and within a few short years the economy was booming again and it grew for 15 years.

I agree that mistakes were made and those in the banks responsible for reckless lending must be held accountable. There was reckless lending but the question is whether that was deliberate to achieve bonuses. If that was the case, it should be dealt with but that is not the purpose of my speech on the economy.

We could be in a better place quite shortly. We are the most globalised economy in the world if we take from the equation the city-state of Singapore and the special administrative area of Hong Kong. As it stands, our food exports this year are well up and I am thankful to the international market for causing this because commodity prices are good. Manufacturing is performing well, which is another positive sign. We are taking strong steps in the services industry and the Irish Financial Services Centre is still profitable and will show a high tax return this year.

There are other areas to reflect on as well. We could benefit from better use of tourism and we must get our visa regime right. When people go on long-haul trips from the emerging economies of China and India, for example, they go for a long period. If I had to go to Australia it would not be for a weekend. Having spent that many hours in the air I would want to stay at least 12 to 20 days. People from India and China are doing this when travelling to Ireland. For those who have said we must bring in foreign students, we should ensure the country is a warm and welcoming place while remaining cost effective.

Dublin is a beautiful city for students, with a good bay and facilities. The garden of Ireland in Wicklow is nearby. We can sell what we have because we have a wonderful story to tell. What we must do now is correct our visa regime to ensure we encourage people to come who will spend significant amounts of money.

Much of what we have is right. Our infrastructure, including our roads, is very good. Our education standards are also very high, as are the skills of our workers. Unfortunately, we have lost many jobs, but the point is we are all dressed up and ready to go. World economies have started to recover. One might ask about what happened in the second quarter of this year when the figure fell by 1%. However, in the first quarter the economy grew by 2.2%. So far this year, therefore, we remain in positive territory. All commentators predict a growth rate of 3% growth next year.

What makes me most proud about what we are doing is the effort at ensuring social cohesion. The Government has tried to ensure the impact of the difficult decisions taken is spread to ensure no vulnerable parts of the economy will be unduly and heedlessly hit. I am sure all Members would aspire to this.

We have other opportunities. One such opportunity has been brought to light by the new Commissioner, Mrs. Maire Geoghegan Quinn, in the area of research and development. It appears that we are very good at developing products to a certain level in Europe but not so good in manufacturing or getting them to the marketplace. This must change. New opportunities are coming to light. I am cognisant, in particular, of our offshore oil resources. There are small oilfields such as Helvick Head, with a supply of 10 million barrels. Under normal circumstances, this would not be economic, but with innovations such as the new, unmanned, production buoy technology which costs one-tenth of the price of a fixed rig production system smaller fields, including those off the Irish coast, could be exploited. Exploiting the first commercial oilfield in Ireland would give the economy a great boost. The oil could be brought onshore by the company which has the unmanned production system, R & A Energy of Aberdeen. This is something at which we should look in order to move forward.

This is a small flexible economy and we have opportunities. The world market contains 6.5 billion people. We simply want our share of this huge economy and are doing well. Our aim must be to improve our economic position and get people back to work. Many genuine young people who were part of the property boom — I do not mean those who abused the system — were caught and may now find themselves bankrupt. We may have to consider changing the bankruptcy laws to give such genuine entrepreneurs, the young people who were starting out in business, a chance. That would allow the genuine ones back in and ensure those who did harm stayed out of the system.

Senator Alex White: I listened to my colleague, Senator Hanafin. One of the legacies of the period from which we have just emerged was the complete failure of many in government to distinguish between a so-called genuine business person and one who was less than genuine. Those who have turned out to be duds and less than genuine, if not worse, were feted and celebrated by many members of the Government during the recent period. Therefore, I would not rely too heavily on the ability of certain people in government to make the distinction between so-called genuine business people and those who are less so.

I do not subscribe to the view that there is no hope. I do not for one minute wish to be lined up in anybody's mind or book with people who believe the country is sinking or does not have a future, that there is no future here for my children or theirs. I believe very strongly that there is a positive future for us as a community, society and economy. We must restructure and rebuild a genuine and real economy based on production and the efforts of our people, the provision of goods and services based on innovation and all the qualities about which all other colleagues spoke during the course of the debate. In that sense, I am an optimist, although today it is very difficult to be one. Leaving aside political partisanship, I want to be counted among those who see a very strong future for the country in the years ahead when we will address seriously the shocking and horrendous problems we can see.

