



DÍOSPÓIREACHTAÍ PARLAIMINTE PARLIAMENTARY DEBATES

SEANAD ÉIREANN

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

Tuesday, 14 December 2010.

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*Dé Máirt, 14 Nollaig 2010.
Tuesday, 14 December 2010.*

Chuaigh an Cathaoirleach i gceannas ar 2.30 p.m.

Paidir.

Prayer.

Business of Seanad

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

The need for the Tánaiste and Minister for Education and Skills to clarify when the contracts will be signed to commence construction of the extension to Baylin national school, Athlone, County Westmeath.

I have also received notice from Senator Mark Dearey of the following matter:

The need for the Minister for Justice and Law Reform to comment on the need for regulation of the cash for gold business and make a provision in order that those presenting with gold for sale would be required to present a passport or driving licence before entering into any transaction.

I have also received notice from Senator Fidelma Healy Eames of the following matter:

The need for the Minister for Health and Children to explain the rationale for leaving children with hearing loss without an audiologist scientist in Galway and to outline the time-frame for the filling of the post.

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

The need for the Minister for the Environment, Heritage and Local Government to look urgently at the impediment to the continuation of the youth council in Donegal, given that a submission has been made to his Department.

I regard the matters raised by Senators McFadden, Dearey and Healy Eames as suitable for discussion on the Adjournment and they will be taken at the conclusion of business. I regret that I have had to rule out of order the matter raised by Senator Keaveney as the Minister has no official responsibility in the matter.

Order of Business

Senator Donie Cassidy: The Order of Business is No. 1, motion regarding directive of the European Parliament and the Council on attacks against information systems and repealing Council Framework Decision 2005/222/JHA, to be taken without debate at the conclusion of

[Senator Donie Cassidy.]

the Order of Business; No. 2, motion regarding Horse and Greyhound Racing Fund (No. 2) Regulations 2010, to be referred to joint committee, to be taken without debate at the conclusion of No. 1; No. 3, Social Welfare Bill 2010 — all Stages, to be taken at the conclusion of No. 2, with the contributions of spokespersons on Second Stage which is to conclude not later than 6.30 p.m. not to exceed 12 minutes and those of all other Senators not to exceed eight minutes and on which Senators may share time, by agreement of the House, with the Minister to be called upon to respond not later than 6.20 p.m., with Committee and Remaining Stages to be taken at the conclusion of Second Stage and conclude not later than 8.30 p.m.; No. 4, earlier signature motion, to be taken without debate at the conclusion of No. 3; and No. 5, Financial Emergency Measures in the Public Interest (No. 2) Bill 2010 — Second Stage, to be taken at the conclusion of No. 4, on which spokespersons may speak for ten minutes and all other Senators for eight minutes and Senators may share time, by agreement of the House. I intend at that stage to discuss with party leaders the time to be allocated to No. 5. There will be a sos for 15 minutes at the conclusion of No. 4.

Senator Frances Fitzgerald: We will be opposing the Order of Business because we do not believe it is acceptable to take all Stages of an important Bill, the Social Welfare Bill, in the House.

Senators: Hear, hear.

Senator Frances Fitzgerald: We have raised this issue on numerous occasions and again this week all Stages of a number of Bills are being taken on the same day.

It emerged this morning that the Minister had been informed some time ago about the AIB bonuses and yet we saw no action until the issue came into the public arena. There was public outrage and outrage in these Houses that after so much money had been given to the bank, bonuses were still to be paid. What disturbs me is that it was only when it came into the public arena that we saw some action.

Senator Fidelma Healy Eames: Hear, hear.

Senator Frances Fitzgerald: It begs the question as to what else is happening about which we do not know. What is happening regarding NAMA and the other negotiations, so much of which goes on behind closed doors? This is a further example of the Government's lack of competence in the management of taxpayers' money and we need a general election as soon as possible.

Last night on RTE we saw another "Prime Time Investigates" programme on home care packages for the elderly. It became clear that there are major questions about the standard of home care that 65,000 elderly people are receiving. The Minister should come to the House to outline the Government's approach to the question of standards of care for the elderly in their homes. A number of months ago we saw the report into what had happened in Leas Cross and many questions were raised about the quality of care in some nursing homes. What we saw last night gives rise to the most serious and distressing questions about the quality of care in people's own homes. Anyone who watched the programme will have seen very disturbing images of elderly people in their homes and would be concerned about the standards.

It is important the Health Information and Quality Authority, HIQA, would be involved in assessing the standards and that the investigation's standards question be put on a statutory basis. The Minister should come to the House as soon as possible to answer the questions raised by last night's programme. It is in the public interest to have a debate as soon as possible on home care packages for the elderly because so many people rely on them. While it is very

important that people are in a position to stay in their own homes, it is equally important that the standard of care is appropriate to their needs.

Senator Joe O'Toole: Like Senator Fitzgerald, it is not possible to accept an Order of Business providing for the taking of all Stages today of such important legislation.

On the question of the bonuses for bankers, I have some experience on both sides of the table of dealing with this issue, negotiating for and against bonuses. I have chaired and served on remuneration committees. What we have heard during recent days about what happened in the banks is appalling. The number one point is that we would see the contracts. I would like to see them. I have never seen a bonus contract that had a figure on it. It is always a percentage which is conditional on achieving certain stated black and white objectives. A weighting is given to each of those objectives. There is an assessment to ascertain the key performance indicators which show the objectives have been achieved or partially achieved. At the end of that process at the end of the year the level of achievement is set against the level of the potential bonus and a figure arrived at on that basis. Following that, the remuneration committee proposes it to the board which finally approves the decisions that have gone through during the period of the preceding year.

This is not something that can happen, as indicated in today's newspaper, by a person having a quite chat with his or her manager in the office. There must be a clear paper trail indicating the objectives, the key performance indicators, the weightings on each of the objectives, how many of the objectives have been achieved and how the final figure was arrived at. If that did not come before the board, then management is at fault. If it did come to the board, then not only the public interest directors but all the directors are involved. It is not only the people who have been appointed by the Government but all the directors who have a statutory responsibility on behalf of shareholders of the bank. That is a reality we should be questioning. If this did not come to the board, then management has to answer.

I do not expect a Minister to micro-manage but half an hour spent on this would tell me whether this was done properly or improperly. It does not depend on issues such as supervening — a new word to me — circumstances such as the Minister has brought forward, but it certainly has not been done properly.

We need to know more information. My question is whether the Minister could find for us the template of the contracts to which we are apparently legally bound? I do not believe they exist. I do not believe that the proper procedures were followed nor do I believe in offering them that those in the bank followed the procedures required to ensure good governance.

Senator Ivana Bacik: I support Senator Fitzgerald and Senator O'Toole in opposing the Order of Business. It is unacceptable that we would be asked to debate all Stages of the Social Welfare Bill, which is an important Bill that will make many changes and result in reductions to many people's income. That we would be asked to take all Stages of that today makes a mockery of the processes in the Seanad. The strength of the Seanad lies in our ability to debate in a comprehensive and thoughtful manner. I know the Leader agrees with me as he is nodding his head. That we would be asked to take Committee and Report Stages of the Bill together in one day, meaning that we do not have any time for any meaningful debate on amendments, is unacceptable and undermines the status and the purpose of the Seanad. I strongly oppose the Order of Business.

I ask for an amendment to the Order of Business on a related point because last week I asked for a debate in this House on the OECD report on literacy levels. It is a hugely important report, on which I was supported by everyone on the Opposition side and by some speakers on the Government side. The Leader promised that he would make time for that debate either

[Senator Ivana Bacik.]

that day, and there was a sos of one hour in which we could have had it, or this week. It is not on the Order Paper this week.

Senator Fidelma Healy Eames: It is.

Senator Ivana Bacik: I accept this is a very busy week in which we have a full schedule but it makes a mockery of the processes in this House if we are promised debates for specific dates that do not occur.

Senator Fidelma Healy Eames: It is on the Order Paper.

Senator Ivana Bacik: I will ask for a further amendment to the Order of Business if the current order is agreed, which we cannot accept. I ask that time be made available this week, even for an hour, to debate that vital report. We all know education is the key driver to economic recovery and if we cannot debate this worrying report about levels of literacy, it shows we do not hold education in the high esteem we need to hold it in.

An Cathaoirleach: Is the Senator's amendment that the debate be taken today?

Senator Ivana Bacik: I am asking for the Order of Business for today to be amended to give time for that debate.

An Cathaoirleach: That is fine.

Senator Dan Boyle: It is listed for Friday.

Senator Ivana Bacik: I support Senator Fitzgerald in her call for a debate at some stage on the troubling findings of the "Prime Time Investigates" report last night on home care. It was very disturbing, particularly to see an elderly woman being force-fed in her own home. That raises serious questions about levels of care, and it was also unacceptable for the Minister effectively to say that regulation is not the answer. If regulation is not the answer we are asking the wrong question. We clearly need regulation of home care as a matter of urgency and we also need that debate.

Senator Ann Ormonde: I congratulate the Minister for Finance in the action he has taken on AIB, as there are questions to be answered as to why we are still talking about bonuses at this time in a deep-seated recession.

I saw the programme last night and I agree with Senator Fitzgerald in all the points she raised. It was awful to watch.

Senator Fidelma Healy Eames: It is the Senator's party that is in government.

Senator Ann Ormonde: I hope the people running those home care packages will never be in a similar position or find themselves where the elderly people last night were seen to be. It was an absolute disgrace and we should not entertain excuses from anybody in those home care companies. There were no licences or regulation and it is an absolute disgrace. I hate to think I would endorse any body of people looking after the elderly in the fashion portrayed in that programme last night.

I ask the Leader to bring the Minister to the House. I know her heart is in the right place and she wants to ensure there is appropriate regulation and that the local and regional HSE personnel will provide supervision. An overhaul must be carried out quickly. How many older people are in their own homes at this point, with perhaps no trust between them and the people

who come in to look after them? Trust is the key word, as older people must feel they can trust the people who come in to look after them.

I support Senator Bacik's comments on the OECD report and we should have that debate. I have asked for it already and it is a very serious matter. Education is the way forward and the key to our future. That debate must take place. I know the Leader is running short of time but perhaps we could fit in an hour or two. If he cannot do so we should have the debate early in the new year.

Senator Paudie Coffey: In the interest of accuracy I wish to correct the record of the House. Last week I spoke with concern about two children found scavenging in the streets of our country. According to the national media it happened in Waterford city but the HSE has since confirmed it occurred in Kilkenny. The substantive issue remains and it is still of deep concern to us.

I also bring to the Leader's attention the annual competitiveness report for 2010 published by Forfás and the National Competitiveness Council. The executive summary states:

Continuing action to repair the public finances and restore the solvency of our banking system must be matched by an ambitious agenda of reform to enhance competitiveness and increase employment. Robust economic growth is necessary to generate the resources required to fix the public finances and the banking system.

As a responsible Opposition party, Fine Gael has been trying to impress this message on the Government over the budgetary debates and with our alternative budget. We need stimulus in our economy and growth measures; that is stated clearly in this publication by Forfás.

We need a debate on competitiveness, manufacturing and exports. There are already very strong indicators that our export businesses are doing very well but we must build further on that. I am concerned that in the recent budget we have seen cuts in areas such as research and development, innovation and enterprise and third level colleges. People have spoken about the €40 million that was supposed to go to AIB executives on bonuses. Imagine the great work, incentives and stimulus that the money would create if introduced into our research and development departments in colleges and institutes of further education.

There is an important need for us to debate new ways to stimulate our economy, as well as innovation and entrepreneurship. In the recent budget the Government decided to tax individuals with new patents, which is a hammer blow to entrepreneurship in this country. We must stimulate and create employment and there is a need for an urgent debate on the matter.

Senator Cecilia Keaveney: Although I accept the Cathaoirleach's ruling about the Adjournment matter I tabled, I emphasise that the Minister will make the final decision on the matter.

An Cathaoirleach: We will not discuss the ruling on the Order of Business.

Senator Cecilia Keaveney: I will raise the general issue of the future of the youth councils on the Adjournment in another manner.

An Cathaoirleach: I have ruled on the issue.

Senator Cecilia Keaveney: It will be a sad day if we cannot speak about the general development of youth councils.

I call for a debate on the drugs problem at the earliest possible opportunity, preferably as soon as there is a gap in the schedule. Last week an inquest heard about the role of cocaine in a high profile death. In my time as Chairman the then Joint Committee on Arts, Sport, Tourism,

[Senator Cecilia Keaveney.]

Community, Rural and Gaeltacht Affairs completed a number of reports. In 2004 we produced a report on the effectiveness of investment in sport and the arts as a deterrent against substance abuse among the youth. In July 2005 we completed a report on the treatment of cocaine addiction, with particular reference to the Irish experience. The following year we produced a report on the inclusion of alcohol in a national substance misuse strategy, while in 2007 a specific report was compiled on drug abuse in Ireland, with particular reference to the situation in Waterford. I ask that we use these four reports to open a debate on drug use and misuse. While I do not wish to dance on anyone's grave, people are more alert to issues when celebrities are involved. For something good to emerge from what was a tragic event, people must explore the issues surrounding drugs and the implications of drug use. The joint committee initially considered giving its report on cocaine the title, "What Everyone Needs to Know About Cocaine". If a debate on the issue of drugs is initiated in response to the death of a high profile figure, at least the tragedy will have some value.

Senator Shane Ross: Perhaps we need to have a debate specifically on Allied Irish Banks which has been virtually 100% nationalised. The fiasco in recent weeks has been extraordinary. We do not need to congratulate the Government on its performance in this matter.

Senator Fidelma Healy Eames: Hear, hear.

Senator Shane Ross: The Minister behaved in an appropriate manner at the last minute only because he was forced to do so by public opinion. It is highly disturbing that AIB and the Government have moved in tandem rather than in opposite directions on the issue of bonuses. This was evident in their simultaneous release of press statements yesterday in which they tick-tacked to each other exactly what they would say. Moreover, both the Government and AIB miraculously changed their minds on the issue at exactly the same time. Last week they both indicated it was fine to pay bonuses and took the line that the law had enforced payment. This week both of them changed their mind simultaneously and they did a U-turn together. The Government's reaction consistently on the issue of the banks has not been to take them on but to defend them in the worst of circumstances. When news of the bonuses broke, the Minister should have immediately sacked Mr. Spring and Mr. Collier, his appointees to the board of AIB, and stated they were not doing the job he had asked them to do, namely, to defend the taxpayer. Mr. Spring and Mr. Collier were acting precisely against the interests of taxpayers. The public interest nominees of the Government to the banks seemed to go native immediately. I do not know whether the reason is the €30,000 per annum they receive or whether they are under some pressure. They will only move when the Government compels them to move and it will only move when it is compelled to do so by public opinion. I ask the Leader to request the Minister to come before the House today in order that we can ask who is the puppet in this case. It is my contention that the Government is the banks' puppet. That is the position in this case.

Senator Marc MacSharry: I am relieved that the disgraceful suggestion that bonuses be paid to bank staff has not materialised. I would welcome a general debate on the banks. Considering the level of support we are affording them to keep going, it would be appropriate to ask whether salary levels throughout the banks are appropriate. While we have managed to limit the pay of top executives and ensure the non-payment of bonuses, are other salaries of banking staff still appropriate, given the level of support the banks are receiving? My information suggests most salaries remain as they were before the crisis.

If that is the case, given the level of support the State and the taxpayer are providing, clearly the levels of salaries throughout entire organisations need to be looked at without delay.

I join Senator Keaveney in calling for a debate on cocaine. Although there has been much mention in the media in recent times of the abuse of this drug we should focus on having such a debate, similar to the way alcohol abuse has been discussed. One calls to mind advertisements on television that have helped to reduce the level of drink driving throughout the country. Equally, there needs to be advertising on our airwaves and in our print media showing the direct links between drugs and death. People who still engage in snorting cocaine in the gin and tonic belts of Dublin and other cities without making a direct connection to murders in this city and other parts are deluding themselves. It is time that, as an Oireachtas, we promoted the highlighting of this issue in the stark terms required. This is not the recreational drug of the super elite but a drug that finances murder on a daily basis throughout the country and it is time we used our good offices to highlight that fact.

Senator Nicky McFadden: Last week I issued a press release on my local radio station about the €40 million bank bonus. At the time, the Minister for Finance was absolutely emphatic there was a legal agreement, people were in for the long haul and it was not possible to overturn the situation. As Senator Fitzgerald did, I find it extraordinary that yesterday this situation could be overturned. This is disgusting because it means that this incompetent Government is continuing on the same train——

Senator Fidelma Healy Eames: Hear, hear.

Senator Nicky McFadden: —of mismanagement of our country.

I echo what Senator Fitzgerald said about the “Prime Time Investigates” programme about the elderly but it is strange we are all so shocked. This underegulation of care of the most vulnerable in our society is ongoing. In 2008 HIQA drew up a programme of standards that were to be adhered to in regard to people with disabilities, both adults and children. Sadly, this Government agreed that people treating those with disabilities could adopt such regulations if they so chose. It was a voluntary buy-in, which is an outrage. After the Ryan report, after children suffered to the extent they have, how can we be shocked here today at the way our elderly are being treated? There is nothing binding in regard to people who are incapacitated or disabled and do not have the wherewithal to mind and look after themselves. There is no regulation of any kind. Shame on this Government.

Senator Niall Ó Brocháin: I very much support Senator Coffey in his call for a debate on stimulus. Just because he is on the other side of the House does not mean he does not make some valid points.

Senator Fidelma Healy Eames: That is one for the record.

An Cathaoirleach: Questions to the Leader, please.

(*Interruptions*).

Senator Niall Ó Brocháin: I am calling for a debate on stimulus, just as Senator Coffey did, because it is a valid point. In this House we spend a great deal of time discussing the downside in the cuts but it is important we look at ways in which we can avoid cuts in the future.

I call also for a debate on the issue of public discourse with the body politic. I had occasion to travel on a bus today on the way from the train from Galway. A young gentleman made a comment as he was passing the Four Courts. He asked if it was Leinster House. His father said it was not, it was the Four Courts. The little boy asked where Leinster House was and his father said, “We are going there soon”. The boy said, “That is where the bail out took place”,

[Senator Niall Ó Brocháin.]

and his father said, “Yes, it’s Bail Out House, that’s right”. That was so sad. We are working in a place some people consider to be “Bail Out House”.

Senator Frances Fitzgerald: The Senator is in it.

An Cathaoirleach: Questions to the Leader, please.

Senator Niall Ó Brocháin: The low regard in which some members of the public——

Senator Frances Fitzgerald: The Senator’s party is in government.

Senator Fidelma Healy Eames: The Senator is living in fantasy land.

An Cathaoirleach: We are taking questions and there should be no interruptions.

Senator Niall Ó Brocháin: The Senator was here also. The reality is that the public has a very low regard for politics at present. There is a huge job to be done to win back regard. Both the Opposition and Government need to explore new ways to ensure the people and politicians interact in a more healthy way.

Senator David Norris: I have one theme today, that is, whistleblowing. I congratulate the Government on ensuring our ambassador to Norway, Mr. Gary Ansbro, attended the Nobel peace prize ceremony to honour to Liu Xiaobo, who is a whistleblower about human rights in China.

I fully support Mr. Julian Assange, the organiser of WikiLeaks. It is extraordinary that his reputation has been impugned in the way it has and that he has been convicted by the Australian Prime Minister without a trial. This is quite extraordinary behaviour. Senior American officials have called for his assassination. The more open our government and the more dirty little secrets that are out in the open, the better.

The same is true of the banks in that there is whistleblowing involved in this sector also. Thanks to a whistleblower, *The Irish Times* tells us that, far from being compelled to pay the bonuses, the banks organised their own contract in a rushed fashion. They front-loaded it and brought forward the contract. They gave verbal contracts. Everyone in the bank apparently knew this was being done to outwit the Irish people and to perpetrate a fraud on them. The officials involved in the banks should be discerned and dismissed. We should know who they are and they should be got rid of straight away.

With regard to home carers, the same issue arises. I raised this a year ago on foot of a case involving an elderly woman in the north-eastern part of this country. There were disastrous circumstances in which the carers were entrusted with giving medication and did not even speak English. They had never been investigated by the Garda and there was no regulation whatever. The people who informed me about this were afraid to get involved themselves because they were afraid they would be punished by the authorities.

Mr. Noel Wardick of the Irish Red Cross was punished and lost his job because he told the truth about money being sequestered and left idle in rural branch of a bank. My own whistleblower, who gave me information that led to the disclosure of a very serious breach of liquidity regulations in the Irish Financial Services Centre, has lost his job.

There is a common theme today. There is a need to honour and protect whistleblowers because of the good they do for us and the way in which they place us in circumstances in which we can enact the kinds of principles we are elected to enact.

Senator Ivor Callely: As a member state of the United Nations, Ireland is due to have its domestic human rights record reviewed for the first time next year under the universal periodic review, UPR, mechanism. This is a very important review. I ask the Leader to have a debate on the UPR mechanism to assist in commencing the national debate, the consultation process and the production of the national report that is required to be submitted for the UPR.