Neither do I subscribe to the psychobabble we have heard, particularly in recent days, although it has been evident for a number of months. I do not think it gets us very far. I refer to those who give out about people talking down the economy, the endless negativity and so on. Essentially, it is propaganda. Those who devote most of their speeches and spend their time preoccupied with others who, in their view, talk down the economy are not addressing the real issues. In a sense they are blaming and attacking the messenger. People do not need to read the so-called negative pieces by journalists in the newspapers or listen to the economists who appear on "Prime Time", to which Senator MacSharry referred. They do not need to be told by such individuals that things are bad. They can turn off the television and the radio and need never buy a newspaper, but they will still know that things are shocking for them and their families. People who have lost their jobs or have had wage or welfare cuts do not need to be told by anybody, negative or otherwise, that life is difficult and things are tough for them. Let us stop blaming and trying to take refuge in the notion that there is an army of people talking down the economy. There is an element of psychobabble in the notion that if only we could get people to be more cheerful and have smiling economists and cheerful journalists writing nice happy-clappy articles in newspapers, everything would be fine.

Senator Marc MacSharry: The Senator should just focus on the future.

Senator Alex White: I am afraid I address these remarks to my good colleague, Senator MacSharry, because he dwells a little too much on his concerns about the people he claims are engaging in negativity.

Senator Marc MacSharry: I made a number of tangible suggestions.

An Cathaoirleach: No interruptions, please.

Senator Marc MacSharry: My tangible suggestions might be——

Senator Alex White: The Senator often does so. I am simply answering the issue. I do not mind——

Senator Marc MacSharry: The Senator should not take refuge in a glass of water but give us tangible evidence.

Senator Alex White: I do not mind——

Senator Marc MacSharry: The Senator did not support the guarantee.

An Cathaoirleach: Please, Senator MacSharry, no interruptions.

Senator Alex White: ——the Senator making his point in the House. His problem is that when somebody criticises him, he becomes all excited.

Senator Marc MacSharry: I am not at all excited.

Senator Alex White: He should wait and listen for a little while and he might get to engage in the debate.

Senator Marc MacSharry: I am bored listening to the same rhetoric

An Cathaoirleach: Please, no interruptions.

Senator Alex White: Obviously, I touched a raw nerve with the Senator who does not usually pipe up in that way.

Trust is the next issue to be considered with regard to the future and confidence. I had a very interesting experience earlier, although people might think it strange for me to relate it. I listened to the Minister for Finance, Deputy Brian Lenihan, on “Morning Ireland” this morning and said afterwards to a person that I thought he had done a good interview. That person said, “Yes, but do you believe him? I cannot believe him any more.” I asked what was meant by this. The reply was not necessarily a personal criticism of the Minister but one of the Government and its attitude. It has to do with trust. There was such a lengthy period during which the people were not told the full truth or given all the facts that now they are being given facts and the truth which we hope is the whole truth, they have lost faith in anything they are told. There should have been far more honesty much earlier in the process. We should not have had Members coming into the Dáil or the Seanad suggesting, for example, the bank guarantee would be cheap and that we would get out of the banking crisis relatively easily. I recall that at one stage a Minister came into this Chamber and more or less suggested to Members that we would make money out of the whole process, that NAMA essentially would be a money spinner. People simply did not believe it.

Senators MacSharry, Hanafin and others jumped up to make speeches to sustain the notion that not only would everything be fine but that we would come so well out of it that we would make a profit. The business people rightly mentioned by Senator Dearey who are looking for an opportunity to invest, employ people and develop into the future are hard-nosed. They did not believe this and it has turned out that they were right not to. Ordinary citizens who were sceptical about what they were being told now find that it was actually wrong and that the current position is that they cannot believe what the Government tells them. It is like crying “Wolf!” The Government has come along at this late stage and started to level with the people,

but they have given up believing it. It is paralysed and trapped in a situation where, no matter what it states, it will not be able to re-establish the trust of the people. That is the difficulty. That is why I said yesterday on the Order of Business that even if none of the things the Government is being accused of in relation to policy failures, the failure as regards bank policy and elsewhere, was true——

An Cathaoirleach: It is now 2 o'clock and I must ask the Senator to move the adjournment of the debate.