This may well dovetail into what I am to mention next. As with other Senators, I express my concern over the exposure of certain matters relating to the level of care being provided to the elderly. The manner in which last night's programme was presented set off alarm bells.

I congratulate the tremendous army of personnel, some of whom are paid, some of whom work voluntarily and some of whom are family members, who are involved in the provision of care to the elderly in the community. This can be challenging on occasion, to say the least. This is a very complex area and no simple action will bring about a resolution. A mighty floodgate may be opened that could have grave consequences.

We all have a role to play in being a good neighbour and keeping in contact with the elderly, be they under the care of paid or voluntary carers or family members. Under all three sets of carers, abuses can occur. We all play a fundamental role in the provision of care to the elderly.

Senator Jerry Buttiner: I ask the Leader to invite the Minister for Finance to the House and to agree with me in respect of what I have to say. The reality is that the Minister was dragged in, kicking and screaming, to prevent the payment of the bonuses yesterday. It is extraordinary that it took the Minister for Finance five days to agree with everyone in this House that the bonuses should not have been paid. It took two days to cut social welfare payments by putting the Social Welfare Bill through the Dáil. The events of the past week have underlined that the Government does not value people, given the cuts made in the budget, the level of care provided for the elderly and the lack of respect shown for taxpayers through the payment of bonuses by the banks. When will it end? When will those in government get the message?

An Cathaoirleach: Is the Senator calling for a debate on something?

Senator Jerry Buttiner: I am.

An Cathaoirleach: What might it be?

Senator Jerry Buttiner: I am calling on the Government to get out and the people to get rid of it.

An Cathaoirleach: Questions to the Leader, please.

Senator Jerry Buttiner: When will the Government learn? When will it value people who matter in this society? The Government does not get it. As we learned last night, it does not value the elderly. Senator Callely was in government and a Minister of State with responsibility for older people when this was happening. The Leader——

Senator Ivor Callely: That is incorrect.

An Cathaoirleach: No interruptions, please.

Senator Ivor Callely: The Senator should withdraw that remark.

Senator Jerry Buttiner: ——is in government now when social welfare payments are being cut.

An Cathaoirleach: I want questions to the Leader because a number of Members wish to speak.

Senator Jerry Buttiner: When will the Government leave the people alone? When will it show respect for them? I hope the Leader will respond.

Senator Donie Cassidy: Of course, I will answer.

Senator Jerry Buttiner: Will the Government show the people respect?

Senator Ivor Callely: Do not mention Brigid McCole.

(Interruptions).

An Cathaoirleach: Members, please.

Senator John Hanafin: I wish to raise the question of a loss of revenue to the Exchequer. There is a serious situation where one third of the cigarettes sold in the State are illegal. They are illegal not only because they are brought in without any duty been paid, but also because they are not the original articles; they are cheap and very dangerous substitutes and people are seriously endangering their health by using them. However, this is not the main reason I raise the issue. I raise it because the same people involved in smuggling these cigarettes are also believed to be involved in smuggling drugs and people, which makes this a very serious issue. All of us wish to do the right thing. Many people buy Fairtrade goods because they know it will help somebody in a faraway country. Do people realise, however, that when they buy these cigarettes, they assist criminal gangs? This is something we need to address. I, therefore, ask the Leader to suggest we impose far more severe penalties for those who knowingly sell cigarettes which are forgeries and on which revenue has not been paid and that we ensure this is done in this term, if necessary by suggesting legislation in this House.

I commend the Government for taking the necessary steps and time to ensure bonuses would not be paid in the bank. Everything has changed and all of us — the public and private sectors and all sections of society — need to know there is a new dynamic and that we have to live within it. It is not that difficult, but we have to accept and embrace it.

Senator Joe O'Reilly: Last night's "Prime Time Investigates" programme was hugely disturbing because the victims are people who are not in a position to fight back and many of them will not live to tell the tale. What is really disturbing is that it involves a systems breakdown in the HSE. The problem — I want to Leader to respond and to bring this point to the attention of the Minister and possibly have it debated — is that the HSE stopped the practice of recruiting home helps and home care assistants and brought in outside private agencies and speculative people to do the job. It diverted responsibility. There used to be a hands-on approach, whereby local nurses recruited home helps based on local knowledge and common sense. Those appointed were monitored by them. Now we have private agencies engaged in the business for profit and gain, which was very visible in last night's programme. The ones who need to answer are the HSE and, ultimately, the Department and the Minister. I ask the Leader to arrange a debate on the issue. I am sure the source of the problem lies in the fact that responsibility for recruiting and managing home helps shifted from the HSE to private agencies with a profit motive only which were not properly regulated. It is disgraceful and wrong. Sufficient personnel were available to do it, as there are enough people at middle management level in the HSE. The shift to private agencies is inexcusable, wrong and a complete failure of the system and the patients are the vulnerable victims.

I join the call for a debate on the issue of the bonus for bankers. We must have an investigation into how and on what grounds a bonus could be due because, as Senator O'Toole pointed out, there were no achievements that would give rise to a bonus. There is obviously something very wrong in that regard and I would like a debate on it.

Senator Labhrás Ó Murchú: The murder of Pat Finucane was one of the most notorious acts during the Northern Ireland Troubles. He was a solicitor who did his job effectively and who provided his services without fear or favour, but it would seem now that he was about to throw light on some murky happenings in the North which involved collusion by the security forces. There was an outcry at the time of his murder, not just in Ireland but throughout the world, because people saw it as an attack on the legal profession and the judicial system.

I listened to Pat Finucane's son on the radio yesterday and find it understandable that the Finucane family would want a proper, independent public inquiry into his case. It seems there are files in the possession of MI5 which would provide particular information on this murder. It would continue the good relationships which have developed in recent years between Britain and Ireland if the new Government in Britain would expedite an independent inquiry of this kind and ensure that all the necessary documents are made available. It will not be acceptable to suggest that they might in some way endanger national security. This is a case which if it is not brought to a conclusion, will only taint the success and the results which have emanated from the peace process to date. Above all else, the Finucane family, like any other family, is entitled to retrospective justice and proper process at this time.

Senator Phil Prendergast: The scenes depicted on "Prime Time Investigates" last night were very distressing and will have upset many families. We no longer have an option not to regulate the care area, where we saw untrained and overworked carers mistreating elderly people and unscrupulous employers facilitate this by neglecting their obligations. We can no longer opt for a situation where the HSE pays millions of euro to private companies, but does not monitor how care is provided. It was appalling to witness the indignity suffered by patients and to see how they were treated. The policy of the Minister for Health and Children, Deputy Harney, has been to make the private sector responsible for the welfare of thousands of elderly people. We need her to come to the House to explain how the situation we witnessed last night has arisen. Up to midday today, the HSE helpline had received 52 calls, all of which arose as a result of last night's programme. It is an appalling abuse to leave the care service unregulated and in the hands of untrained people. The issue must be addressed and the Minister must come to the House to account for herself.

Senator Mark Daly: I join colleagues in calling for a debate on the issue of drug abuse. Last week we saw the reports of the inquest into the high profile death of a member of the media. That was a missed opportunity by RTE to highlight the fact that the use of illegal drugs such as cocaine by any person is unacceptable. Senator MacSharry pointed out that the use of drugs such as cocaine leads to deaths, and not just in Finglas and west Dublin. We know of one case some years ago where a tradesman going about his business was in the wrong place at the wrong time and was killed when a drugs lord was targeted and murdered. One should ask oneself whether the person whose inquest was held last week was responsible for that death.

I work sometimes with the Kerry addiction counselling services and Leona Cronin and visit schools around the county to speak about the issues of drug and alcohol addiction. However, the abuse of substances such as cocaine by high profile personalities seems acceptable because the national broadcaster has not come out clearly to state it is not acceptable. It prefers instead to leave the issue alone because it does not want to speak ill of the dead. He was described as a good man who had problems. However, the source of his problems has led to deaths all over

[Senator Mark Daly.]

the country. I was fortunate to have an opportunity to travel to Colombia with Trócaire. I visited a town where the father of two young girls had been kidnapped and killed with a chainsaw. His limbs had been removed one by one until he died.

An Cathaoirleach: On the drugs problem, please.

Senator Mark Daly: One must ask the question whether the person who was the subject of the inquest last week was also responsible. I put it to the House that he was. I ask the Leader to arrange a debate on cocaine abuse in Ireland at the earliest opportunity.

An Cathaoirleach: Is the Senator seeking a debate on the drugs problem?

Senator Mark Daly: Yes.

An Cathaoirleach: We do not want to become involved in an inquest that may have taken place.

Senator Eoghan Harris: Long before the recession began the media continually made all of the progressive and reform movements and politicians responded. We bring politics into disrepute by speaking every day about last night's "Prime Time Investigates" or last week's "Today with Pat Kenny" programme. Politics can have no currency if it continually follows the media. We follow the media because every progressive movement of the Government during the past 30 years was prefaced, followed, killed or stifled by politicians acting on the advice of the Attorney General. I have two rules for Taoisigh, the first of which is that they should never leave the country, whether to go on holidays or visit America, when a crisis is pending. The second concerns acting on the advice of the Attorney General which has been lethal for politics in this country. I am aware that this is a state of law, but, by definition, laws are static rules which stop people and politicians from doing things. I have never seen a law that has initiated fresh movements or progress. Surely, it is the function of the Attorney General to enable people to do things. He should tell a Minister how to act rather than why he or she should do nothing. The only proactive Attorney General I can recall is the much lamented Michael McDowell. I will put flesh on Senator Ó Murchú's recollection of Wikileaks. Michael McDowell reminded us that, far from packing it in 1993 or 1998, the Provisional IRA was actively engaged in planning the subversion of the State as recently as 2005. Adams and friends were up to their necks in it. All those who retrospectively offer benediction or assurances that it is all over or that they are all goody-goodies now that the peace process is under way should realise that as recently as five years ago they were actively setting up dirty tricks departments, targeting politicians, eavesdropping, hacking into telephone and computer systems and setting up a government within a government. They continue to control pubs, shops and security firms. They have built an evil empire within the economic structures of the State. Instead of confining his comments to Pat Finucane, Senator Ó Murchú should have mentioned Mr. Adams and his sunglasses and beret. Never let it be forgotten that we need a legal system and an Attorney General with the guts of Michael McDowell.

Senator Geraldine Feeney: Like other Senators, I wish to speak about the terrible conditions revealed on the "Prime Time Investigates" programme and add my voice to those who have called for a debate on the issue. We will hardly be able to arrange such a debate this week because the issues arising are too serious to be discussed in a debate lasting one hour or 90 minutes. There is nothing like a report such as the one we viewed last night to exercise our minds and thoughts, particularly when vulnerable members of society are subject to such viciousness and cruelty. I watched a poor old lady crying as she pleaded with her carers not to

force-feed her. They were people who had not received any training and who were probably not known to her. I had to switch channels and come back to the programme later because I was reminded of the terrible advertisement to encourage people not to drink and drive in which a young couple hug each other before being hit by a car. I can never watch that add as it is so horrendous, which is how I found "Prime Time Investigates" last night.

While regulation is needed, we also need to focus on training and standards, and perhaps this is where the debate should be focused. There are many good companies which are working very hard. There are rogue companies, as there will be in any walk of life, but the good companies provide excellent service and are not afraid of strict regulation. These are the ones we should look after and promote because they provide high standards.

While I hate to disagree with Senator Joe O'Reilly, I do not know that it is all the responsibility of the HSE or that it should take all the blame. It is right to give business and employment outside the HSE, as we know. The HSE has been very strict in this regard. Only last week, I saw that two nursing homes, one in my home county of Offaly, had been closed because of poor standards. This area is being regulated.

We need to have that debate. I ask the Leader to keep on top of the agenda when we come back in January.

Senator Fidelma Healy Eames: We have spoken today about bankers and their bonuses, and we have learnt that the sham culture of banking still exists. Senator Ross is right to ask what the Minister for Finance has done about the attitude that exists in the banks. What has gone on is an outrage.

I raise this issue again based on the fact a major file is about to go to the DPP's office on the Anglo investigation. Today, I was shocked to learn that the annual report from the DPP stated that his office is fully stretched and, if there is a further increase in the workload coming into the office, something will have to go because of the public service cutbacks. I ask the Leader and the Minister for Justice and Law Reform to ensure nothing will come in the way of the Anglo investigation or of justice being done.

I have received a letter from the Director of Corporate Enforcement, Mr. Paul Appleby, stating that this is the largest file his office has ever handled since its inception in 2001. That office has analysed and evaluated several million Anglo and Anglo-related documents and has conducted over 200 interviews. One file will issue to the DPP before the end of this year and several files will issue in early 2011. While I could not get this information from this House, I got it from the Office of the Director of Corporate Enforcement through meeting the director at the national ploughing championships. That is a disgrace on this House.

To return to my question, will the Leader guarantee the people that justice will be done and that the office of the DPP will have enough resources to handle the Anglo file and, furthermore, all the other justice issues going through that office? I look forward to the Leader's reply.

Senator Camillus Glynn: I wish to refer to two points. The first is the tragic death of the broadcaster, Gerry Ryan, and the fact he was a cocaine abuser. Senator MacSharry is right. There is no question that much of the crime committed in this country is drug-related. When will we cop on to that fact? We need an urgent debate on this whole issue as soon as possible.

With regard to the "Prime Time Investigates" programme, when I addressed the Chamber in 2005 on the refund of nursing home fees legislation, I said people were coming out of the woodwork who never put one foot past the other to visit their relatives. The chickens are home to roost now. I bet a pound to a ha'penny that in many of those cases a relative is seldom involved, but they are involved if there is money in the offing.

[Senator Camillus Glynn.]

We are accused of being an over-regulated society but, in this case, we are under-regulated. There are people who present themselves as being able to care, whereas it turns out many of these people could not care less. I watched that programme, which was stomach-churning. Geriatric nursing is a specialised area, as is geriatric medicine. This is not a new phenomenon because I remember the case some time ago of a lady in a private nursing home. She required a particular injection and this lady in a white uniform, who had no training whatsoever, told her to turn over. The patient concerned refused to accept the injection, and rightly so.

We must bring this matter centre stage and have a debate on it. Will the Leader invite the Minister for Health and Children to the House as soon as possible to debate this whole area? It is an absolute disgrace.

Senator Rónán Mullen: Senator Fitzgerald made the point that it was only when the bankers' bonuses came into the public arena that action was taken. We could apply that comment to the issue covered by last night's "Prime Time Investigates" programme. When will the public and the Department of Health and Children start to prioritise the care of older persons? The Minister must come to the House at the earliest opportunity to discuss this issue.

Last night we saw people who were little better than pimps procure incompetent, untrained and, in some cases, uncaring people to take care of older persons in their homes. We saw people who were supposed to spend an hour with someone spend sometimes as little as 15 minutes providing completely inadequate care. For how long did the health authorities know this was going on?

The Minister of State, Deputy Áine Brady, said the Department of Health and Children is currently examining regulations for the sector but for how long has it been currently examining regulations for the sector? Is it since last night's programme or for some time prior to that, which it might be able to specify?

It is a reflection on our society and on us that it takes documentaries of this kind to draw attention to major injustices in our society. It was said there have been approximately 38 complaints in recent years. Given the need to respect the desire of the older person, we know that only in the case of serious crime can the desire not to report a case be overborne. The responsibility is all the greater on us to ensure we get the necessary standards, training, regulation, oversight and integration with other services.

We need a suspension of the moratorium and special decision-making to ensure the Health Information and Quality Authority, other bodies and public health nurses have a supervisory role. We must end the spectacle of fly-by-night companies being able to advertise on their websites the fact they are HSE approved.

Senator Paul Bradford: I generally support what I heard in regard to last night's "Prime Time Investigates" programme. On many occasions, I have spoken about the need for us to consider care of the elderly in a broader and more holistic fashion. The difficulties in the current private care arrangements were highlighted last night and we discussed the issue of nursing home subventions etc. previously.

My concern is that we are failing to consider the elderly in a broader fashion. We almost see them as a commodity that must be cared for and we do not consider the more obvious solutions such as family support, carer's allowance etc.

Notwithstanding the fact we are close to the end of this Oireachtas, we must put services for, and care of, the elderly back on the political agenda and debate the services which are or more pertinently are not available to the elderly. The one size fits all solution is not working.

As I said previously, the view that nursing home subvention will provide a nice clean bed in a nice nursing home as a panacea for every senior citizen is a shocking dereliction of duty. We must be much more holistic, community and family orientated in the services we provide.

We will shortly debate the Social Welfare Bill 2010 in which carers are losers, and I will address that later. Care of the elderly does not begin and end with a nursing home bed, whether privately or HSE provided. We must look at the broader picture and I ask that we set aside time for an urgent debate.

I said previously when we debated the possibility of a referendum on the rights of children that I hoped the next Oireachtas would consider the concept of a referendum to give some degree of constitutional protection to the elderly because they are not sufficiently protected across a wide range of services. We must aim to redress that difficulty.

Senator Feargal Quinn: I apologise to the House that I have not been able to bring the Construction Contracts Bill before it, as promised. I thank the Leader and the Cathaoirleach for making arrangements for it on so many occasions.

This Bill, which was introduced in the House last May and came back in October, has turned out to be much more complex than I thought. The other day the Attorney General said he wished to get involved in some of the aspects of it and that is the reason it will not come before the House this week.

I wish to make a plea for help. It is very good legislation and the Seanad will come out of it very well but it will not be easy to get it passed. We will work very hard in the next few weeks and we hope to have the Bill before the House as soon as we come back after the recess. I hope Members will be able to help get the Construction Contracts Bill through the other House by using their influence with colleagues in their parties. It is good legislation and both Houses will benefit from it, as will the country. I urge Members to do their best to ensure it passes before this Government leaves office.

Senator Donie Cassidy: Senators Fitzgerald, O'Toole, Bacik, Boyle, Ross, MacSharry, McFadden, Norris, Callely, Buttiner, Hanafin, O'Reilly, Prendergast, Feeney, Healy Eames, Glynn, Mullen and Bradford expressed their support for the Minister for Finance's decision in regard to the 2,400 plus AIB staff and their bonuses totalling €40 million. I welcome his decision and legislation will come before the House for its consideration during the week in regard to it. Legislation on financial matters will be before the House today, tomorrow and on Thursday. We will have ample opportunity to make the important points on banking and financial issues to the Minister and the staff of the Department over the coming three days.

RTE and the "Prime Time Investigates" team are to be congratulated on bringing to the attention of the nation the difficulties being experienced by the HSE in regard to home care packages. What we saw in the programme was appalling and shocking. Those of us who served for a long time on the health boards and who are totally committed to providing the best possible care to all patients could not condone what we saw on our television screens last night.

As regard the quality and standard of care and the good job the Health Information and Quality Authority is doing, there is a further work to be done. As I said many times, tens of thousands of carers are doing an incredible job but that 0.1% of people demean all the good work they do. I have no difficulty discussing this issue after Christmas and inviting the Minister for Health and Children to the House to update it on the proposals in regard to those not caring for our senior citizens. Our senior citizens should be thanked for all they did in their

[Senator Donie Cassidy.]

lifetimes in making a contribution to our country. I have no difficulty in allowing plenty of time for this issue to be discussed and debated.

Senators Bacik, Ormonde and Harris asked for a debate on the OECD report. I propose to have statements on this next Friday. I have no difficulty in allowing this debate to be continued after the Christmas recess. It is most important that this matter is discussed and debated in the House before the Christmas recess.

Senators Coffey and Ó Brocháin asked for a debate on competitiveness, stimulus packages and growth and on the strength of our exports. I welcome the 107 new jobs announced for Galway by Hewlett Packard. The significant investment by the Government in research and development was one of the main reasons cited by the company. I congratulate everyone concerned, IDA Ireland, the Minister and the Department of Enterprise, Trade and Innovation who helped bring these jobs to Galway. I congratulate the lucky people of County Galway, 70 of whom are to commence work immediately.

Senator Paudie Coffey: Unfortunately there has been no announcement for Waterford.

Senator Donie Cassidy: I am not jealous. I am from County Westmeath but it is Galway's turn today and, please God, it will be Waterford's or Westmeath's turn ——

Senator Paudie Coffey: We are waiting a long time now.

Senator Donie Cassidy: ——in the not too distant future.

Senator Fidelma Healy Eames: Keep the airport open and there will be a lot more jobs.

Senator Donie Cassidy: I know how grateful the Senator is.

Senator Fidelma Healy Eames: I am extremely grateful; we have a great place, it is fantastic.

An Cathaoirleach: No interruptions, please, Senator Healy Eames.

Senator Donie Cassidy: I was surprised the Senator did not mention those jobs and welcome them when she was speaking.

Senators Keaveney, Ross, MacSharry, Daly and Glynn outlined again the shocking tragedy of some of our best people losing their lives as a result of the abuse of drugs. I have no difficulty in allowing a debate. I remind colleagues that the Appropriation Bill will be discussed in the House on Friday. All 14 Departments and their expenditure can be debated and discussed under the heading of the Appropriation Bill.

Senator Ó Brocháin asked for a debate on politics in general and he expressed his concerns regarding the perception of the body politic. I have already given a commitment to hold this debate and it can take place in the near future. Senator Norris asked for a debate on the protection of whistleblowers. I have no difficulty in having this debate. Senator Ivor Callely outlined to the House the universal periodic review of human rights by the United Nations. This is a significant innovation by the United Nations. It was established in 2006 to replace the United Nations Commission on Human Rights. The domestic human rights records of 192 United Nations member states are reviewed every 40 years. A total of 48 countries are reviewed each year beginning from 2008, with 16 reviews currently taking place. Ireland will be one of these 16 states to be reviewed. Ireland's first review under the universal periodic review will

take place on 6 October 2011. I have no difficulty in arranging a debate on this in the near future.

Senator Hanafin outlined the loss of revenue because of cigarette smuggling by those heavily involved in the drugs world. I have no difficulty in having that debate. Cigarette smuggling assists gangs and I support the call for a debate on the loss of revenue and illegal drug money. Senator Ó Murchú asked for a debate on the murder of Pat Finucane. This man did so much for the people of the North of Ireland. Senator Ó Murchú called for the establishment of an independent inquiry. Such an inquiry would be an acknowledgement of the miscarriage of justice that took place. His family live with the significant stress and strain of losing a very brilliant father, husband and man. He defended people in very difficult times over that 30-year period. His memory deserves an inquiry, as does his family. I have no difficulty in the House debating and discussing this matter. There has been an international outcry for an inquiry and I support Senator Ó Murchú's call.

Senator Harris outlined to the House his very strong views on the courage of the former Minister for Justice, Equality and Law Reform and Attorney General, Mr. Michael McDowell. He is a courageous person. I was a Member of the other House from 2002 to 2007. I often referred in that House to the courage of the then Minister. It was impressive to see the groups he faced up to, whether in the dock or in the North of Ireland. He was an outstanding man in his portfolio. I fully agree with Senator Harris's views——

Senator Rónán Mullen: He lost the battle with the publicans.

Senator Maurice Cummins: Although a lot of the policies have not been followed through.

Senator Donie Cassidy: It takes someone with the courage of his convictions and he certainly was a man with the courage of his convictions. I saw this at first hand. Senator Healy Eames asked for the debate on the Office of the Director of Public Prosecutions and the 16,000 files——

Senator Fidelma Healy Eames: There is no need for a debate if the information is requested.

Senator Donie Cassidy: —submitted to the office last year of which 80% had been responded to within three months. The Office of the Director of Public Prosecutions has been doing much good work on behalf of the people. I have no difficulty in arranging a debate after the Christmas recess to see what we can do to get extra resources for that office.

Senator Fidelma Healy Eames: The Leader should just ask for it. There is no need for a debate.

An Cathaoirleach: No interruptions, please Senator Healy Eames. It is not allowed.

Senator Donie Cassidy: In answer to Senator Quinn, I am sorry the Bill relating to the construction industry could not be dealt with on 24 October. However, it has taken on a life of its own, particularly with regard to suppliers. I know the Cathaoirleach has done everything possible — as have I — to make time available. Whenever the Attorney General, Senator Quinn, the Minister for Finance and everyone concerned with that Bill decides it is ready to come to the House, I will leave time in the schedule of the House so the Bill can come to the House immediately. I give an undertaking that this Bill will be on the Order Paper the following week.

An Cathaoirleach: Senator Bacik moved an amendment to the Order of Business. However, the amendment was not seconded in the debate and consequently, it falls. Is the Order of Business agreed to?

Question put.

The Seanad divided: Tá, 32; Níl, 17.

Tá

Boyle, Dan.	Leyden, Terry.
Brady, Martin.	MacSharry, Marc.
Butler, Larry.	McDonald, Lisa.
Callely, Ivor.	Mooney, Paschal.
Carroll, James.	Mullen, Rónán.
Carty, John.	Ó Brocháin, Niall.
Cassidy, Donie.	Ó Domhnaill, Brian.
Corrigan, Maria.	Ó Murchú, Labhrás.
Daly, Mark.	O'Brien, Francis.
Dearey, Mark.	O'Malley, Fiona.
Ellis, John.	O'Sullivan, Ned.
Feeney, Geraldine.	Ormonde, Ann.
Glynn, Camillus.	Quinn, Feargal.
Hanafin, John.	Ross, Shane.
Harris, Eoghan.	White, Mary M.
Keaveney, Cecilia.	Wilson, Diarmuid.

Níl

Bacik, Ivana.	Healy Eames, Fidelma.
Bradford, Paul.	McFadden, Nicky.
Burke, Paddy.	Norris, David.
Buttimer, Jerry.	O'Reilly, Joe.
Coffey, Paudie.	O'Toole, Joe.
Cummins, Maurice.	Phelan, John Paul.
Donohoe, Paschal.	Prendergast, Phil.
Fitzgerald, Frances.	Ryan, Brendan.
Hannigan, Dominic.	

Tellers: Tá, Senators Niall Ó Brocháin and Diarmuid Wilson; Níl, Senators Maurice Cummins and Fidelma Healy Eames.

Question declared carried.

EU Directive on Attacks against Information Systems: Motion

Senator Donie Cassidy: I move:

That Seanad Éireann approves the exercise by the State of the option or discretion under Protocol No. 21 on the position of the United Kingdom and Ireland in respect of the area of freedom, security and justice annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union, to take part in the adoption and application of the following proposed measure:

Proposal for a Directive of the European Parliament and of the Council on attacks against information systems and repealing Council Framework Decision 2005/222/JHA,

a copy of which was laid before Seanad Éireann on 6th December, 2010.

Question put and agreed to.

Horse and Greyhound Racing Fund (No. 2) Regulations 2010: Referral to Joint Committee

Senator Donie Cassidy: I move:

That the proposal that Seanad Éireann approves the following Order in draft:

Horse and Greyhound Racing Fund (No. 2) Regulations 2010,

a copy of which Order in draft was laid before Seanad Éireann on 7th December, 2010, be referred to the Joint Committee on Agriculture, Fisheries and Good in accordance with paragraph (1) (Seanad) of the Order of Reference of that Committee, which, not later than 16 December, 2010, shall send a message to the Seanad in the manner prescribed in Standing Order 72, and Standing Order 74(2) shall accordingly apply.

Question put and agreed to.

Social Welfare Bill 2010: Second Stage

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

Minister for Social Protection (Deputy Éamon Ó Cuív): This Bill will give legislative effect to certain social welfare measures announced in the Budget Statement of 7 December which are due to come into effect from 1 January 2011. Last month the Government outlined in the national recovery plan the blueprint for a return to sustainable growth in the economy. In particular, it sets out the measures that will be taken to restore order to the Government finances and specifies the reforms the Government will implement to increase employment and accelerate economic growth. The plan is necessary to bridge the gap between Government expenditure and revenue which is being filled by borrowing. Unless the rate of borrowing is reduced, the burden of debt servicing will take up an increasing proportion of tax revenue. This would mean expenditure on vital schemes and services such as those provided by my Department would become increasingly unsustainable.

My Department accounts for approximately 38% of total gross Government current expenditure which will increase to 39% in 2011; therefore, it is not possible to stabilise and reduce public spending without an impact on the Department's budget. Accordingly, the plan provides

for significant reductions in expenditure by my Department in the next four years.

4 o'clock These will be achieved through a reduction in the number on the live register through economic growth; more intensive labour force activation measures designed to help people to get back into employment and, therefore, reduce live register costs; enhanced control measures to better direct expenditure only to those who need and are entitled to it; major structural reform of the welfare system to rationalise and simplify supports available to people of working age and ensure there is always an incentive to take up a job; and such reductions in rates of payment as may be necessary to ensure the overall savings targets are met, although this would be very much a last resort.

From my Department's point of view, our focus will be on enhancing fraud and control measures to try to make the bulk of the savings there; on labour activation measures which would lead to a reduction in number on the live register, and on structural reform. If we can make substantial progress in these key areas, reductions in individual rates of payment can be limited over the period of the plan.

Budget 2011 is the first step in achieving the goals of the national recovery plan. This will involve a reduction of €873 million in expenditure by my Department. Even after this reduction, expenditure by my Department will amount to €20.62 billion in 2011. As Minister for Social Protection, I am fully aware that the expenditure changes in the budget will affect

[Deputy Éamon Ó Cuív.]

the living standards of many citizens in the short term. However, if we put off these changes, there will be a greater burden in the future on those who can least to bear it, including people with disabilities, families with children, the unemployed, carers and pensioners. In the context of a very tough budgetary environment the Government has done its utmost to protect as far as possible the most vulnerable in society and the improvements made in the past decade in these areas. The savings to be made in 2011 will be achieved by greatly enhanced control measures; proactive labour activation initiatives, including the introduction of a brand new community work placement programme called "Tus" operated by my Department; structural reform measures designed to deliver more effective income and housing supports in a sustainable way; and reductions in rates of payment.

Before I detail the areas in which changes are being made, I would, first, like to outline the supports being fully maintained at current levels to provide reassurance for those who had been concerned that their payments might be cut. Similar to last year we have been able to maintain pensions and other payments made to people aged over 66 years at current levels. They include payments for pensioners' dependent spouses aged under 66 years. This means that approximately 490,000 people aged 66 years and over and their dependents are being fully protected in the budget. Extra allowances paid to pensioners who live alone and those aged over 80 years will continue at current rates.

I have preserved welfare supports for pensioners generally as I believe all pensioners are entitled to a minimum level of guaranteed support by the State. For many pensioners, social welfare pensions, be they contributory or non-contributory, are their only source of income and most of them do not have an ability to earn. However, pensioners who can afford to pay towards economic recovery will contribute through changes in the taxation system which were announced last week by my colleague, the Minister for Finance.

A number of valuable other payments have also been maintained. These benefit not only pensioners but also people with disabilities, carers and all those on low incomes, regardless of age. They include the household benefits package which includes the free television licence, electricity-gas allowance and telephone allowance, as well as the fuel allowance and the free travel scheme.

The half-rate carer's allowance scheme and the extra payment for caring for more than one person are retained, as well as the respite care grant at its current value of €1,700 per annum. The half-rate illness benefit and jobseeker's benefit payments for widows or lone parents will also remain. The current payment arrangements for lone parents and people with a disability who participate in community employment schemes are being retained without change. The family income supplement scheme which benefits lower income families with children is also unchanged.

Bearing in mind the recent bad weather, I am providing for a special once-off additional two weeks fuel allowance payment worth €40. This will be made to most recipients in the next two weeks, with the remainder receiving the payment in early January.

Unfortunately, in this budget it will be necessary to introduce a rate reduction in working age payments from January 2011 to produce the necessary savings required in 2011. Whereas there have been some increases in inflation in recent months, consumer prices are back at April 2007 levels and we have managed to maintain the payment rates for all aged 25 to 66 in 2011 at rates higher than those paid in that year. No reduction is being made to the qualified child rate which will remain at current levels. In addition, the reduced rate of €100 per week for jobseeker's allowance recipients aged under 21 is also unchanged. Accordingly, the weekly rates of payment to those aged under 66 are being reduced by €8 per week or an average of

4.1%. Increases for qualified adults on working age schemes are being reduced proportionately. This will bring the personal rates of jobseeker's payments, one parent family payment, illness benefit and associated schemes in 2011 to €188 per week or €2.20 per week in excess of the rate which applied in 2007.

Even taking into account the reductions that were applied in 2010 and 2011, this Government has delivered unprecedented increases in welfare rates since 2004. Over that period, jobseeker's payments, disability allowance and one-parent family payments have increased by 39.5% while the cost of living has increased by 11.8%. The Government appreciates that reductions in rates will be difficult for people but we also know that if action is not taken now, we risk putting social welfare payments at greater risk in future. The weekly rate of supplementary welfare allowance will be reduced by €10 per week, or 5.1%, and supplementary welfare allowance is normally paid to persons who are awaiting entitlement to another welfare payment. The rate of the rural social scheme and community employment scheme will be revised in line with the changes in social welfare rates to €208 for a single person.

Issues have been raised relating to the blind pension, invalidity pension, disability allowance and widows' and widowers' pensions as well as the carer's allowance. I have looked at the issue of disability in detail since I was appointed to the Department of Social Protection. I accept there is a need for long-term reform in payments for people with disabilities that is much more tailored to individual positions and levels of disability. I will work to my last day in this Department to progress this agenda.

Much has been said and written on the reductions in these payments and in this context I must point out that to exempt all these recipients from the rate reduction would have meant exempting approximately a further 260,000 people. The effect of this to achieve the same savings would be to have required a cut of €11 per week in a jobseeker's personal payments and €18.30 per week for a couple. It must be remembered that people on disability allowance are also entitled to the full household benefits package, free travel pass and companion free travel pass where appropriate. These are worth approximately €20 per week. Disability allowance, blind pension and invalidity pension are paid to more than 150,000 people at present.

I have empathy for people with disabilities who have no capacity to work. It is urgent now that we develop a system that would allow us to differentiate between various levels of disability in a way similar to the partial capacity scheme which is contained in the Social Welfare (Miscellaneous Provisions) (No. 2) Bill 2010. This would allow for differentiated payments based on the level of disability and would allow for a more nuanced approach based on people's individual need. Within the present schemes and within the timeframe that I have been in the Department, however, it has not been possible for me to bring such a proposal to fruition yet. I would urge whoever succeeds me in this Department to make the development of this type of approach a priority.

On supports for children, between 2000 and 2010, the monthly rates of payment for child benefit increased from just €53.96 for the first child and €71.11 for the third and subsequent children to €150 and €187 respectively. In the same period, overall expenditure on child benefit grew from just €638 million to approximately €2.2 billion per year. As a result, approximately 10.6% of gross social welfare spending in 2010 went on child benefit. This Government is proud to have been able to deliver such significant increases in payments to families when the resources were available. In the current economic environment, however, we simply cannot afford to keep spending at the same level as we did when our tax revenue was much higher. In that context, we have decided to reduce overall spending on child benefit. In considering the various options for making savings in this area, we were conscious that the payment can

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be an important source of income for all families for different reasons. Accordingly, the Government has decided against withdrawing child benefit completely from any family.

From January, the lower rate of child benefit which is paid in respect of the first and second child is being reduced by €10 to €140 per child per month. The payment for the third child is being reduced by €20 to €167 per month and the payment for the fourth and subsequent children is being reduced by €10 to €177 per month. I appreciate that cuts in child benefit will make life difficult for some families but it should be recognised that the payment will still be very generous compared with other countries and that the Government is also making a substantial contribution towards child care provision, including the continuation of a free preschool year. The qualified child increase payable with welfare payments is fully maintained. The domiciliary care allowance paid to parents and guardians of certain children under 16 who are ill or who have a disability is also unaffected and the family income supplement and back to school clothing and footwear allowance are unchanged.

Some questions were raised about multiple births and I confirm that additional benefit and grants for multiple births will continue to be paid. The rate of child benefit payable in respect of triplets remains payable at twice the normal levels. Child benefit support in 2011 for a family with triplets will be €894 per month or €10,728 per annum. The special grants payable at birth and at ages four and 12 are unchanged at €635 per child.

My Department will initiate a number of reforms to the rent supplement schemes to generate savings of €60 million next year. These reforms include entering discussions with the Department of the Environment, Heritage and Local Government with a view to aligning the minimum contribution payable by household couples more closely with that paid by equivalent households under the local authority differential rent scheme. Reforms also include reviewing entitlement of people who refuse local authority housing, the reduction of payments made to landlords with a corresponding reduction in rent limits, where appropriate, and increased control activities through efficiencies arising from the transfer of the community welfare service staff to the Department of Social Protection.

The introduction of a €2 differential between the rate of basic supplementary welfare allowance and other schemes from January 2011 will generate more than €10 million in savings in the rent and mortgage interest schemes. These will arise as entitlement to rent and mortgage interest supplement is based on the weekly rates of supplementary welfare allowance. Pensioners, carers and people on supplementary welfare allowance will not be affected by this change. Following these reforms it is estimated the rent supplement scheme will still cost €465 million in 2011.

The value of the household benefits package is being fully maintained in 2011. I am considering a number of reforms, however, some of which may require legislative change, to make schemes work more efficiently and at less cost. As announced in the national recovery plan, expenditure on the free television licence and free travel schemes will be capped at the levels provided for in the 2010 Revised Estimates. This will not affect individual entitlement but does generate savings in the long term.

The availability of job opportunities with real financial incentives to take them up is crucial over the next few years. Beyond the immediate financial benefit to the worker, work benefits an individual's psychological and general health as well as the wider community and the economy generally. Activation and support for those who are unemployed is a key priority for the Government.

Earlier this year, the Taoiseach announced a number of changes to improve the delivery of employment, training and community services to the public by bringing together related

responsibilities in these areas. These changes include the restructuring of departmental responsibilities with the aim of providing a streamlined integrated response to the income support and job search needs of people who are unemployed. In this regard, the employment and community services operated by FÁS are transferring to my Department in January, as provided for in the budget day Estimates. As part of this integration, the national employment action plan is already being revised to provide more efficient interventions with jobseekers on a more frequent basis. This process commenced in October. A key element of the new initiatives will be more intensive and more regular engagement by our Department's services with unemployed people in helping them get back to work and ensuring that all jobseekers are genuinely available for and seeking work.

I am also introducing a new community work placement programme entitled Tús. It is intended that this will become operational in the near future. It will provide up to 5,000 places and will provide quality targeted short-term working opportunities for people who are unemployed while carrying out beneficial work within communities. The 52 local development companies, the Leader-partnership companies, will have responsibility for delivering the work opportunities. Community and voluntary organisations will be asked to provide quality working opportunities for potential participants and a number of national, sporting, cultural, social organisations as well as caring and disability services will be given the opportunity to participate.

Participants will work for 19.5 hours per week for a duration of 12 months and there may be some degree of flexibility in the schedule of hours. The rate of payment will be equivalent to the maximum rate of the person's underlying social welfare payment plus an additional top-up of €20 per week. The employment will be insured for all benefits under the social insurance system. Participants will be selected through the processes used for the national employment action plan. My Department will contact people on the live register who satisfy the scheme criteria and offer them the opportunity to participate. Those interested in participating will be referred to the local development company which will maintain a panel from which recruitment will be made. As is required by law, persons in receipt of jobseeker's allowance must be genuinely and actively seeking employment. Where a person refuses a work opportunity, including a work opportunity on the new scheme, his or her continuing entitlement to a payment will be examined.

This is an important new initiative to provide quality short-term working opportunities for people who are unemployed. It is essential that it is properly targeted on those who will most benefit, can be easily accessed and administered, does not impose excessive burdens on community organisations and provides quality suitable work opportunities and beneficial outcomes to the community. It is anticipated that the scheme will cost up to €30 million in 2011 and provision is made for this in the budget day Estimates.

Overall, it is anticipated that activation measures generally, including the refocused and reinvigorated national employment action plan, will save up to €100 million next year. In addition, the skills development and internship programme and work placement programme operated by the Department of Education and Skills will provide up to 10,000 places in the private and public sectors.

Welfare fraud is theft. It is a serious crime and the Department of Social Protection is doing everything it can to crack down on people who abuse the system. More than 600 staff are working in areas related to control of fraud and abuse of the welfare system. Between January and the end of October this year, more than 585,000 individual claims were reviewed. When high risk areas are identified targeted control measures are put in place to reduce the risk of fraud and abuse of the system. For example, certification was introduced in relation to child

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benefit claims from non-Irish nationals and other customer segments in schemes where any form of high risk has been identified.

Next year my Department will begin the phased introduction of the public services card with key security features, including a photograph and signature, which will be used to authenticate identity of individuals. One of the anticipated advantages of the public services card is that it will help to reduce fraud and error which result from the incorrect identification of benefit claimants. These cards will issue to approximately 3 million people in the next number of years. They will replace cards currently in use, such as the social services card and the free travel card.

Fraud detection systems have also been improved through data matches with organisations such as the Revenue Commissioners using commencement of employment data, the General Register Office on marriages and deaths information and many other organisations, including the Departments of Justice and Law Reform, Environment, Heritage and Local Government and Education and Skills as well as other State bodies. I assure Senators that my Department will continue to use every available means to crack down on welfare fraud and savings will be generated by streamlining our approach in line with international best practice.

I will now look ahead to the welfare system of the future. Structural reform of the welfare system is crucial in the short to medium term to deliver better targeted supports while always encouraging participation in work. If we do not reform our systems, we will have no alternative but to make further cuts to achieve these savings. I favour making savings from structural reform when and where possible.

In recent weeks, my Department has published three reports which will assist with key areas of reform. The reports cover important areas of social welfare, namely, child income support payments as well as payments to people of working age and people who are ill or have a disability. The reports will make a valuable contribution to the transformation agenda and share common themes with the main objective being the improvement of outcomes for people and their families who are dependent on my Department's support.