Senator Alex White: I did not realise I was going to be doing that, a Chathaoirligh, when I started.

Debate adjourned.

An Cathaoirleach: When is it proposed to sit again?

Senator Marc MacSharry: At 2.30 p.m. on Wednesday, 6 October 2010.

Adjournment Matters

Tax Collection

Senator Cecilia Keaveney: I thank the Minister of State, Deputy Cuffe, for being here and the Cathaoirleach for choosing my Adjournment matter.

I want to raise an issue in relation to the second home charge, which is very simple. Many people have been acknowledging the fact for the past year or more that they have second homes. This is a voluntary disclosure and people are making it willingly. Around this time last year many people would have made their first payment of €200. They are now getting notices three months after the July deadline to the effect that their second payment was due then, and they are having penalties imposed of €20 a month, equivalent to about €60 in many cases.

Confusion has arisen from the fact that this payment did not start at a particular point in the year. Therefore, if a person had paid around this time last year, he or she would assume the payment was to be made about this time this year. If one is taxing one's car or renewing car insurance, a television licence or dealing with any of the normal annual charges one is presented with a warning notice, perhaps a month in advance. In the case of the second home charge, despite the fact that people have come forward and want to be in the legal system, there is no prior warning that the deadline is looming. It might be argued that there are advertisements on television and in the newspapers saying the payment must be made, but if one has made such a payment, and on the basis of every other type of annual payment awaiting notice from the local authority or the body responsible before paying the second instalment, the concern is understandable.

The reason I raise this issue is that I believe many people are being unfairly penalised and not because of something they deliberately tried to avoid. Perhaps there are people who have yet to declare they have a second home, but I am referring to people who have come forward and want to be legal and in the system. They believe they are in the system, and yet the local authority cannot be pre-emptive and warn them. It can, however, be reactive and issue a notice saying they are three months in debt and that there is a €60 fine on top of the €200 payment that has to be made.

[Senator Cecilia Keaveney.]

A number of people have approached me and asked me to do their payment. The system in place at the moment is far from user-friendly. I commend the people in the local authorities dealing with the fall-out because the system is not one that people can cope with very easily. Unless one has been very assiduous as regards pin numbers, passwords etc. it can be difficult and many people are in genuine difficulty at the moment in this regard. I should like to see a much more simplified system. I believe the local authorities could collect this charge as it does motor tax and other levies. People should get a warning before, not after the event and the cases of those who have been awarded penalties of €20 a month should be looked into where their status has already been declared. If someone is found to have a second house who did not declare this last year, that is different, but I know of many people who wanted to be within the system and genuinely cannot understand why they are being warned after the deadline that they now owe €60. That might not sound like a good deal of money, but for the people I am talking about many of those second homes have not been let. Many have been let at a much reduced rate compared to other years. Every cent and euro has been battled for and many might have sold a second home were it not for the fact that its value had depreciated significantly and they now find themselves in negative equity.

I am looking for a commonsense response to this matter and I am asking for a consumer-friendly approach in relation to the system.

Minister of State at the Department of Environment, Heritage and Local Government (Deputy Ciarán Cuffe): The Local Government (Charges) Act 2009 gave effect to the Government's budget 2009 decision to introduce an annual charge on non-principal private residences. The charge was set at €200 and liability for it falls, in the main, on owners of rental, holiday and vacant properties. The intention behind the introduction of the charge was not only to help close the gap between expenditure and revenue but also to broaden the revenue base of local authorities. Proceeds from the charge are being paid to and retained by local authorities and are being used to fund the provision of local services.

The introduction of the charge was significant in that it represented a dedicated new source of funding for local authorities. Senators will be aware that the need for local authorities to have access to additional sources of local finance has been a topic of regular mention. It has been observed that by international standards, the revenue base of local authorities can be viewed as being relatively narrow, with local authorities here being disproportionately dependent on central government funding. The Act is important in that it introduces a relatively stable local source of funding for local authorities that is not, among other things, subject to the volatility associated with transaction-based activity. As such, it represents an important step change in how local government is financed.