Structural reform changes could include the development of a rebalanced and integrated child income payment system and the development of a single social assistance payment to replace the different means tested working age payments, including some secondary and supplementary payments, as part of a more purposeful labour activation strategy. The new single working age means tested system would help to minimise the existing benefit traps and incentivise recipients to move back to work or from part-time employment to full-time employment. Implementation will have to be done on a step by step basis to make the system more friendly to atypical working. The disability allowance review proposes that customers should have their employment capacity assessed at the point when they first apply for the allowance to facilitate a greatly improved matching of services and needs.

I will bring proposals before the Oireachtas this week with regard to sovereign annuities in a separate Bill, the Social Welfare (Miscellaneous Provisions) (No. 2) Bill.

Significant changes are being made to the PRSI system in the Bill. As Senators are aware, the social insurance fund is in deficit and faces significant liabilities in the coming years, particularly from rising pension costs. These measures will increase social insurance fund income and work to safeguard the future sustainability and integrity of the social insurance system. Among the measures being put in place is the abolition of the employee PRSI ceiling, a progressive measure which will increase fund income by some €145 million in a full year. The self-employed PRSI rate is also being increased by 1% to 4%. State benefits, particularly the contributory pension, are very valuable and we must ensure that those in receipt have made adequate contributions to the fund.

A number of changes to the base of income on which PRSI is being charged are also being put in place. These include the abolition of PRSI relief on employee pension contributions and a halving of the relief on these contributions for employers. Irish social insurance contributions are low by international standards. These measures go some way towards achieving the necessary balance between contributions to the social insurance fund and expenditure from the fund. They also increase the fairness of the system. The Bill also provides for miscellaneous amendments to the social welfare code.

I will outline the main provisions of the Bill. Section 3 together with Schedule 1 to the Bill provide for the reduction in the weekly rates of social insurance benefit payable to people of working age, as provided for in the budget, with effect from the beginning of January 2011.

Section 4 together with Schedules 2 and 3 to the Bill provide for the reduction in the weekly rates of social assistance payable to people of working age, as provided for in the budget, with effect from the beginning of January 2011.

Section 5 provides for reductions of €10 each in the monthly rates of child benefit for the first and second child and the fourth and subsequent children, as well as for the introduction of a new rate of child benefit for the third child, with effect from 1 January 2011.

Section 6 clarifies the legislative provisions in relation to the payment of various increases with disablement pension so as to ensure the increases of disablement pension for qualified adults, children etc. can only be paid where the disablement pensioner is entitled to an incapacity supplement.

Section 7 provides for changes in the reduced rate of jobseeker's benefit for claimants who refuse to participate in an appropriate course of training or to participate in a programme under the national employment action plan. This change is consequential on the reduction in rates provided for in section 3. Section 8 provides for changes in the reduced rate of jobseeker's allowance for claimants who refuse to participate in an appropriate course of training or to participate in a programme under the national employment action plan. This change is consequential on the reduction in rates provided for in section 4. Section 9 provides for changes in the reduced rate of supplementary welfare allowance for claimants who refuse to participate in an appropriate course of training or to participate in a programme under the national employment action plan. This change is consequential on the reduction in rates provided for in section 4. Section 10 provides for repeals consequential on sections 7, 8 and 9.

Section 11 provides for the abolition of the income ceiling of €75,036 applying to the PRSI contributions payable in the case of employees, voluntary contributors and optional contributors — those engaged in share fishing — with effect from 1 January 2011. The section also provides for a number of consequential amendments to the Social Welfare Consolidation Act 2005.

At present PRSI is levied on gross income, less any superannuation contributions payable. Section 12 provides for the abolition of PRSI relief on employee superannuation contributions, payable with effect from 1 January 2011. At present both employer and employee PRSI is levied on gross income less any superannuation contributions payable. While section 12 provides for the abolition of PRSI relief on employee superannuation contributions payable, section 13 provides for a reduction of 50% in the PRSI relief available for employer PRSI contributions arising from the employee superannuation contributions payable. Section 14 increases the rate of PRSI contribution payable by self-employed contributors by 1% to 4%.

Section 15 provides for the abolition of the health contribution payable under the Health Contributions Act 1979 with effect from 1 January 2011. This section also provides that any liability for health contributions assessed after 1 January 2011 in respect of tax years before 2011 are payable and that matters relating to the estimation, collection, recovery or refund of

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those contributions, or of interest thereon, or other proceedings relating to those contributions or that interest, can be enforced.

As I stated at the outset, the Department of Social Protection accounts for approximately 38% of the total gross Government expenditure and will account for 39% in 2011 and, therefore, it is not possible to stabilise and reduce public spending without any impact on my Department's budget. Failure to take action now on the level of expenditure by the Department of Social Protection would mean that supports to pensioners, carers, people with disabilities and jobseekers, among others, would become increasingly unsustainable. If we do not make these changes we risk making the economic situation far worse in the long term for everyone, including welfare recipients.

I commend the Bill to the House and look forward to an informed debate. Molaim an Bille don Teach and tá mé ag súil le tuaraimí na Seanadóirí a chloisteáil maidir leis na míreanna éagsúla atá ann.

Senator Nicky McFadden: I welcome the Minister and thank him for his speech. He is probably the most in touch Minister with responsibility for social welfare there has been. It is regrettable he has not been in his position long enough to put in place the changes he wishes, as he stated in his speech. Fianna Fáil has been in Government for the past 12, however, years and successive Ministers for social welfare have done nothing to support people, especially those with disabilities.

This budget and the Social Welfare Bill, in particular, will bring families who have been seriously affected and devastated during the economic downturn into further deprivation and poverty. Children, unemployed people, the disabled and carers will feel the brunt of the €873 million cuts to the social welfare budget, which is extremely unfair. I and my party are completely opposed to it. According to Barnardos, between 2008 and 2009 the number of children living in poverty increased by 26,684 to 91,954. These children did nothing to deserve this. According to our Constitution we must cherish all children. They are the future of the country and yet these little ones will feel the pain of the budget. This Social Welfare Bill and the resulting cuts in welfare payments will hurt children who live in poverty. Barnardos stated this will mean that many of them will go without one full meal every week. I have raised this matter in the House. Once again the vulnerable of our society are hurt the most. This Bill will do nothing to protect them and will only make their situation worse.

I am strongly against this Bill because, among other matters, it cuts payments to the most vulnerable — children, the disabled, widows and widowers and carers. Cutting €10 a month from the children's benefit is an incoherent and confused approach to reducing costs. In 2010, the Government applied a flat rate cut to child benefit and increased the qualified child increase and the child component of family income supplement to counteract the impact on low income families and those on welfare. This year, no such increase has occurred which means low income families are hit disproportionately harder than high income families. Introducing new child income support would have counteracted any disproportionate hardship that will now affect low income families. Such a new support would mean that child income supports such as child benefit, family income supplement, qualified child increase and the back to school clothing and footwear allowance would be amalgamated so that while everyone would continue to get a payment, low income families and families on social welfare would be targeted much more effectively. This structural change would result not only in savings for the Government but would also ensure struggling families would not be made more vulnerable.

This budget, which targets low income families for areas of savings, will increase these families' reliance on moneylenders, something that is already evident. Merely to get through

the month people will have to depend on moneylenders. The measures will ensure more children will go hungry, wait longer for crucial treatment for illnesses that demand early intervention and leave school early. More young people will become involved in drugs, according to Barnardos. It is a breakdown of our society.

With falling wages there needed to be a reduction of €8 a week in social welfare for those with the ability to work. I agree with the Minister there must be activation and encouragement for people to work. Cutting €8 a week from the welfare payments of society's most vulnerable, namely, widows, carers, the blind and the disabled, is unnecessary, however. The exclusion of these groups from the cuts would have cost the State €96 million. Fine Gael's proposal to overhaul the welfare system completely by establishing a single payments and entitlements service from the more than 20 Government bodies that currently administer entitlements would make massive savings in administration, reduce fraud and rule out mistakes.

Under this Bill €8 a week will be cut from the incomes of widows, carers, the blind and the disabled. Cutting this amount from these vulnerable groups makes no economic sense. Supporting carers should be a major concern for the Government but the Minister's Government has decided to cut their payments and abandon them. Carers are the only welfare recipients who work for their money. In the long run they save the State money. Ireland's 160,917 family carers provide 3.7 million hours of care each week, saving the State the sum of €2.5 billion each year according to the National Carers Association. They work for their money and save the State money, so the Government should support rather than punish them. If carers are not supported, they will experience physical, financial and emotional hardship and eventually will burn out. The result of this is that the cared-for person will end up in expensive hospital or nursing home care and the carer's health will deteriorate. I know this from first-hand experience, as I am sure does the Minister from meeting carers in his clinics. This benefits nobody. Fianna Fáil has once again shown zero support for carers and abandoned them as it did in the budgets for 2009 and 2010. We have witnessed the abandonment of the national carers strategy and carers' payments have again been reduced. Now carers are faced with a reduction of €8 per week and a change in the home carer tax.

This budget will have a serious impact on the disabled, who must face a cut of €8 a week in their welfare payments. This is on top of a cut of €8.30 last year and results in a cut of €16.30 per week in just two years. The Minister stated he would like long-term reform in regard to payments for people with disabilities. If he is cutting their payments again, it is not very reforming. This shows Fianna Fáil's lack of commitment to supporting society's most vulnerable. It has been shown many times that there are substantial extra costs associated with having a disability, including the costs of transport, heat, household adaptations and supports. Fianna Fáil is currently targeting the vulnerable for cuts, which I seriously oppose.

Fine Gael's proposed budget made a commitment to protect the rate paid to people with disabilities. The Minister of State responsible for services for the disabled, Deputy John Moloney, published draft policy proposals recommending a shift from existing disability service models towards a system of individual support and individualised budgeting. The Minister referred to this in his speech. This system would result in greater choice and control for people with disabilities, would help them with the cost of living and would result in savings at the same time. Fine Gael's former spokesperson on disability, Deputy David Stanton, has been calling on the Government to implement this change for years but, sadly, nothing has happened. This is a primary example of where the Government could reform and improve public services while saving money. It could have done this rather than making cuts to badly needed payments for people with disabilities.

[Senator Nicky McFadden.]

Low-income and middle-income families are the ones who will be affected most by this Bill. These families are the ones who will bear the brunt of this seriously unfair budget. In addition to facing cuts to social welfare payments, families are faced with the prospect of massive increases in income tax. Fine Gael would not have increased income taxes for 2011. Instead, it would have saved €250 million through public service payroll reductions and reformed the tax system in other ways that generate extra revenue but that do not damage incentives to work.

One major element missing from this Bill is the Government's plan and intention to tackle social welfare fraud. Fraudulent claims cost the State between €2.2 billion and €3 billion per year according to a recent "Prime Time Investigates" programme. The programme estimated that one in every ten social welfare payments could be fraudulent.

Deputy Éamon Ó Cuív: The Senator is more gullible than I thought.

Senator Nicky McFadden: I did not interrupt the Minister.

An Leas-Chathaoirleach: Senator McFadden without interruption.

Senator Nicky McFadden: The Government has failed to reach its annual fraud savings targets. In 2009 it saved only €484 million of a €616 million target. The Government's track record on fraud savings is appalling and must not continue.

I appreciate that Fianna Fáil has taken on board our "smart identity system" to help combat social welfare fraud. How many years has this taken? The system ensures that a photograph of the owner of each PPS number can be stored on a secure central database accessible by social welfare staff. This is the way forward. I cannot understand how it has taken so long to bring this into play.

I welcome the fact the Minister did not cut the pension of the 490,000 people over 66 and has protected the old. Why is this the case? Has it much to do with the fact that the Minister is afraid of the grey brigade? I welcome the fact the Minister showed some compassion in regard to the once-off €40 fuel allowance payment.

The Minister referred to serious circumstances in referring in his speech to child benefit. He said our rate of child benefit is very generous by comparison with that in other countries. In other countries, there is entirely free education and there are school dinners. There is free medical care for children. Sadly, this is not the case in Ireland. It is a bit rich to say we give very generous child benefit payments when there are school dinners and free education in other countries.

With regard to the health and income levies, I am sure a certain lady in Balbriggan who contacted me contacted the Minister also. She has calculated that, owing to the loss of her medical card, she will not be exempt from the universal social charge. Her income will be reduced by 9% or approximately €68 per week. Her husband is a PAYE worker and she is receiving social welfare and has one child. A decrease of €68 per week is huge. I would like the Minister to address this.

Deputy Éamon Ó Cuív: That seems to be incorrect. Could the Senator get me details of the case?

Senator Nicky McFadden: I will forward the Minister the e-mail.

Deputy Éamon Ó Cuív: There seems to be a misunderstanding that the income levy was not paid if one had a medical card, but it was. I saw somebody else make the same mistake.

Senator Nicky McFadden: I have checked with the Revenue Commissioners and they say one will not be exempt from paying the universal social charge.

Deputy Éamon Ó Cuív: One will not be, but one was paying the income levy anyway.

Senator Nicky McFadden: I will forward the Minister the details.

Lip service is paid regarding certain issues. The Minister is speaking out of both sides of his mouth in saying he does not want to hurt the most vulnerable while at the same time imposing these drastic cuts. I would like people, including Members, to be honest. Inclusion Ireland has called for this. Henceforth, one must be straight and honest with the people.

Senator Lisa McDonald: I rise to speak with a heavy heart, as do most today, because it is not easy to discuss cutting social welfare payments and the necessity of having to do so. I take issue with the contention that the Minister is somehow cutting the payments of the vulnerable and that this is somehow a choice he has. There is not very much choice in respect of what we must do. Unfortunately, the economy and bigger picture dictate that these cuts need to be made.

With regard to the four year plan, it is important to have money to pay people. The alternative choice, which is stark, is one that people do not want. From having walked up and down the streets of Wexford and from having discussed matters in my clinic during the week, I noted that people accept, albeit very reluctantly, that this is their lot and that they must take the cuts. They are not happy about it and would rather see a few bankers going to jail. They would rather see the people who caused this crisis being brought to justice and held to account.

The Minister is one of the Deputies with the biggest social conscience in the Oireachtas. I congratulate him on the fair and balanced nature of this budget. Although it is so hard even to say that, I believe the Minister must bring his influence at Cabinet to bear on bringing to justice those who have forced us to make these decisions.

There are many people in receipt of social welfare, be they among the 400,000 people on the live register or the 1.1 million in receipt of child benefit. Making the cuts in the manner achieved by the Minister is probably the fairest approach although it is unpalatable. We must remember our budget is still €20.9 billion, which compares to a budget of €17.8 billion in 2008. The social welfare budget was €6.7 billion in 2000. That speaks volumes. It is not easy for any Minister to put forward a balanced portfolio of cuts but we must recognise — it is disingenuous of anyone to accept otherwise — that our economic situation necessitates this and if we were not to do it in this measured and controlled way, it would be much worse. No one would say that the Minister's priority is not to protect the vulnerable. I would certainly feel that such is the case. If we must, first and foremost, stabilise the public finances to have the money to pay people, anyone who ignores this is not living in the real world.

I commend the Minister on leaving the State pension for senior citizens unchanged. It is important we protect the people who have built up this country through their blood, sweat, tears and taxes. They have made this country what it is and those in it what they are.

I have been heartened by the number of senior citizens who have spoken to me in recent days and told me they would have taken a cut but at the same time accept and are delighted at the knowledge and recognition of their work over the years. It is important to note as well that senior citizens do not have an ability to raise income in the future and to protect what they have. They deserve their special treatment for that. I do not accept for one minute Senator McFadden's contention that Fianna Fáil is somehow afraid of the grey vote. She, too, welcomed that old age pensioners have been protected and one cannot have it both ways. Her party more than likely will be in government after the next election and she needs to be clear on where

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she stands in that regard. She either is in favour of protecting it or should state her party will not cut it because it also is afraid of the grey vote. It is one or the other.

We also need to recognise the benefit to older persons of the free television licence, free bus pass and gas allowance. All of these are most important and they have been brought in by successive Fianna Fáil Governments over the years. It is important to have an elderly population with a good standard of living. I am delighted the Minister has been able to retain it and I would say that was a big battle.

We also must recognise that the Minister has retained the half rate carer's allowance and that will continue to be paid to those caring for one person or more. There have been other elements of the budget that he has managed to retain such as the family income supplement, the back to school allowance, the footwear allowance, the domiciliary care allowance and the widowed parent's grant. These are all matters that we must welcome in the context of cuts.

The fact that child benefit has been reduced by €10 for the first two children and by €20 for each subsequent child is not something that sits easy with me. I am someone who receives child benefit, and God knows the day will come when I will need it, but there are people who do not need it. I think the Minister agrees with that even though I am not sure of his stand on it. Perhaps he would expand on it. I understand the concept of a universal payment and all children need to be treated equally, but at the same time in this context there is need for serious reform of this benefit. There is even an argument to look at those suffering from serious poverty to see whether there is any way of making that payment in a better way to ensure it gets to the children and that it assists their standard of living. On both ends of the scale it is skewed. It is skewed at the lower end of the scale and the well off in society do not need it. In that regard, it saddens me that for a series of budgets we have stated that we cannot reform the system because we do not have the time. I understand the pressures the Minister and his Department are under are immense but at the same time somewhere along the line we must take time out to devise a better system, and that is what I would look for.

On the €10 less in the payment, we need to recognise that the children's allowance has increased by more than 300% in a ten year period. Given that we are in a deflationary period, the purchasing power of that payment has increased. That is a reasonable comment to make. Our Fine Gael colleagues need to look at their own record when they were last in Government on children's payments to see that it is not all that easy, but at the same time those who are on high incomes should not receive child benefit at a time when we are borrowing to pay ourselves. No business person would do that and we should not do it here either.

We must acknowledge that our benefits are still higher than those in the UK. If we look at where we have come from as a country and where we are going to when the four year plan is implemented, in an effort to be positive about the future, I would hope all these payments, the social welfare and child benefit payments, would be increased again when we are back on our feet. At the same time, we will be looking at increasing employment and activation measures to try to ensure we get back on our feet. These matters are important to look at because the last thing most want is to be dependent on any payment. People prefer to be working for themselves. There is an issue where people who cannot do so, and that needs to be acknowledged.

In that regard, I commend the Minister on the Tús scheme that has been introduced by his Department. I want to know a little more about it, but something that includes 15,000 more places for persons to work on community schemes is to be welcomed. Given that there are 60,000 places in enterprise and community employment schemes and under back to education allowances even before this scheme is implemented, an additional 15,000 places is to be wel-

comed. The manner in which the Minister has thought this out is good, bringing persons in to work in the community and voluntary sector. Perhaps he would flesh it out a little more in his response. It is a commendable scheme and, if I may say so, it has the stamp of the Minister, Deputy Ó Cuív, all over it.

The internships which involve bringing persons such as architects, solicitors, etc. into work to ensure they are keeping up their skills and which is being introduced with the Department of Education and Skills answers something I was calling for last year, namely, the need to ensure those who are highly educated are kept up to speed. If employers are to play their part in that, that must be welcomed too. I am not sure whether many employers would like to have qualified persons, what are called the white collar unemployed, working for free in their offices because the nature of an employer is to value the worth of the employee, but at the same time we need to look at some sort of boosting payment system and I would like to hear from the Minister on that. Perhaps it is not his direct remit but if it is, I would like to hear him on it.

The internships in the public service will also assist persons. Very much unlike Senator Quinn, I employ only two persons in my practice. At the same time, it is two persons more than would be otherwise employed. It is difficult to understand where they would be working otherwise. As a nation which likes to work and wants to work, we need to understand there are many right now who would work for free because they are bored and want to keep up their skills. We need to find some way around that. Perhaps some sort of an advertising campaign would be in order because I am not sure many know about the internships and the possibility of working for a year for free. We need to look at all that to see whether anything can be done to highlight it. I am inundated with persons — solicitors, secretaries and even office runners or whatever — looking to come in. It is difficult to take someone on in that regard and I repeat my suggestion of a boosting payment.

The incentive for young persons to up-skill themselves is something we introduced in the last budget. This is where we were making persons under 24 go on to education and training courses. That is working to a certain extent. I would like to see more diversity in the courses available. I know much work is being done behind the scenes on this, but it needs to come more to the fore because we need courses that activate the mind and get people interested in what they are doing, not ones which are absolutely irrelevant in the current economic environment.

I acknowledge the fact that fraud control measures in the Department have saved €533 million this year and that no one has done more on this front than the Minister. It is welcome that the public services card is finally being introduced. I would like to hear more about certification and the electronic means to be used and how it will work. Is it possible to see where a person is, as one can with the new iPhone and Facebook systems? There are the means to do this, but I am not sure whether it is within the remit of the Department's computer system. Much is happening with regard to fraud and such measures could be brought to bear even more. I am concerned about what Senator McFadden stated about attacking fraud. It sounded more like a Gestapo style and I am not sure the public would take it. The fact that it is happening is something that needs to be highlighted. It is definitely the way to decrease the number signing on and working in the black economy.

There are other comments I wish to make, but I will leave them for another day. The Bill contains good proposals. It is not easy to make cuts of this nature. We must acknowledge, however, that the cost of living has decreased to April 2007 levels, but the standard rate of payment is still €2 above this, as any reasonable person would acknowledge. We face huge challenges in returning people to employment, an issue on which we need to move as a matter

[Senator Lisa McDonald.]

of urgency. I must acknowledge these are very difficult times and nobody wants to introduce cuts. However, in this regard they are a necessity. I commend the Bill to the House.

Senator Feargal Quinn: I welcome the Minister of State, Deputy Andrews. Today I have been reading the annual competitiveness report from the National Competitiveness Council and it seems this is the big challenge we face. The Taoiseach began the foreword to the publication by stating, "The Irish economy is going through a very challenging period." We went through something like this in 1987 when some very tough decisions had to be taken. The Government has to take such tough decisions in the Social Welfare Bill and I am sure the next Government will have to make the same tough decisions. We got out of it after 1987 because those very tough decisions were taken. We managed to succeed and get back on track. That things have gone wrong in the past three or four years is unfortunate.

It was interesting to hear Senator McDonald speak about getting people back to work and even encouraging them to work without pay. Approximately 18 months or two years ago I met a young woman who was a lawyer and could not find work. She offered to work for nothing

and did so to such an extent that after a couple of months of working two or three days a week she could not be done without and was taken on. We have to

remind everybody that we can do things ourselves and that we should not rely on the State do everything for us. It is possible to achieve much more. We must ensure we do not make it less attractive to go to work. We must make it attractive to do so.

When the Government has to make a decision and make a number of reductions and cuts, as has happened in this case, let us ensure it takes into account the fact that we have had a reduction in costs. As we have had a reduction in the cost of living, it is possible to make a cut without reducing our full standard. It must be difficult for any Government to state it will make a cut in one section but not another. It must be very difficult to explain to somebody who is blind why he or she must take a cut, while somebody else who is older does not.

The measures include an approximate 4% reduction in most welfare benefits. While this is regrettable, we need to address the social welfare system. When one takes into account the cuts in the public and private sectors, such a cut is not unreasonable, especially as they will return approximately to 2007 levels. We cannot fail to remind ourselves that social welfare payments have increased by 130% in the past 12 years. While the cuts are not easy to make, the cost of living has dropped significantly. We must try and move towards a system in which it will be much more beneficial for somebody to take on work or avail of training opportunities than to stay on social welfare.

I would like the Minister of State to examine the position in Sweden which *The Guardian* described recently as "the most successful society the world has ever known". In contrast to most of the European Union, Sweden is not suffering from the downturn. In fact, its economy increased by 6.9% in the third quarter after recording a revised 4.5% growth rate in the second quarter. The record level of expansion — the fastest since 1971 — has been much stronger than expected, making the krona swell to a one month high versus the euro. Last month the Swedish finance Ministry stated Sweden's export-driven economy would expand by 4.8% this year and 3.7% in 2011. *The Economist* stated that, partly because the Swedish Government's reforms had made work pay more and unemployment pay less, the recovery had seen the creation of far more private sector jobs than previous recoveries. If there is one message I would like to see stitched into everything we say today, it is that we much encourage people to get back to work by making it more attractive to work than not to do so. We have to look to moving towards making employment much more attractive financially.

Despite our relatively high social protection levels, the level of homelessness will increase and will be a major problem owing to the downturn if we do not adequately address the problem. The European consensus conference on homelessness took place in Brussels last week. Eoin O'Sullivan, a lecturer at Trinity College, presented research and stated, "There is considerable evidence on homelessness in Europe, but our knowledge remains very uneven for the lack of data and understanding on some aspects of homelessness." We cannot become sceptical about funding homelessness programmes. An interesting precedent has been set by the Kaakinen programme in Finland which began in the 1980s when that country had approximately 20,000 homeless people. The homeless population has since been reduced to 8,000, with 3,000 living without a roof or in emergency shelters. This has led to an annual saving of €14,000 for each person making the transition to permanent housing. I would like the Government to look at this programme and see how a similar one could be implemented here.

Another point I wish to make brings me back to the words used by the Minister, Deputy Ó Cuív, who stated we were looking back to where we were a few years ago. Yesterday I was in Drogheda and as we sat looking out at the volume of traffic on the road, we realised that compared to three, five and certainly ten years ago we were still much better off than we were. Therefore, when we hit a real crisis, as we have this year, we have to take some very tough decisions. A new government will also have to take such tough decisions.

Approximately 18 months ago I raised in House the case of two men who had been both made unemployed, having been earning reasonable incomes. One of them stated his aim was to reduce his golf handicap. The other asked him what he was talking about and he explained he was earning more unemployed than he had been while he was employed. When I brought it up, the then Minister stated this should not happen and that we should never allow it to happen. We must ensure we make it attractive for people to come to work, or at least to attend training programmes. Far too often we have turned a blind eye to the fact that we were discouraging people from working. It is possible to do this as there are many employers willing to take people on, which brings us to an issue on which we will probably touch later. I do not have a problem with the reduction being made in the minimum wage, because our minimum wage is still far higher than the average in Europe, which makes us less competitive. My main concern is that there are many SMEs around the country whose owners would happily take on an extra worker, but cannot take them on at the higher wage. It would cost them too much to employ somebody at an extra €1 an hour for 40 hours a week. There are people who are willing to work at the lower rate: unless the minimum wage is lowered, jobs will not be created for them. One of our objectives with the Social Welfare Bill must be to ensure we make it attractive for people to come to work, and most new jobs will come from SMEs. I would like to mention how things have changed from my experience. Ten years ago, supermarket employees packed people's bags and wheeled their trolleys out to their cars for them. They no longer do this because of the rate of pay of the minimum wage. However, there are people who would be willing to do that, whether teenagers or others, and it is a service that could be encouraged. It could be the first step on the ladder to encourage people back to work.

My real objective with regard to this Bill is to point out that we as a nation must take tough measures. It is easy enough for those of us with jobs and an income to say this, but we must recognise the need to create more jobs and to recognise that these jobs will come through SMEs. These enterprises would be happy to take on more people, but it must be made attractive to them to take them on. My concern is that if we do not take the tough decisions, we will not encourage people to return to work. If we allow a generation that has not had the experience of work to grow up without work, our nation will finish up in an even tougher position than it would otherwise. I find it difficult at any time to stand up and say I support cuts to those who are less well off, but on this occasion we must recognise that we do not have a

[Senator Feargal Quinn.]

choice. We have gone through difficulties before and have been able to solve our problems. Let us make sure we do that again this time.

Senator Dan Boyle: In debating the Social Welfare Bill, we need to consider the scale of the moneys involved — €22 billion. Even allowing for the adjustments provided for in the Bill, we are talking about a level of spending that is over 40% of the total spending of the State each year. That is unsustainable in the medium term. We must also take into account the levels of increases that have happened over the past ten or 12 years. I was surprised to hear that since 1997, the rate of growth in social welfare payments has been 117%. If we take into account the underlying rate of inflation over that time, the real value of social welfare payments has increased by 75%.

It is a matter of regret that the Green Party has not been able to implement its policy in the area of social welfare. We believe social welfare payments should be linked to the consumer price index, which would mean the levels of increases would not rise above that. It would also mean that in a period of deflation, the rates of payments would decrease so that the relative purchasing power of the payments would remain the same. Social welfare policy is an area in which we seem to have dug a deeper hole for ourselves in that we have adopted a spend more, tax less policy. Such policies were the policies of all three main political parties in 2007. All three parties said they would spend more money, particularly in the area of social protection, and that they would tax less. If we learn anything from this crisis, it must be that this was the maddest political logic ever. We must make a series of adjustments in various areas, one of which is social welfare. This is the second year running we must make adjustments and the relative decrease is still more or less in line with the deflationary period we have experienced.

That said, there are alternative approaches. The one alternative that does not exist for this or any alternative government is that there can be no cuts in social welfare. I find it hard to understand the Fine Gael argument that there can be cuts in some areas of social welfare, but not in others. We probably need a wider debate as to the relativities of different social welfare payments. Reference has been made to the question of the pension for the blind and disability benefits and to how these relate to other payments. Senator O'Toole made a good contribution on the Order of Business the other day and suggested that one of the ways we could adjust the relativity of such people was to look at forms of secondary benefit that would recognise their particular situation, particularly with regard to guide dogs and the like. That type of creative thinking should be followed by the Department of Social Protection.

However, we have a huge problem in Ireland. While demographically we should be well positioned as we have a replacement birth rate and a large proportion of our population in paid employment, the dependency ratio between those in paid employment and those dependent on social welfare is well out of line with similar competitor countries. We need to readjust this balance and to redress the unacceptable welfare traps that exist in our system. Yesterday, I spoke to an artist who told me he had a period of unemployment last year and that he felt his lifestyle while unemployed was akin to people on incomes of €40,000, taking into account their expenditures in terms of tax and his social welfare payment. That kind of connection is being made. In the wake of the budget decisions, my constituency office was visited by people who outlined how they saw their income declining as a result of the scale of the proposed cuts, but at the same time they revealed a level of disposable income that is higher than that of the person who works in my office, who is a single parent with two children. When we have this type of welfare trap, where someone working in a relatively well paid job with two children attending university has less of a disposable income than someone in similar circumstances on social welfare, it is a difficulty.

We can have valid, political debate in this area, but because of the nature of the problem we are experiencing currently and the need to try and repair our national finances, we are avoiding some of the more important issues of real reform in the area of social protection. There are models we could use. There is some degree of innovation in this Bill, but innovation can only exist to the extent to which circumstances allow it. People must be given alternatives, such as employment or training. I welcome the proposed extension of community employment and social employment options. As someone who lived through the 1980s when we had a combination of different employment schemes, starting with Manpower Ireland and then moving on to AnCO, the youth employment bureau and to what became FÁS, I am aware participating in these schemes can become a soulless activity. I believe community employment should not be structured through any one State agency or Department. There are areas of social and community employment in which all Government agencies are involved, environment, tourism, sport and culture, education and so on. I believe that because of the scale of the budget in the Department of Social Protection, we should look at ways this particular part of the budget could be better managed and directed. The Minister has some experience of doing this from his experience with his previous portfolio in dealing with the rural employment scheme, which shows that we can use a social employment measure in a non-traditional manner, outside of the Department of Social Protection or the Department with responsibility for employment.

The challenges facing us have been listed in the four year plan and we expect other political parties to say how they would tackle further changes in the social protection budget, which remains a huge proportion of the overall budget. Questions must be asked whether we need further cuts in rates or whether pensions can be directly protected. The proposals in this area from Fine Gael are vague even though it has clear policies on jobseeker's payments. If we are to have a real debate on the reforms that need to be introduced, these figures must be put on the table. We cannot use the excuse that we have to tell people what they want to hear in an election environment. Political honesty is needed on these financial decisions. If we are to correct the €15 billion imbalance and make €3 billion or €4 billion adjustments in the budgets that will follow in the coming three or four years, we will have to revisit this area. Until we realise that, we will continue to practice the soundbite politics that has bedevilled the issue and does little to help those in need of social protection.

Senator Phil Prendergast: I welcome the Minister of State at the Department of Health and Children, Deputy Barry Andrews, although I regret that the Minister, Deputy Ó Cuív, had to leave for another engagement.

We are debating the Social Welfare Bill 2010 but never in the history of this State has the word "welfare" been more out of place in legislation. It should be called the social harm Bill because that is what it will cause to every welfare recipient in this country, including those in receipt the State pension. "Harm" is a mild description of the effects it will have on millions of people. The Bill is an arrest warrant for our future. The opportunity for children to develop physically, socially and educationally will be put behind bars. The parents of these children are headed for the labour camps and the poor house and the Bill is corporal punishment for the elderly.

There is so much wrong with the Bill that it is difficult to know where to start. However, it is not difficult to see where it is going to end. Since this Government began to make welfare recipients and low income earners pay for its criminal incompetence, there has been a spike in violence on the streets and behind closed doors, drug and alcohol abuse has been on the rise and, as the increase in suicide rates indicates, our country's mental health is failing. Towns and villages that never before had to deal with drugs are now facing what were once understood as big city problems. Children are being forced into poverty and the elderly are dying in the

[Senator Phil Prendergast.]

cold. I have visited houses in which older people had to wear coats in June and July. Not only was the recent period excessively cold but older people do not retain heat to the same extent as the young. Businesses are closing and our young people are leaving the country while the Government holds the door open. Instead of speaking about ghost estates, in the future we will be speaking about ghost towns.

What is most galling is that the Government could have chosen the alternative route of deciding to make the wealthy pay their fair share. Given that nobody who supports this Government appears to understand the word, “fair” means reasonable and acceptable to social norms. When a party that has been in Government for longer than all the other parties combined loses 70% of its support, it can hardly claim to be acting in accordance with social norms.

I will show how this Bill passes the test of reasonableness by referring to some of its provisions. The average income loss for families from the combined tax and social welfare package is estimated at €43 per week. The allowance for people who save the State hundreds of millions of euro by caring for family members is to be cut by €8. The same cut is being applied to those with medically assessed disabilities and individuals aged over 25 years receiving jobseeker’s payments. VTOS and FÁS training allowances are to be reduced by more than €11 per week. The personal weekly rate of supplementary welfare allowances will be reduced by €10. As Senator McFadden noted, Barnardos predicts that the cuts to these payments will push 30,000 more children and their parents into poverty and more mortgages will fall into arrears. Those on the minimum wage will pay more in the universal social charge than those on the highest rate of tax. Older people will suffer disproportionately from fuel levies because they will receive a mere €40 instead of the promised voucher scheme.

While these people are battered by the so-called Social Welfare Bill, the other half of the budget’s despicable duo, the Finance Bill, will help the rich to get richer. The message Ireland is sending to the world is that some wealthy people will be better off because of the most severe austerity budget in our history. Anyone who thinks that passes the reasonable test has no business being in this or any other respectable forum.

Like everyone else in public office, I have encountered many people in my office or on the streets who are genuinely upset. Some of them are trying to access services or facing the loss of special needs assistants for their children. In one case, a young boy with insulin dependent diabetes required his mother to give him as many as four separate injections during the school day. His mother subsequently underwent a Caesarian section while giving birth, which meant she could not drive for six weeks. When I asked the authorities about getting a special needs assistant for him, I was told he could not get one because his mother had previously provided the service. I was advised that the best solution was to take the child out of school. I did not think it fair or reasonable to require a child to miss schooling simply because he could not get the help he required but we were ultimately able to secure a special needs assistant. This incident took place during the height of the boom in 2007. Recently, the hours for that boy’s special needs assistant were cut from 30 to six hours per week. His diabetes remains uncontrollable because it is very difficult to regulate insulin levels in a growing child. He needs frequent monitoring by someone with the appropriate skills. His mother continually worries about him because she cannot predict when he needs to be tested for low blood sugar.

People are worrying about their medical needs, the loss of local services, FETAC and FÁS training allowances, employment schemes, the cost of Christmas and their futures. From January they will have to meet higher costs in almost everything out of reduced incomes. This budget will not help them. It is not appropriate to cut the minimum wage at this time.

This is the worst Social Welfare Bill I have ever encountered. I am interested in hearing the Minister of State's response to the issues raised by Senator McFadden and other speakers.

Acting Chairman (Cecilia Keaveney): On a point of information, the National Council for Special Needs Education will appear before the Joint Committee on Education and Skills on Thursday. The Senator might have an opportunity to raise her questions in that context.

Senator Martin Brady: I hear a lot about the wealthy. I recall an interview with Vincent Browne in which a self-appointed politician made a point about the wealthy. What are we speaking about here? Who are these wealthy people, where are they and how do we get at them? Is a wealthy person one who set up his or her own business and has now become a billionaire? I would like some definition of how many of these wealthy people there are, what amount of wealth they possess and whether we are talking of taking that wealth from them, making them pay tax or otherwise. I would like the point clarified because it arises in almost every debate.

Senator Quinn referred to work. An advisor to the British Parliament noted that people can be mentally conditioned from working age to believe they will never have to work and will get a handout from the state for as long as they live. That is bad for the person and for society in general, creates issues of anti-social behaviour and can create a burden for the health service. It is a major problem in our own welfare system.

A person who is working should receive at least 20% more than a person on social welfare but that is not happening. Senator Quinn alluded to a situation where a person in Drogheda, when made redundant, got €5,000 more per annum than when he was working. One can get up to €52,000 on social welfare, with family income supplement and various other bits and pieces.

We regularly hear complaints in regard to getting people back to work. A person told me recently that members of the public service can retire early and then go onto the open market and take up jobs that young people should get. I am not sure how we can address this issue. With regard to the abuse of social welfare, the former Minister for Social and Family Affairs, as it then was, Deputy Mary Hanafin, came to grips with that issue but there is still a major problem.

With regard to homelessness, it is often asked how people are homeless when so many houses are empty in cities and towns and whether something can be done about this. The other question that arises is whether people voluntarily choose to be homeless, although I do not know the answer. I watched a television programme recently about a person who had become homeless. The man gave a great account of how he became homeless and how he got back with his family. He had been homeless for three or four years and was lucky to survive to tell the story.

A budget should be about fair play for people. I was very disappointed a cut was made to payments to blind people because they are among the most vulnerable in society. Senator McFadden referred to school dinners but I understand dinners are still being provided in schools in disadvantaged areas.

With regard to getting people back to work, community employment schemes are being fairly well administered in most cases but there can be a lack of sufficient supervision and checks. Complaints have been made to me that people do their own thing and come and go as they please, with no discipline, order or pattern. It is an issue we must examine. If we are putting these schemes in place, we must look for accountability, ensure the taxpayer is getting value for money and ensure proper checks are in place. I have undertaken many investigations in this regard so I know this is not happening at present in many cases.

[Senator Martin Brady.]

Another problem is that we have huge departmental bodies, such as the HSE, which from one day to the other does not know what it is doing. It has a surplus of staff and I understand some 1,100 of its staff have no work to do. I am told a hospital in Cashel has 200 staff who go into work each day but have no work to do because they did a deal with the unions. I got a friend of mine to telephone that hospital one day. He said he had broken his ankle and the receptionist or porter he spoke to shouted to other staff, asking whether they could do anything for my friend. The staff member then told my friend to come to the hospital as they could possibly put a bandage on him, although the hospital was not really open. This type of experience is widespread. Money is being wasted in such areas with no supervision or checks. We must follow up on these issues.

Senator Jerry Buttiner: It sounds like the banks.

Senator Martin Brady: As Senator Quinn said, it is very difficult to explain to a household where all the members are unemployed why the banks are getting big handouts, given the thievery they were involved in. The public in general believe very little heed is being paid to them by those in authority. We saw the recent skirmish on the bank bonuses but that is minute in comparison to the overall situation.

We must get the social welfare structures right and ensure the taxpayer is getting value for money. While people are entitled to go on holiday, I know some who go on three or four holidays a year, something I could not do. When I was in a chemist's shop recently, I met three ladies who told me they go to Spain nearly every month with no problem, and all on social welfare. I said that was great but—

Senator Jerry Buttiner: They will not be going now.

Senator Martin Brady: They are. If one gives handouts to people, it is very difficult to police this. Handouts were given for free food, including butter, and in some cases people who got vouchers bought bottles of whiskey with them.

Overall, there is much tidying up to be done in this area. There is no point throwing money at people if it is not being utilised properly, which is not happening in many cases at present.

Senator Jerry Buttiner: Cuirim fáilte roimh an Aire Stáit. This is the biggest attack on family life and ordinary men and women.

Senator Martin Brady: This is populist stuff again.

Senator Jerry Buttiner: This is the biggest attack, and the Minister of State and his colleagues have brought it in and will vote for it tonight. Shame on them.

Senator Martin Brady: This is election stuff.

Senator Jerry Buttiner: Cutbacks hurt the old, the poor and the disabled. The House should remember it. This is what they are introducing here. We should be serious about jobs and honest about putting a value on work but this Bill and this budget do not do that. The Bill discriminates against people.

There is a 4% reduction across the board in social welfare. We hear the mantra about the cost of living coming down. Let us consider this claim. Since this budget, the cost of petrol, diesel and the carbon tax have risen. Utility bills under the leadership of this Government have risen. In particular, aside from the specials in the supermarkets, the cost of food and general

shopping has not reduced. Despite this great mantra from some of those on the far right who peddle the idea that the cost of living has come down, I do not accept it because I and the people I meet every day do not see it.

Senator Prendergast made reference in particular to elderly people coming to their doors. Almost every day in Cork South-Central I meet elderly and, increasingly, middle-aged people wearing coats and jumpers within their own homes.

Senator Phil Prendergast: It is true.