The Act is structured from a starting position of a universal liability for the charge in respect of residential property. Liability arises each year on a point-in-time basis which, from 2010 onwards, is 31 March in each year. A number of exemptions from the charge are included, the most significant being where a property is the owner's sole or main residence.

The charge can be viewed as a type of self-assessment because it is for the owner of the property in question to assess in the first instance whether there is a liability to pay the charge. Given the relatively modest level at which the charge is set, it was considered important to minimise the costs associated with its collection. Accordingly, local authorities are not required to issue bills or invoices for the charge. In many cases local authorities have been proactive in reminding individuals who registered property in 2009 of any liability arising in 2010. Some local authorities have sent text message reminders to customers who provided mobile phone numbers, while others have written to customers who registered and paid in 2009.

While the Act does not place any onus on local authorities to issue reminders and doing so is entirely at the discretion of the local authority, the Department of the Environment, Heritage and Local Government continues to emphasise to local authorities the importance of good customer service in this regard. The introduction of any compulsory invoicing procedure in respect of the non-principal private residence charge would make it significantly less cost-effective to operate and increase the administrative and resource burden in its implementation. In the current economic climate, with our emphasis on reducing inefficient work practices as well as public service numbers, such a move would be contradictory and retrograde. I have no doubt the public welcomes efficient practices which mean that less tax paid by the public is spent on bureaucracy and unnecessary and unwieldy administration.

To date, the non-principal private residence charge has raised more than €66 million in respect of 2009 and in excess of €61 million so far in respect of 2010. By these standards, the introduction of the charge has been successful and the figures demonstrate that the public is willing to play its part in keeping costs down and maximising effective use of tax income by being proactive in registering for and paying the charge. I have no plans at this time to amend the legislation dealing with the system of collection of non-principal private residence charges.

Senator Cecilia Keaveney: I thank the Minister for his response. I agree that the NPPR charge is an important funding mechanism. No one disagrees with that. The difficulty is that there is a seeming sleight of hand to do with the self-assessment aspect of the charge. Warnings are sent for all other taxes and charges. If local authorities can spend money reminding people of the charge after they have forgotten to pay it, why can they not spend it reminding them beforehand?

The Minister of State talked about efficient use of public resources. A local authority — I will not say which one — recently sent out notifications and has since been inundated with inquiries from people who are in a panic about the €60 charge. The person who should be dealing with it is on holidays. The response in the local authority has been manic, according to those I have spoken to, and this is generating a lot of work for all the people in that section. Surely if the local authority can remind someone of the charge three months after it is due, it could have reminded him or her three weeks before it became due. Will the Minister of State contact with local authorities and ask for a review of how the system is working?

An Cathaoirleach: The Senator's point is made. We have discussed it at length.

Senator Cecilia Keaveney: The system is new and I accept that the charge is a good source of income, but there are difficulties that I hear about when I talk to individual staff members.

An Cathaoirleach: We have dealt with that.

Senator Cecilia Keaveney: It would be of great value to the local authorities and to the Minister of State if they came together to discuss this issue.

Deputy Ciarán Cuffe: The last thing I or the Minister, Deputy Gormley, wish to do is to micro-manage local authorities. We want to give local authorities more powers and we want them to be proactive and do what is right in their individual locations. The fact that, according to the Senator, in one local authority everything is stalled because one person is on holiday represents everything that is wrong with local government. The Croke Park deal is all about change management and about ensuring the right number of people are in the right place, at the right time, making the right decisions.

If no notice is going out because one person is on holidays, surely change is needed within that local authority. It is up to the manager in question to manage his or her staff better. I

[Deputy Ciarán Cuffe.]

have strong views on this issue. If a local authority, because of one member's absence, is incapable of reminding people of a charge that is due, then we are in need of substantial local authority reform. Within some other local authorities, e-mail or text message reminders are sent out. If paper reminders are cost effective, the local authority should send them out. It does not make sense for the Department to micro-manage every last aspect of a local authority's work from the Custom House. That does not represent good or effective local government and is not conducive to the taking of wise decisions by local authorities.

The Seanad adjourned at 2.15 p.m. until 2.30 p.m. on Wednesday, 6 October 2010.