Senator Jerry Buttiner: People are afraid to turn on the heat because they do not know what to do given the money that has been cut by the Government. I have received texts and e-mails and have met people in this regard. I am not talking about a mass e-mail campaign but about genuine ordinary citizens who are struggling. The Government is putting people under pressure, causing stress and upsetting the lives of ordinary people. Those opposite may well smile and laugh at me.

Senator Martin Brady: I am not smiling and laughing.

Senator Jerry Buttiner: I am not talking to Senator Brady, but he is doing so.

Senator Martin Brady: I am not laughing at all.

Senator Jerry Buttiner: The architects of our downfall are walking around town scot free. The Minister and the banks would again have been in a cosy cartel in regard to the €40 million in bonuses only for the fact that ordinary people and the Opposition took up the issue. The Minister could not do anything last week but all of sudden yesterday he found a loophole to ignore the court order.

What do the Minister, Fianna Fáil and the Green Party have against carers? In the past two years carers have taken a 10% cut as a result of the abolition of the Christmas bonus and this year's and last year's budgets. There has been a severe and a savage attack on the carer, the blind person, the widow and on those on disability. Some 42,000 carers give almost 3.7 million hours of their time per week to help those in most need. How does the Minister show his appreciation of them? He cuts their payment again and makes them feel unworthy, like second class people. These people save the State a fortune and that is the appreciation shown to them.

The Government's mantra has been fix the deficit and the banks and everything will be okay. It has forgotten about the ordinary citizens. The task of the Government is to protect and look after citizens but it has ignored them. Why has it ignored them and cut their payments? The Taoiseach, the Ministers and Members of this House and the other one can take a pay cut. We are well paid for what we do but other people are not. The Government did not have the bottle to cut Members' pay because it wanted to get the troops through the Tá lobby in the Dáil. However, it is okay to cut other people's payments.

I fully accept we are living in stringent times and that we must implement unpalatable measures. However, this Government has failed to protect the citizens. That is the first task of government but this Government has been in dereliction of its duty in that regard. The people should tell it that through the ballot box.

This is not about politics or elections; it is about people. The Government has lost sight of that because of its cosy cartel of bankers and developers. The Minister of State, Deputy Barry Andrews, can say what he wants. I am not afraid of him.

Senator Martin Brady: The Senator's party had a few developers at its fundraiser.

Senator Jerry Buttiner: I will take a point of order from the Minister of State.

Senator Martin Brady: The Senator's party had a few developers at its fundraiser.

An Cathaoirleach: We are speaking on the Social Welfare Bill 2010.

Senator Jerry Buttiner: Whether we like it, there is a new Ireland. The Government should talk and listen to the people. It has created a new tier of poverty in middle Ireland. I know the Minister of State and Senator Brady are embarrassed by, and ashamed of, the Government and I do not blame them.

Senator Martin Brady: I will speak for myself.

Senator Jerry Buttiner: Let us look at the facts. Male unemployment is up 16.7%.

Senator Martin Brady: Deputy Enda Kenny was embarrassed about the builders attending the function.

An Cathaoirleach: No interruptions, please.

Senator Jerry Buttiner: One in three of those under 25 is unemployed. Half the unemployed — 6.5% — are long-term unemployed. That is five times more than in 2007. Some 88% of job losses have been among those under 35. Some 55% have been among those under 25. That is the Government's record and we do have the emigration figures yet. That is the Government's legacy and yet it asks the people to take unfair cuts while it protects its friends.

People say the Taoiseach has been great over the past two weeks and that Fianna Fáil has put the country first for the past two years, but it did not do so for the past ten or 12 years. Fianna Fáil bought the 2002 and 2007 general elections and it went on a complete splurge. It was like a junkie with the people's money. It lost respect for the people. However, the people have lost respect for this Government. This Bill illustrates how far it has gone and it should be rejected. If Members opposite have any conscience, they should walk through the Níl lobby and vote against this Bill.

Senator Joe O'Toole: I welcome the Minister of State, Deputy Barry Andrews. The two previous speakers could swap speeches in six months' time if they swap sides of the House. That is what we will see in the future.

Everyone recognised these were difficult times for the Government and hard decisions would have to be taken. The Government has taken them. In fairness to it, the fact the focus of Opposition speeches has been tightly confined to a number of points reflects fairly well on it. However, it should look at them anew. What drives people to distraction is that if the people about whom we are talking — in my case, the carers and the blind — had a strong enough influence, they would be listened to. The reaction of the Government to the debacle in the banks in the past two days is a classic example of what I am talking about. Instead of Governments running in front of public opinion, they should listen to see if there is an argument and if it can be moved forward.

Last week I said I would support the Government's budgetary proposals as far as I could because I could see from where it was coming and knew it would be difficult. However, I find myself in an impossible position when it comes to carers and blind people. I heard the Minister say there are issues here and that he is not too comfortable with them, etc. I said I could have lived with the taxation of children's allowance because the objective of social welfare is give to those who need it and to take from those who do not. That is what we are trying to achieve.

The Minister has had to take hard decisions but could he revisit two of them? There are many things I do not like but I know the Minister of State, Deputy Barry Andrews, who sits at the Cabinet table, will have heard the arguments and will know that hard decisions had to be taken, that the members of the Cabinet had to vote for things with which they were not comfortable. I heard the Minister and various members of the Government defend the fact old age pensions were not touched and they made a very compelling case. However, blind people have other problems, in particular looking after a guide dog. I do not know if the Minister of State, Deputy Barry Andrews, has any cats or dogs which he must look after but it is a very expensive operation. Even feeding a guide dog can cost a lot of money for someone on a restricted budget. I cannot table an amendment because we are unable to table amendments which impose a cost. However, I ask the Minister to consider giving back what has been taken from the blind pension to those who have a guide dog. It would be a gesture that would be useful and practical. Blind people have to care for their guide dogs as the dogs are their eyes. The Minister does not appear to have a closed mind. He referred to a system of grading. I, therefore, ask for an allowance for those members of the blind community who have a guide dog.

I refer to carers. If there was ever a group who have done the State some service, it is the people about whom I speak. I refer to the programme carried on RTE last night about the care of the aged which I did not see in its entirety. It must be acknowledged that caring for the aged is very difficult. With the best will in the world, any family member who has had to care for an elderly relative would express his or her frustration. It is a continuous commitment. We should recognise that carers need support, counselling and advice. It is very difficult for them to continue in what is an almost impossible situation. Taking money from them is unconscionable and we should not do it.

In justification for not touching the old age pension, the Minister said people of that age did not have a choice or an option and that they had contributed throughout their lives. These are very compelling arguments and I compliment Ministers on not touching it. A few weeks ago I asked that the old age pension in its various forms should not be touched. I am glad the Government managed to get through the budget without changing it.

I again ask the Minister to look at the two areas I have highlighted. Any of us who have relatives who are blind will understand more than most how dependent they are on the support they receive in the world around them. I ask the Minister to consider offering support for the upkeep of guide dogs which is expensive as it includes visits to the vet a couple of times a year, meeting various dietary needs which is not cheap, as well as regular medication. The Minister could make a reimbursement on the production of invoices.

Senator Paul Bradford: I acknowledge the presence of the Minister of State, Deputy Andrews. As I try to live in the land of political reality, I have to accept that at a time of grave economic distress for the country, the social welfare bill, at €20.62 billion, is significant. It behoves all of us, no matter on which side of the political spectrum we reside, to try to recognise this fact. We have a responsibility to explain from where the funding should come. This is a Department which is allowed to make choices and the Minister for Social Protection can support or cut funding for schemes.

I have a difficulty with a number of the measures outlined in the Budget Statement last week. Most speakers have raised the issue of carer's allowance, not simply because of recent media coverage or last night's television programme. All of us are aware of the significant social contribution made by carers the length and breadth of the country. Last night on television a lady reminded us that those in receipt of carer's allowance were the only social welfare recipients who had to work for their money. For instance, a person in receipt of jobseeker's allowance

[Senator Paul Bradford.]

or a disability or invalidity pension is unable to work, but a person in receipt of carer's allowance has to work, perhaps, 140 hours a week to earn that allowance. I was disappointed that carers were not granted the same exemption as old-age pensioners. I recognise the money available to the Minister and his choices are limited, but we have to use the legislation to make a statement on our priorities. There was a time when, if a Minister announced a reduction in child benefit, there would have been a national outcry. Nobody likes to see child benefit rates being reduced, but it was deemed politically and economically achievable on this occasion. Everybody in receipt of carer's allowance is receiving less than €200 a week in assistance, yet the person concerned is saving the State hundreds of euro a week. The nursing homes scheme has been established. However, a large number of people who are eligible for assistance under the fair deal scheme administered by the Department of Health and Children are not benefiting under the scheme because they are able to remain in their own homes because a carer is available, in most cases, a family member. I am disappointed, therefore, that carer's allowance is being reduced. The Government is hitting the vulnerable — the person being cared for and the person providing the care. It is a bad statement of political philosophy and the decision needs to be reviewed as soon as possible.

The social welfare budget is €20.6 billion and no political party has stated it should be increased. The cut made in blind person's pension requires reflection by the Department. The blind person's pension and the carer's allowance schemes should be separated from the general body of cuts made in the budget. We would all prefer if there were no cuts and allowances were increased, but most of us try to live in the land of political and economic reality. We know that difficult choices have to be made, but these two decisions are wrong.

On the other side of the equation, if additional payments are to be made, savings have to be found elsewhere. I note what has been said about the rent allowance scheme. This issue was addressed in the House on previous occasions. Approximately €600 million a year is being paid

6 o'clock out under the scheme. When the issue was debated previously, the Minister claimed the scheme represented value for money. It would be if rents were falling,

yet they do not seem to be. It would also be value for money if we were able to use it to house a significantly greater number of people. It needs to be reviewed urgently. It is difficult to accept at a time when local authorities have virtually no houses available that tens of thousands of houses are lying empty across the country. It should be possible to marry the vacant houses with the tens of thousands on housing waiting lists in order to reach a reasonable and fair solution.

The rent allowance equation should be part of that solution because I do not believe we are getting the value for money we should be getting for a rent allowance bill of €600 million which should be reviewed and amended. We should be forcing landlords to drive down the rents being charged and I believe there is scope for saving there.

Across the spectrum of social welfare schemes, we must consider rationalisation not in the moneys being spent but on the number of schemes we have. I appreciate it is not possible to have a universal one-size-fits-all social welfare scheme but we need to review the amount of money being lost in administration on a plethora of schemes. Many years ago the former Taoiseach, Dr. FitzGerald, spoke about the concept of a basic income-type social welfare scheme. It was not taken on board even though all the political parties gave it a degree of consideration. The fewer schemes we have, the easier they are to administer, resulting in greater savings. On the basis that the economy will not boom and bloom in the next two to four years, we need to appreciate that the extra benefits that some people desperately require will need to come from within administrative savings and I believe there must be scope in that regard.

The Minister has stated that more than 600 people in the Department are working on fraud, which indicates the size of the problem. Considerable progress appears to have been made in saving on fraudulent payments. I would welcome if those savings could be ploughed back into the system and given to those in genuine need.

I appreciate it is a tough economic time for all of us and especially for those on social welfare. The majority of people on social welfare are stretched to make ends meet at the end of the week. I ask the Minister to reflect once again on the question of carers and blind pensioners who are very disadvantaged by the budget and will find it almost impossible to bear the burden of the cut.

Senator David Norris: I welcome the Minister of State, Deputy Barry Andrews. It is a somewhat guarded welcome, although I commend him on a number of matters, including his recent performances on television. He has had a lonely and isolated position. He has put forward a reasonable view of the Government's performance in very difficult circumstances and I respect the decency and balance with which he has done it.

There is no disguising the fact that these are dreadful times and the end of the Minister's speech sums it up:

I will outline the main provisions of the Bill. Section 3 together with Schedule 1 to the Bill provide for the reduction in the weekly rates of social insurance benefit payable to people of working age ... Section 4 together with Schedules 2 and 3 to the Bill provide for the reduction in the weekly rates of social assistance payable to people of working age ... Section 5 provides for reductions of €10 each in the monthly rates of child benefit for the first and second child and the fourth and subsequent children.

I see there has been some kind of amendment relating to the third child as a result of the very strong and at the same time witty attack by Deputy Noonan in the other House. I could go on. It is a catalogue of reduction, penury and penalisation of the people. The bill is being presented to the taxpayer and most vulnerable people in our society, which is shameful in my view and that of everyone in the country.

On Sunday I was in St. Patrick's Cathedral, as I always am, and one of the canons, in his sermon, put it on the line for all politicians. He indicated how shameful it is that once again the weakest and most vulnerable are being attacked. I note that the Minister of State has been replaced by his colleague from the Green Party, the Minister of State, Deputy White, who is an old friend of mine and an old colleague from Trinity College. While it does not give me any pleasure to say any of these things, I was concerned several years ago when I noticed the Government was starting to dismantle so many of the institutions that spoke out and represented the vulnerable, marginalised and weak in this society. Abolishing the Combat Poverty Agency was most extraordinary and very foolish. Knowing we were heading into a blizzard, the Government should have invested money in the agency to provide psychological support, advice and services to, and a voice for, these people. Instead the Government took the other direction and disabled the already disadvantaged, which is appalling. It is a shame to see reduction after reduction.

We are told that in bookkeeping terms this is necessary, which may well be. An agreement has been concluded above the heads of the people by a Government that is so unpopular its support has collapsed to an historic degree. Did I ever think Fianna Fáil would sink to having 13% support in an opinion poll? We have an unrepresentative Government concluding agreements over our heads with financial institutions, some of which are themselves mired in this problem and who bear part of the blame. As a result of this agreement, this heavy burden, which for some may not be payable, is placed on the backs of the people. I ask the Government

[Senator David Norris.]

to consider the following. What about the people who simply cannot pay? The Bill contains a series of measures and we are promised further measures. There are hints and suggestions of other legislation coming and other cuts in the pipeline. It is not just one cut. Each individual in each family will suffer an incremental accumulation of cuts in areas in which they are most vulnerable. I sympathise with the people in charge of the Departments, including the civil servants, who need to take these grim decisions. They must be pretty disheartened also. I do not wish to add in any mean-minded way to that feeling of misery and despair. I believe we will get out of it, but it will be a very long time.

Dr. Paul Krugman wrote an article — I believe last week — which outlined what I have been saying for a long time, that it was unjust and immoral to present this bill to the taxpayer. I ask the Minister of State if it is possible for the Government to answer the question I asked last week on the Order of Business. Given that every reputable economist and financial commentator, regardless of the perspective from which they view the problem and regardless of whether they believe in burning the bondholders, have all said that presenting the bill to people, many of whom cannot pay because of their existing vulnerability, is unjust and immoral, how can we erect a decent civil society? How can we have concord among our peoples? How can we have a decent fiscal regime or a decent financial structure when it is erected on foundations that those with the greatest authority tell us are foundations of injustice and immorality? That is the framework problem.

We are turning language on our head. Dr. Krugman said it needed a Swift, who knew what he was talking about. Swift wrote the devastating satire, *A Modest Proposal*, and also took on an attempt to defraud the Irish people by alien interests when the king granted to his mistress and through her to her friends the right to foist debased coinage on this country. Swift's *Drapier's Letters* pamphlets were effective in undermining that attempted fraud on the Irish people. Dr. Krugman is right in saying that only a Swift could do justice to what is happening in Ireland. This is a social welfare Bill. In what manner does it address the welfare of the people? It does not. Welfare is not the appropriate word. The Minister is the Minister for Social Protection, but he is not protecting people at all and is in fact exposing them to extraordinary hardship, pain, and misery. When I use the word hardship, my mind goes back to the minister for hardship in "Hall's Pictorial Weekly". In those days we thought it was worthy of satire, but the position is the same today.

The Minister has said the provisions contained in the budget will affect the living standards of many citizens in the short term — they certainly will. He referred to the work placement programme, Tús. I have a reasonable knowledge of Irish, but I have no idea what that word means. Perhaps the Minister of State might explain its meaning. Is it similar to that of the word "tosnaigh", a beginning or a new start? That is certainly what we need.

Many pensioners are willing to pay their share. A taxi driver told me his old mother would gladly give up €10 in order that it could be given to others who were less well off than herself. The means-testing of applications for social welfare benefits is required. All of us in this House and outside it have to pay in this respect. What about organisations like the Jack and Jill Foundation? Its funding is being cut. As a result, seriously ill children will be landed back, as it were, which will cost the Government many millions of euro. This is unjust.

An Cathaoirleach: The Senator's time is up.

Senator David Norris: It is disgraceful that the Bill is being rushed through and that the debate on it is being guillotined. For that reason and because I do not agree with it — I believe

we should renegotiate — and because I do not believe we should penalise the most vulnerable——

An Cathaoirleach: The Senator's time is well up.

Senator David Norris: —I will vote against it on every Stage. I will vote in favour of every amendment tabled to it. I will vote down the Bill if I have power to do so——

An Cathaoirleach: I call Senator Coffey.

Senator David Norris: —and urge my friends in the other House to vote against it also.

Senator Paudie Coffey: I welcome the opportunity to voice my opinion and express concern about the implementation of the measures contained in the Bill. I note the absence of many Government representatives from the debate. Are they in hiding? Do they not want to be upfront with the people about the precipice to which the Government has brought us and the reasons it has made the cuts outlined in the Bill?

I want to reflect the reality of life for middle Ireland. I raised in the House only the other day the case of two five year old children who were found scavenging for food on the streets of Kilkenny city in the Minister of State's constituency. I appreciate there might be many other social issues involved——

Deputy Mary Alexandra White: There are.

Senator Paudie Coffey: —but is it not a sad indictment of the country and our society that there are many such cases?

Senator Nicky McFadden: It is happening all over the country.

Senator Paudie Coffey: Only last week the Senator relayed how she had called to a house in which the occupants were on the breadline. They have worked and contributed to our society, but they have been devastated by the economic crisis that has hit the country. More significantly, it has put them on the breadline. Many such families were not in receipt of social welfare previously. In some cases, both providers in a home have lost their jobs and they are striving, might and main, to make their mortgage repayments, pay their ESB bills, among others, and provide for the necessities in keeping a household. It is a sad reflection on our society that we have arrived at this position as a result of Government policies followed in recent years propagated by the boom in the property market.

Fine Gael has been responsible in opposition. We acknowledge it is necessary to find new ways to keep the public finances in order. The Government deficit is running at €20 billion a year. Somebody should have sounded the alarm bells when we see the devastation caused by the economic crisis. A budget is about making choices. Fine Gael believes bad choices have been made in the budget. As previous speakers said, carers, the disabled, widows and blind people are vulnerable. A figure of €90 million has been mentioned as being the amount required to protect the payments to these categories. The cuts in the allowances paid to them will impact heavily on the most vulnerable in society. Many of them could not seek employment, even if there were jobs available. Carers have to stay at home to care for those who need care. Because of their disability many of the disabled are at a disadvantage in seeking work. The same applies to blind people. Last week on radio I heard blind people speak about their real life experiences. A basic requirement is that they be able to afford to feed the guide dog allocated to them.

[Senator Paudie Coffey.]

On child benefit, as I said last week, the hard decision has not been made. Surely we could find a fairer system or mechanism. There are millionaires who could cope very well without receiving child benefit. I have been told candidly by individuals that they set aside their child benefit payments in a separate account to fund their children's education. At least, it is being spent on the children, but such parents do not need to receive the benefit. Surely we could come up with a fairer way to ensure the funding is targeted at those who need it most — those who are most vulnerable.

There are many hidden measures in the budget that will have an impact on the social welfare budget. My constituency of Waterford encompasses a large rural area. Many of the children in the constituency travel to school by public bus. Serious hikes in the cost of the school transport system are again being imposed on families who are already at the pin of their collar in trying to meet their basic requirements such as their mortgage repayments, heating and lighting bills. This added burden will push many into the poverty trap and towards dependency on social welfare payments.

Fine Gael has offered alternatives. We have said we would have introduced social welfare cuts but that we would done so in a such a way that people would have been incentivised to stay in employment rather than to move to social welfare payments. I was told by two employers in the past week that they had offered a job to a person who was unemployed, at an hourly rate of €12 or €13, but in both cases the person concerned refused the offer of a job because, having regard to their entitlements under the social welfare system as structured, it would not have made financial sense for them to take up the offer. That is the nub of the problem. We should be creating an economic climate in which jobs will be protects jobs and employers incentivised to take people from the dole queues, which would lessen the burden on the social welfare budget.

The issue of social welfare fraud was mentioned. If we were candid, we would admit that there is fraud in the social welfare system. It is a problem that must be tackled once and for all. We cannot afford to continue paying benefits on foot of fraudulent claims. I am sure the Minister can give us examples to highlight the progress made in rooting out fraud, but there is still a long way to go. The net effect of fraudulent claims is that there is less in the system to provide for those who are most vulnerable and most in need.

I mentioned the electricity companies. One month ago I called on all electricity suppliers to show leniency during the recession by not disconnecting a customer's electricity supply, the most demeaning and base action that can be taken. Most people are responsible when it comes to paying their bills. I am glad that the electricity companies have stated they will not disconnect a customer's gas or electricity supply during the current spell of bad weather. I would like the period in which such leniency will be shown to be extended for at least a year or two to allow people to recover from the effects of the current crisis.

Practical measures need to be taken by the Government, State agencies, suppliers and communities to assist those in most need. Now more than ever we need to help those who are vulnerable. Many are on the breadline and need our assistance.

An Cathaoirleach: I note Senator John Paul Phelan is present and I will allow him to contribute for two minutes.

Senator John Paul Phelan: There are only a few points I wish to make on the Bill. I welcome the Minister of State, Deputy White.

Everybody expected the social welfare cuts to be outlined in the budget announced last week. There was an expectation that some of the more vulnerable groups would be exempt from those cuts or treated better than they have been or as proposed in this legislation.

I have spoken on a number of occasions in this House and in other places about the position of carers and Senator Coffey and others mentioned it previously. It is a particularly mean cut because just about every carer in the country does it because he or she is caring for a loved one or family member. Such people certainly do not work because of the big money they get from carer's allowance. The Government is safe and sure in the knowledge that these family members for the most part will continue to look after their loved ones despite the cut in carer's allowance. That is a particularly pointed attack on a sector of society that saves the State billions of euro per annum with the care provided to family members in their homes.

I cannot get my head around the logic used by the Government in cutting the carer's allowance. The lazy option was taken by the Government with a 4% reduction across the board in welfare payments and exemptions should have been made for carers, people on disability and people who are widowed. Different figures have been mentioned for separate groups, with some indicating that approximately €90 million would have prevented such groups from suffering the reduction this Bill imposes. I do not see why the Government could not have adopted a more nuanced approach to the way we spend our money on social welfare. I agree wholeheartedly with Senator Coffey's points.

I met a woman two years ago who was in a panic about a potential cut to child benefit. She announced to me in the same breath that the money was being saved in an account for the child when he turned 18. That woman should not be getting child benefit because for many families the allowance puts bread on the table. That is what it is for. I utterly reject the lazy approach of the Government in implementing a cut across the board and a specifically deeper cut for the third child. A much more thorough reform of the child benefit system was required in the budget.

Minister of State at the Department of Education and Skills (Deputy Mary Alexandra White): I am fully aware that the expenditure changes in the budget will affect the living standards of many citizens in the short term. No one likes making these cuts but no one could have envisioned we would have to produce a budget like this because of the problems in the economy in recent years. If we put off these changes, there will be a greater burden in future on those who can least bear it, including people with disabilities, families with children, the unemployed, carers and pensioners. The Government, in the context of a really tough budgetary environment, has done its utmost to protect the most vulnerable people in society and the improvements of the past decade in these areas as far as was possible.

These savings for 2011 will be achieved by greatly enhanced control measures, as mentioned by the Minister; proactive labour activation initiatives, including the introduction of a brand new community work placement programme called Tús, operated by the Department of Social Protection; structural reform measures designed to deliver more effective income and housing supports in a sustainable way; and reductions in rates of payment.

I want to outline the supports being fully maintained at current levels to provide reassurance for those who had been concerned that their payments might be cut. Similar to last year we have been able to maintain at current levels pensions and other payments made to people aged over 66 years. These include payments for pensioners' dependent spouses aged under 66 years. This means that approximately 490,000 people aged 66 years and over are being fully protected in the budget. Extra allowances paid to pensioners who live alone and those aged over 80 years will continue at current rates.

[Deputy Mary Alexandra White.]

The Minister for Social Protection has preserved welfare supports for pensioners generally as all pensioners are entitled to a minimum level of guaranteed support by the State. For many pensioners, social welfare pensions, be they contributory or non-contributory, are their only source of income and most of them do not have an ability to earn. Pensioners who can afford to pay towards economic recovery will contribute through changes in the taxation system which were announced last week by my colleague, the Minister for Finance.

A number of valuable other payments have also been maintained. These benefit not only pensioners but also people with disabilities, carers and all those on low incomes, regardless of age. They include the household benefits package, which includes the free television licence, electricity-gas allowance and telephone allowance, as well as the fuel allowance and the free travel scheme.

The half rate carer's allowance scheme and the extra payment for caring for more than one person are retained, as is the respite care grant at its current value of €1,700 per annum. The half rate illness benefit and jobseeker's benefit payments for widows or lone parents will also remain. The current payment arrangements for lone parents and people with a disability who participate in community employment schemes are being retained without change. The family income supplement scheme which benefits lower income families with children is also unchanged.

Bearing in mind the recent bad weather, the Minister is also providing for a special once-off additional two weeks fuel allowance payment worth €40. This will be made to most recipients in the next two weeks, with the remainder receiving the payment in early January.

Unfortunately, as Senators are well aware, in this budget it will be necessary to introduce a rate reduction in working age payments from January 2011 to produce the necessary savings required in 2011. Whereas there have been some increases in inflation in recent months, consumer prices are back at April 2007 levels and we have managed to maintain the payment rates for all aged 25 to 66 in 2011 at rates higher than those paid in that year. No reduction is being made to the qualified child rate which will remain at current levels. In addition, the reduced rate of €100 per week for jobseeker's allowance recipients aged under 21 is also unchanged. Accordingly, the weekly rates of payment to those aged under 66 are being reduced by €8 per week or an average of 4.1%. Increases for qualified adults on working age schemes are being reduced proportionately. This will bring the personal rates of jobseeker's payments, one parent family payment, illness benefit and associated schemes in 2011 to €188 per week or €2.20 per week in excess of the rate which applied in 2007.

Even taking into account the reductions that were applied in 2010 and 2011, this Government has delivered unprecedented increases in welfare rates since 2004. Over that period, jobseeker's payments, disability allowance and one-parent family payments have increased by 39.5% while the cost of living has increased by 11.8%. The Government appreciates that reductions in rates will be difficult for people but we also know that if action is not taken now, we risk putting social welfare payments at greater risk in future.

Much has been said and written on the reductions in the blind pension, invalidity pension, disability allowance and widows' and widowers' pensions as well as carers' payments. In this context I must point out that to exempt all these recipients from the rate reduction would have meant exempting approximately a further 260,000 people. The effect of this to achieve the same savings would be to have required a cut of €11 per week in a jobseeker's personal payments and €18.30 per week for a couple. It must be remembered that people on disability allowance are also entitled to the full household benefits package, free travel pass and companion free travel

pass where appropriate. These are worth approximately €20 per week. Disability allowance, blind pension and invalidity pension are paid to more than 150,000 people.

On supports for children, between 2000 and 2010 the monthly rates of payment for child benefit increased from just €53.96 for the first child and €71.11 for the third and subsequent children to €150 and €187 respectively. In the same period, overall expenditure on child benefit grew from just €638 million to approximately €2.2 billion per year. As a result, approximately 10.6% of gross social welfare spending in 2010 went on child benefit. This Government is proud to have been able to deliver such significant increases in payments to families when the resources were available. In the current economic environment, however, we simply cannot afford to keep spending at the same level as we did when our tax revenue was much higher. In that context, we have decided to reduce overall spending on child benefit. In considering the various options for making savings in this area we were conscious that the payment could be an important source of income for all families for different reasons. Accordingly, the Government has decided against withdrawing child benefit completely from any family.

From January the lower rate of child benefit paid in respect of the first and second child will be reduced by €10 to €140 per child per month. The payment for the third child is being reduced by €20 to €167 per month, while the payment for the fourth child and subsequent children is being reduced by €10 to €177 per month. While I appreciate that cuts to child benefit will be difficult for some families, it should be recognised that the payment will still be very generous compared with payments in other countries and that the Government is making a substantial contribution towards child care provision, including the continuation of a free preschool year. The qualified child increase payable with welfare payments is fully maintained. The domiciliary care allowance paid to parents and guardians of certain children under 16 years who are ill or have a disability is also unaffected, while family income supplement and the back to school clothing and footwear allowance are unchanged.

Some questions were raised about multiple births. I confirm that additional benefit and grants for multiple births will continue to be paid. The rate of child benefit payable in respect of triplets remains at twice the normal levels. The level of child benefit support in 2011 for a family with triplets will be €894 per month or €10,728 per annum. The special grants payable at birth and at ages four and 12 years are unchanged at €635 per child.

Many Senators referred to efforts to control social welfare fraud. Welfare fraud is theft. It is a serious crime and the Department of Social Protection is doing everything it can to crack down on those who abuse the system. More than 600 staff are working in areas related to control of fraud and abuse of the welfare system. Between January and the end of October this year more than 585,000 individual claims were reviewed. When high risks are identified, targeted control measures are taken to reduce the risk of fraud and abuse of the system. For example, certification has been introduced for child benefit claims from non-Irish nationals and other customer segments in schemes where a high risk has been identified.

Question put.

The Seanad divided: Tá, 28; Níl, 19.

Tá

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

Corrigan, Maria.
Daly, Mark.
Dearey, Mark.
Ellis, John.
Feeney, Geraldine.
Glynn, Camillus.
Hanafin, John.

Tá—*continued*

Keaveney, Cecilia.	Ó Murchú, Labhrás.
Leyden, Terry.	O'Brien, Francis.
MacSharry, Marc.	O'Malley, Fiona.
McDonald, Lisa.	O'Sullivan, Ned.
Mooney, Paschal.	Ormonde, Ann.
Ó Brocháin, Niall.	White, Mary M.
Ó Domhnaill, Brian.	Wilson, Diarmuid.

Níl

Bacik, Ivana.	McFadden, Nicky.
Bradford, Paul.	Norris, David.
Burke, Paddy.	O'Reilly, Joe.
Buttmer, Jerry.	O'Toole, Joe.
Coffey, Paudie.	Phelan, John Paul.
Coghlan, Paul.	Prendergast, Phil.
Cummins, Maurice.	Ross, Shane.
Fitzgerald, Frances.	Ryan, Brendan.
Hannigan, Dominic.	White, Alex.
Healy Eames, Fidelma.	

Tellers: Tá, Senators Niall Ó Brocháin and Diarmuid Wilson; Níl, Senators Maurice Cummins and Nicky McFadden.

Question declared carried.

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

Senator Donie Cassidy: Now.

Senators: No. The Leader said there would be a sos.

Question put: "That Committee Stage be taken now."

The Seanad divided: Tá, 28; Níl, 18.

Tá

Boyle, Dan.	Keaveney, Cecilia.
Brady, Martin.	Leyden, Terry.
Butler, Larry.	MacSharry, Marc.
Callely, Ivor.	McDonald, Lisa.
Carroll, James.	Mooney, Paschal.
Carty, John.	Ó Brocháin, Niall.
Cassidy, Donie.	Ó Domhnaill, Brian.
Corrigan, Maria.	Ó Murchú, Labhrás.
Daly, Mark.	O'Brien, Francis.
Dearey, Mark.	O'Malley, Fiona.
Ellis, John.	O'Sullivan, Ned.
Feeney, Geraldine.	Ormonde, Ann.
Glynn, Camillus.	White, Mary M.
Hanafin, John.	Wilson, Diarmuid.

Níl

Bacik, Ivana.	Coghlan, Paul.
Bradford, Paul.	Cummins, Maurice.
Burke, Paddy.	Fitzgerald, Frances.
Buttmer, Jerry.	Hannigan, Dominic.
Coffey, Paudie.	Healy Eames, Fidelma.

Níl—continued

McFadden, Nicky.
 Norris, David.
 O'Reilly, Joe.
 O'Toole, Joe.

Phelan, John Paul.
 Prendergast, Phil.
 Ross, Shane.
 White, Alex.

Tellers: Tá, Senators Niall Ó Brocháin and Diarmuid Wilson; Níl, Senators Maurice Cummins and Nicky McFadden.

Question declared carried.

Social Welfare Bill 2010: Committee and Remaining Stages

Sections 1 and 2 agreed to.

SECTION 3

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

Senator Nicky McFadden: This section deals with cuts to the working age payments, including payments to carers, the disabled, the blind and widows. Fine Gael is completely opposed to it.

Senator Phil Prendergast: The Labour Party is also opposed to it because of the cuts made.

Senator Jerry Buttmer: The Minister of State, Deputy Mary White, is a member of a political party and understands the concept of being in partnership. This is the most callous section of the Bill as in it a cut is imposed on carers. A carer is someone who looks after, protects and minds people. If the Minister of State is talking about social justice, how can she justify this section which penalises carers? Some 42,000 family carers are to be affected. Why are carers being penalised? Will the Minister of State explain this in simple language, given that I do not see equity in the section? Is she telling me a person who cares for another is not saving the State money? The section, if passed, will compound the cut made last year. It compounds the withdrawal of the Christmas bonus double payment, moving the figure from a cut of 4% to 10%. What have the Green Party and Fianna Fáil against carers?

This section is completely unfair. As the chief executive of the Carers Association stated, it is completely counter-productive. Why has the Minister of State singled out the blind, carers and the disabled? Two weeks ago the Green Party opted to leave government, yet tonight the

Minister of State will stand by these cuts. She is telling the people who need money the most, the most vulnerable, that they have no protection from the State. The first task of the Government is to look after all citizens. Is the Minister of State telling me that, at a time when the national debt stands at many billions of euro, the Green Party is putting monetary figures ahead of people? If we pass this section, Fianna Fáil and the Green Party will have abandoned the people who need Government assistance the most.

I repeat the question I asked on Second Stage: why is a specific group on welfare payments being singled out? The Minister for Finance, Deputy Brian Lenihan, speaks about turning the corner. As far as I can see, the only group he is turning in on comprises the people who need us the most.

Is the Government really stating it will treat people differently in this section of the Bill? There are 161,000 carers who save the State €2.5 billion a year, and yet the Government is taking €416 off them again.

[Senator Jerry Buttmer.]

The explanatory memorandum of the Bill uses great language to state it is “to give legislative effect”. What does “legislative effect” mean? It means the Government is cutting what it is giving the carer, the blind and those with a disability, that it is taking money from them. That is what the Government is doing and the Minister camouflages it in lovely words, stating “reduction in the weekly rates of social assistance”. Is that not the punch line, assistance to assist those who need help?

Forget about ideology, let us look at the brass tacks here. On my phone, there are texts from persons who are on social welfare, carers and persons with a disability who are trying to manage and they can not manage. They are not on FÁS junkets to space or to Florida——

Senator Nicky McFadden: Or getting their nails done.

Senator Jerry Buttmer: —or they are not down in the hair-dressing salon getting their nails varnished. These are ordinary persons who are honest-to-God citizens who are struggling.

I challenge the Minister of State, Deputy White, and her colleagues in Government to come out on to the streets and to the townlands to meet those who are struggling. It is all fine and dandy to state we must do so much. There is no difficulty in saying that. We all accept it. However, what the Government is stating here is that persons with a disability will be severely punished. I do not think the Government understands the pain and hardship that people are suffering. I do not think the Minister of State gets it. I wish she did. If she did, she would take this legislation and amend it without dividing the House, and she would save the Members opposite the ignominy and embarrassment of having to vote for something they do not really want to vote on.

Can the Minister of State genuinely explain to me why the Government has ring-fenced a particular group of people and singled them out for specific cuts? Deputy Noonan, on budget night, showed the Government the figure that could be saved by not doing this. How could they, not only as politicians but as persons, the 14 or 18 around the Cabinet table — I do not know how many of them are around it at this stage because I am not sure whether the Minister of State’s party is in or out, something she might clarify — come in and make this cut?

The Government is telling people it is fine to be austere and we all have bought in to some level of cuts, but the people who need it the most are being abandoned by Fianna Fáil and the Greens. If we allow this section to be passed we are polarising society further and we are being unfair and far from giving assistance we are giving no assistance and no care. What has the Government got against the carer? What has it got against those with a disability? What is it? They do not know what they have done to the Government, and neither does Fine Gael and Labour, and we are not playing politics with this.

Every day in my job as a politician and in my role as a citizen, I meet people who have a disability and who are carers. They are the people we should have the most respect for and should help because, as this Bill states, it is assistance to assist them. Far from assisting them, we are rendering them second class. Is that what the Government wants to do? Where I come from, a budget is not about figures. It is not, to borrow a phrase from a previous Taoiseach, the late Mr. Haughey, “as cold as a computer printout”. It is about people and people, to me, matter.

In my mind, I have a picture of the people about whom I am talking, and those people have not got luxury lifestyles. They are not down in the five-star hotels in Cork. They are not inside the glitzy shopping malls purchasing grandiose Christmas gifts. They are struggling and they are watching what they spend. They are being asked to take a 4% decrease today, and yet we talk about the Taoiseach and the Ministers taking a hit which they can far more easily afford. If

the Government was serious about reforming the political class, the Government would have done it much better than it did rather than picking on the people who need it the most.

Senator Nicky McFadden: These two sections are affecting disability allowance and carer's allowance. There were cuts of €8 a week in the budget on Tuesday last and last year the same cuts were applied to both of these categories. An €8 cut to disability allowance in this year's budget along with €8.30 in last year's budget means a person is down €847.60 a year since 2008. The new rate of disability of €188 per week is down from €196 in 2010. The new rate of carer's allowance is down to €204 per week from €212 in 2010. This erosion of social welfare allowances for people who are most vulnerable is wrong.

Senator O'Toole made an impassioned plea for the blind, who were also affected last year in the blind pension. They were not referred to by the Minister in his wrapping-up of Second Stage. I have grave concerns as to how the blind will afford to pay for food for their guide dogs and veterinary bills. The Minister, Deputy Ó Cuív, omitted to mention those in his wrapping-up speech.

Senator Phil Prendergast: Like the other speakers, I want to say that budget 2011 is really an unmitigated disaster for hundreds of thousands of families on low incomes and it fails the fairness test. The public was certainly prepared for harsh measures in this budget but just like every other Lenihan budget, the wealthy are protected by piling the pain on low and middle-income earners and cutting services.

Carers, those with a disability, the blind and the unemployed have been hammered and some of them face being unable to eat or to heat their homes properly. The average income loss for families of the combined tax and social welfare package is estimated at 7% or €43 per week. This is a despicable part of the Bill.

Minister for Social Protection (Deputy Éamon Ó Cuív): In fact, the ESRI did an analysis of the budget and it has proven it is very progressive and that, proportionately, those on the higher deciles are paying much more money. I suggest that the Senators consult the ESRI report, which will clarify that issue for them.

Senator Jerry Buttiner: That is extraordinary.

Senator John Paul Phelan: We are talking about carers.

Senator Nicky McFadden: They are saving the State an extraordinary amount.

Senator Jerry Buttiner: Let us call a spade a spade here. Let us look at what Inclusion Ireland, which is not a political body, stated. The measures in the budget means those on disability allowances are down €847.60 a year since 2008. I refer to those on disability allowance and on the carer's allowance. Whether the Minister likes it, he is attacking the living standards of the people who need the most. In the Minister's absence I spoke about the people we are discussing. They are not in five star hotels in Dublin, Cork or Galway. They are not out in fancy restaurants. They are not buying extravagant gifts for Christmas. The quality of life of these people, and they are people with a disability, has been affected again. The Minister announced an €8 cut on top of a cut of €8.30 last year. This is a cut of €16.30 over two years. In 2008 it was €204.30 and in the budget announced last Tuesday it was €188. Do the bureaucrats and Members sitting around the Cabinet table understand that disability is one part of living but that extra costs are associated with living with a disability?

In fairness to the Minister, he acknowledges that carers do huge work on behalf of the State and they save it a fortune. Their benefit is being cut again. The Minister has responsibility for

[Senator Jerry Buttmer.]

social protection, which has to do with social equality and protection of the citizens. Does this mean the national disability strategy is in rag order and gone completely? I cannot comprehend where the Government is coming from regarding social justice. If I had never been involved in politics I would have been involved with the COPE Foundation, a disability group in Cork. I see the hardship people endure. Every day in my role as a politician I see the work done by carers. Yesterday afternoon, I was in the house of an elderly gentleman. I am not exaggerating when I state that out of ignorance of the facts or out of fear, the man was completely petrified that no home help would come to him. The Minister knows I could show him the e-mails and text messages I have received from gnáth daoine, ordinary people who are not involved in Fine Gael, the Labour Party, the mass media or e-mail campaigns and who do not go on the public airwaves. They are desperately faoi bhrú, under pressure, today because of this and other budgets.

I will not recite the mantra of the Carers Association, which I respect. I will ask why we are cutting the carer's allowance when they are the only people working to save the State money. Why are we doing this? Why are we being this unfair? This is what I want to hear. In his Second Stage speech, the Minister spoke about reform and stated he has not been in the job long enough. I appreciate this but the Bill flies completely in the face of reform. I am no genius, but I understand people.

Deputy Éamon Ó Cuív: Senator Buttmer raised a number of issues. I apologise for leaving the Second Stage debate but I had to speak in the Dail. I have two Bills going through the Houses simultaneously. I would not have left otherwise because I believe in listening to what people have to say.

I should explain how I approached all of this. As I stated earlier, the Department represents approximately 40% of the spend. The idea that one could save money and ignore the big spending Departments is nonsense. It would just not have been possible to do so and make adjustments of the type we had to make. The three big spending departments are the Departments of Education and Skills, Health and Children, and Social Protection. In making cuts in education one has a demographic going against one, along with the fact that the vast bulk of expenditure on education relates to public service wages and therefore relates to various agreements on public service wages. In health, a saving of €600 million is being made and in my Department, which is by far the largest Department, savings of €875 million are being made.

In looking to how I could make these savings, €100 million worth of savings were made through the national employment action programme. Fine Gael keeps telling me that €2 billion worth of fraud is occurring. I have respect for "Prime Time" but I think its figures are grossly exaggerated or, to put it another way, we are doing everything we can in every way we can to try to reduce any payments going to people who are not entitled to them and we have made steady progress. However, if I came in here with an inflated figure of what savings I might make from elimination of fraud or the prevention of it, which is much more important, the Opposition would be telling me it was totally ridiculous and unreal and that I would not be able to deliver the savings. We pencilled in €100 million savings related to the activation of the national employment action programme.

We also pencilled in €60 million in savings through reform of the rent supplement. Most people accept that the rent supplement programme is open to all types of problems. It should not be a long-term programme and I am discussing this with the Minister of State, Deputy Finneran. We will bring in radical reform. In other places, I have outlined the type of steps we will take in this regard.

Before I ever came to the Department I had figured out savings of €30 million were achievable with regard to the money being paid to utilities for the provision of the free telephone and free electricity allowances. This will not in any way affect the people in receipt of the allowance as they will still receive 2,400 units a year. We must be the best paying customer that the electricity companies have because we pay on time every time and 36% of people in receipt of the free electricity allowance never use the full allowance, which means this bill is always paid in full but there is no collection cost. We believe a saving can be made there and we pencilled it in.

We pencilled in a further €50 million saving through a number of steps the Department wants to take with regard to better systems and analysis. This comes back to ensuring those who receive payments should do so. I decided not to reintroduce the treatment benefits, which saved €77 million because it had been due to recommence.

When all of this was done, savings of €533 million still needed to be made. As Senators know, debates were held and consensus was reached on this. From the very beginning, the problem was whether to hit everyone for a little bit. Whatever the sum involved, the matter of principle was whether to make the adjustment through a shallow cut across the board or to exclude large sections and make deeper cuts. This was a hard call to make. Senators might remember earlier in the year when I had not been at the Department for a month I caused a furore throughout the country and startled some of my colleagues with regard to whether it would be better to make the cut across a wide swathe of people or to exclude groups and make higher cuts to get the same amount of money. It is a simple mathematical certainty. I thought it was an issue on which I should at least spend time reflecting. Having examined the matter and listening to the debate that ensued, there seemed to be national consensus that people over the age of 66 should be excluded from the cuts. There seemed to be general consensus that this should be so and I have heard only one Fine Gael Deputy question whether it was the right policy

I was very keen, and I hope people will support me on it, to exclude parents in receipt of domiciliary care allowance. The money was not significant so I removed them. So far so good, but this is where I ran into a problem.

My next inclination would have been to exempt people with disabilities. I would not exempt those on illness benefit because that is a short-term payment. One could get the flu and collect illness benefit. I would be inclined to exempt those on invalidity pensions or on disability allowance. The problem is that this broadens it out too much and if I was to add in carers and widows it would get even wider and would amount to approximately 260,000 people. The effect of exempting all these would have been that to save the same amount, I would have had to have added another third to the amount of money I would have had to have taken from the jobseeker's allowance, but jobseekers are entitled to live too. This is the problem. No matter what number one decides on when one must reduce rates, the more groups that are exempted, the greater the payment that must be taken from the remainder.

This was not an easy decision. We looked at the issue from every angle. I said earlier that we need a new approach to disability and a new approach will be proposed in the partial capacity Bill. Let us leave politics out of the issue and look honestly at the problem for whoever is in this job next year. Perhaps I will be lucky and I will be here to see this through. The 150,000 who will be affected by the cuts range across a wide spectrum, from those on jobseeker's allowance right across to the very seriously disabled. If I had some way of separating the more disabled, I could have graduated the cut or made no cut to those, but when dealing with 150,000 people, that meant shifting too much of a burden onto the jobseeker's allowance.

[Deputy Éamon Ó Cuív.]

That was my problem. There was also an issue that people on the margins transfer from one scheme to another.

I have huge sympathy for people with disabilities. I have always been involved in working with disability groups and wish there was a way of grading the cuts. However, I would point out that people in receipt of disability get benefits that jobseekers do not get, namely, the free household package and a free transport pass. The household package is worth approximately €996 a year, roughly €20 a week. Therefore, people on disability who are in receipt of the household benefits package get approximately €20 more than people on jobseeker's allowance. The question I must ask therefore, is how hard I should hit those on jobseeker's allowance. I could, perhaps, separate the 150,000 into three groups: disabled, more disabled and most disabled, or into those with the capacity to work and so on. This has been done in other countries, but it is complicated and takes time. If we decided to do it, we could then decide to grade the payment, which would give a much better result. That would be somewhat akin to a costed disability allowance. Members are familiar with the different levels of disability that present in their clinics, and therein lies the problem.

With regard to carer's allowance, I am fully aware of what carers do. Like every family in the country, I have a close relative who is being cared for and I know the work involved. We should take a look at the position now and what we have preserved. The normal payment for a single person on social welfare is €188 while the carer's allowance is €204. Therefore, it is a better payment and it remains proportionately better. Carers also receive the respite grant, which I decided not to cut. The respite grant is €1,700 a year, which if divided by 52 is more than €30 a week. Therefore, in monetary terms carer's allowance amounts to €204 plus €30, which is €234. Also, carers, whether the caree lives with the carer or not, are entitled to the household benefits package, even if the carer has a working partner. This is worth approximately another €20 a week. While I do now wish to be mercenary about the allowances, we should spell out the provisions I tried to preserve. Carers over the age of 66 get the full rate of payment and suffer no cut.

With regard to carers under 66 years, approximately 28% of them are on half rate carer's allowance, which means they are receiving an underlying social welfare payment on top of which they get the half rate carer's allowance. I believe that is fair, although some members of the public service feel they should not get double social welfare payments. I retained all the half rate payments, including the half rate carer's payment. This was important for them because if I abolished the half rate and left the headline rate the same, I would have hurt those people more. We also have a situation where people caring for two people get an extra payment. Again, I could have cut that payment and left the carer on the headline rate. However, that would have been unfair because there is more work involved in caring for two. The carer's scheme is the scheme with the best disregards in terms of a partner who is working and may include income or property one has. The disregard for a single person to get the full rate is more than €300 and is more than €600 for a couple. Again, I believe it would be unfair to change this.

One might ask why I took the approach I did. The McCarthy report recommended we get rid of all double payments, but I thought that was wrong. My focus has been on keeping the architecture of the schemes and on keeping and maintaining the significant ancillary benefits. If, on the other hand, I had started exempting carers, I would then have had to have exempted those on disability, widow's and the blind pensions. That was my €300,000 and then I would have had to have hit the jobseekers. I believe that would have tipped it too much against jobseekers, many of who had employment and commitments but have now hit very hard times. That was my concern. I am not asking people to applaud me or say I am right. All I want to

do is to explain in detail the ideas and analysis behind my decisions and why, allowing that I had to make savings, I believed that on balance the decision I made was the better one to make.

I read the Fine Gael proposal with interest but feel it was somewhat optimistic with regard to the savings it could make from tackling fraud. The Department is fairly effective in that area and some of the schemes are virtually fraud proof. There is virtually no fraud with regard to contributory old age pensions. Fine Gael took a different approach from me. That party said that over four years it would hit jobseeker's allowance by €18. I would not like to make a move like that so quickly. Such a move should be avoided. I believe cutting the allowance to €178 for a single person living alone with no other supports such as free electricity or telephone should be avoided at all costs.

We have increased expenditure on carers by 600% at a time of 30% inflation, and rightly so. These measures will not reduce it that much because we have added the respite grant, which is universal and is paid to all carers. I know people who are involved in caring who do not have a huge income but who do not get a carer's allowance. However, the fact we pay the respite grant and half rates has upped our costs. If we really want to bring the cost down, that is what we must hit but we will thereby affect many more people than the approach I took. The equation I applied was the result of months of analysis — I could keep Senators here all day discussing it — which persuaded me that I had to make this adjustment rather than the narrow and deep cut that would otherwise have been necessary.

Senator Nicky McFadden: I acknowledge that the Minister is a caring man who wants to do the right thing. All of us have relatives who need care but we are in the lucky position of being able to afford the support they need. People who apply for the carer's allowance find it impossible to qualify unless they live with those for whom they care. It is one of the most difficult allowances to get. These people save the State billions of euro but the €16 reduction in their allowances over the past two years will leave them worn out. It is penny wise and pound foolish to penalise them.

I appreciate that the Minister retained the half rate carer's allowance and the respite care grant, which were two important issues for the Carers Association. However, along with the blind pension, these payments support the most vulnerable groups in society. They are the poorest of the poor. People who care for sick relatives on a 24-seven basis will get no more support. The respite care grant is gone for all intents and purposes.

Deputy Éamon Ó Cuív: They are getting €1,700.

Senator Nicky McFadden: The respite available through the HSE is very limited. It is an impossible situation. Those who care for ill or disabled relatives around the clock are getting a kick in the teeth from the Government with this €16 cut.

I have not yet received a response from the Minister on the blind pension. Those on the blind pension will no longer be able to afford food or veterinary bills for the dogs which allow them their independence.

Senator Phil Prendergast: I listened carefully to the Minister's explanation for his decision to cut the carer's allowance. Like the Minister, I have a relative in need of care but fortunately my family is large enough to rotate carers without needing to apply for carer's allowance. Many people who earn six figure sums have seen a decrease in their tax rates and nothing has been done about getting tax exiles to pay their fair share. In that context, the reduction in the carer's allowance is extremely harsh. Since I was elected to this House in 2007, carers' representatives have helped me to understand what is happening in this area. Many carers, however, are unable to come to Leinster House because they cannot find people to take over their caring duties.

[Senator Phil Prendergast.]

They are already burned out and disadvantaged and the harsh decision to cut the carer's allowance will just make it more difficult for them to meet the additional costs of winter heating and making ends meet over Christmas.

An Leas-Chathaoirleach: Did Senator Coghlan indicate a wish to speak on the section?

Senator Paul Coghlan: I thought we would have a vote.

Senator Jerry Buttimmer: The Minister referred to the 40% of expenditure by his Department. I understand he has to make savings and I support him in his agenda for reform. However, what upsets me most about this budget is its failure to put social justice at its core.

The Minister spoke about fraud. Last year, his predecessor as Minister, Deputy Hanafin, was going to be the white horse in her Department. She set herself up as the lady of the horse to take out fraud.

Senator Paul Coghlan: What did the Senator say?

Senator Jerry Buttimmer: Excuse me, she was the lady of the manor sitting on the horse. As Senator McFadden noted, the problem with respite care is the limited number of places. I know people in Cork who can only get a week of respite care here and there. Senator McDonald spoke about the Government's social conscience but where is it to be found in this section?

The Minister noted that the State is great at paying back the utility companies but, at the risk of being contentious, perhaps the ESB and Bord Gáis should be made to wait. Perhaps that would be wrong, however. In the several years that he has been sitting around the Cabinet table, electricity and gas prices have increased significantly. Medical costs are increasing even while health allowances are being cut. We are now discussing carers and the vulnerable people for whom they care. These people are infirm and ill or have special needs. They depend on the State to provide them with services. These are the people who need us most. Our Constitution makes special reference to them. I do not wish to be repetitive but I am here on behalf of the people and I will speak all night if need be because this section mounts a callous attack on the people who need us.

We will not see the disabled protesting at the gates of Leinster House as the students have done. They will not be there with the People Before Profit Alliance or the new united left alliance, which is supposedly on the side of the people even though its economic policies are unbelievably scary. Those groups have to be exposed.

I stand here on behalf of gnáth daoine, the ordinary people, who need us as their social conscience and voice of reason. These are the people with whom I grew up or met every summer on the wheelchair holiday with the COPE foundation. They are the people who did not have a voice for themselves. They cheered when the Government granted them huge increases. The other day I met a woman in Ballyphehane who is voting for Fianna Fáil. She told me she could not vote against Deputy Bertie Ahern because of all the money he put into her pension. If we take this as an extension in a different way of the position taken by that lady, we are doing the opposite now. We are devaluing people and creating a new class. I do not believe the Minister wants to do this as I have heard him speak on radio and read his speech. I will listen to and argue with him regarding reform of the welfare state because I am very passionate about this issue.

An Leas-Chathaoirleach: The Senator is being repetitive.

Senator Jerry Buttiner: I am, and I apologise. If we are talking about the vulnerable, this part of the Bill should not be passed. The Minister should reconsider it. We have shown in our document that it can be done differently.

Deputy Éamon Ó Cuív: It cannot be done without affecting jobseekers.

Senator Jerry Buttiner: What has the Minister done with that section of the Bill, which is another difficulty? We are putting people into poverty to stay. Since the budget, I have met friends who told me they are better off on social welfare than by getting a job.

Deputy Éamon Ó Cuív: That is rubbish.

Senator Jerry Buttiner: It is not.

Deputy Éamon Ó Cuív: It is.

Senator Jerry Buttiner: I will argue the toss with the Minister. It is not.

Deputy Éamon Ó Cuív: There is only one circumstance.

An Leas-Chathaoirleach: Senator Buttiner to continue, without interruption.

Senator Jerry Buttiner: I will gladly argue this issue with the Minister until the cows come home. The Bill is about people, and we are here to represent the people, be their voice and be their representatives.

An Leas-Chathaoirleach: We are on section 3.

Senator Jerry Buttiner: I am on section 3. I will conclude on this point. If we value people, have a social conscience and want to have a just and fair society, we should not pass this section of the Bill.

Senator Paul Coghlan: I will cut to the quick. While I might not sound as passionate as my colleagues, I understand what they are saying. I know the Minister is a most reasonable and caring man. He has heard the arguments and, although I will not repeat them, they are overwhelming. Those we have been discussing are the weakest and most infirm of our people. While they cannot speak for themselves, my colleagues have spoken eloquently for them. I know the Minister has a heart. I believe there is something he can do to meet this situation and I genuinely plead with him to meet it.

Deputy Éamon Ó Cuív: Many issues have been raised. Since I came into the Department, we have been involved in much reform. A further Bill will come to the House this week which will prove this and deal with the introduction of the internship in order that private employers can take on people as interns. There is also the new Tús scheme, although I understand Senator Norris has a difficulty with the name "Tús", which means "beginning". We have all heard the seanfhocal, tús maith leath na hoibre. I hope this informs the erudite Professor from Trinity College. Obviously, Joyce must never have used the word "Tús" in any of his works. We are also introducing the public services card.

Probably the most radical change we are making is in regard to the partial capacity Bill, which will allow people on long-term disability payments to earn as much as they want and retain payments proportionate to the disability. This is the quickest and best way out of poverty for those who have a capacity to work but still have an underlying disability. Given my years of experience, while I fully recognise there are those who do not have a capacity to earn, for

[Deputy Éamon Ó Cuív.]

those who do, the quickest way out of poverty is not through more payments but through the right to work.

Senator Nicky McFadden: Hear, hear.

Deputy Éamon Ó Cuív: That Bill will come to the House later this week. I hope it is the bridgehead of a twin-track approach to this issue which would, on the one hand, facilitate those with a capacity to work but would retain payments proportionate to their needs and, on the other, would then allow us, by differentiating between the levels of capacity, to pay more money to those who have the type of disability that would make a person incapable of working or aspiring to work. If we could do that, many things would change. However, as the group comprises 150,000 people, it is too amorphous or heterogenous for this to be done in that way.

Senator McFadden raised the issue of blind pensioners. For obvious reasons, this includes partially sighted people and those with no sight. For family reasons, I have a fair bit of experience of at least one partially sighted person. If I am fair about it, the reality is that somebody with partial sight might not be as disabled as a severely disabled person who has multiple disabilities and cannot walk or talk and so on — I know people in that position. Therefore, I cannot understand how I could pick out one group of people who, I grant, are disabled but who are not necessarily the most disabled people, depending on the level of sight they have. I cannot say that this small group of 1,400 was exempt but the group of 150,000, which included some people with and some without severe disabilities, was not. I could not ignore the spectrum of those who would be judged either more disabled or not so bad, if disability could be graded. This is where my difficulty lay.

When I considered this issue, I decided invalidity allowance, disability allowance and blind pension would have to be in or out together — either all in or all out. If one stands back, one would have to take it as all in or all out, or one would not be fair. The more Members reflect on this and think of all the people they know with disabilities, including those with the most severe disabilities, the more they will realise such people are not necessarily partially sighted. This is the problem. It is not easy but we should at least be fair about the challenge.

Senator Nicky McFadden: Excuse me, Minister——

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

Deputy Éamon Ó Cuív: I will give way.

An Leas-Chathaoirleach: We must bear in mind that we are almost an hour on this section.

Senator Nicky McFadden: I am president of the Irish Guide Dogs for the Blind association in Athlone and we also owned a pet shop; therefore, I am acutely aware of the cost of maintaining a dog. It is a little disingenuous to try to grade disability.

Deputy Éamon Ó Cuív: Exactly.

Senator Nicky McFadden: It is difficult to do that and it is not right. I know people who are diabetic and have lost their sight through diabetes who completely depend on their dogs. I know how much it costs to train a guide dog, how hard it is to get one and how expensive it is to feed one, as they must be fed so they can perform to a standard. One also has to maintain them by going to the vet on a regular basis, which costs a lot of money.

Deputy Éamon Ó Cuív: That might be so, and I empathise with the Senator's point. However, I can find groups representing other disabilities who will come back and show there is an even greater cost of disability in their area. My view is that this has to be tackled — for the blind and for the disabled generally. However, there is no way to tackle it if we are not willing to bite the bullet and grade.

We have all known people in receipt of disability allowance who would walk into one's office. They would have a disability but not one that entails huge costs, and they would be mobile, drive their own car and so on. At the same time, we know people who are utterly dependent. My view is that if we persist in saying that all of those situations are exactly the same, it gets more difficult to try to do something extra for those with the more severe disabilities. When we discuss the partial capacity legislation, people will see the principle about which I am talking. In most of these schemes what is measured is one's ability to work. If one's capacity to work is at a level of 20% or less, one can keep one's full payment and work with no limit on the hours worked or the income earned, subject to periodic medical examinations to show one's condition has not improved. If one's capacity to work is at a level of 50% to 80%, one is allowed to keep half of the payment and work as much as one wants. The idea is that one recognises different grades. It is said that is very difficult but every day we make a fine call. People talk about carer's allowance. We must make a call as to whether constant care and attention is required. We have all seen the person at the margin who has been refused disability allowance and must fall back on jobseeker's allowance. We then see the person who is so disabled that it is an open and shut case and about which there is no argument.

We need to debate how we should move forward. If we really want to look after those with the most severe level of disabilities, we must have the ability to treat groups differently, as we do in the case of jobseeker's and disability allowances. In some cases, it is a fine call, while in others, it is a very easy one. I spent days trying to determine if there was a way out. If the numbers were small, I could have done it because I would not have had to impinge significantly on the rate paid to jobseekers. However, they were too large.

A point was made about supports. One of the things I have always encouraged those involved in the rural social scheme and the community employment scheme to do — I will now encourage those involved in the new Tús scheme, which means beginning —

Senator David Norris: I shall come back to it. The Minister can leave it alone. I have heard his answer and will deal with it.

Deputy Éamon Ó Cuív: Good. It is a new beginning.

Senator Nicky McFadden: Every day is a new beginning.

Deputy Éamon Ó Cuív: Exactly. I hope that, subject to the normal checks, Garda clearance and so on, we can increase the number of home visits, day care centres and so on. Those involved in these schemes are often very good at this work which they are very willing to do.

A point was made about the price of electricity going up. It is a fair one, which is why it was vital that we were not sneaky and did not cut the electricity allowance by reducing the number of free units. If the price of electricity goes up, the Department will meet the extra cost. When one looks at the list of items we did not touch, one can see we were strategic on behalf of the most vulnerable. The fuel allowance, the household packages and the free travel scheme were not cut. If the price of fuel for vehicles goes up, one will still have one's free travel card and the State will meet the extra cost. If electricity or telecommunications charges go up, the State will bear the cost. We did not touch many elements of the social welfare package which are much more expensive than is realised.

[Deputy Éamon Ó Cuív.]

I know this is not a debate on tax but reference was made to high earners. There is a theoretical argument which I accept. We wanted to rationalise the PRSI scheme, a matter which is very relevant to this debate, and apply a figure of 4% to everybody in order that one could deal with the issue of the universal charge and the tax system in a coherent way, something we have avoided doing for a long time and which created glitches in the system. We have abolished the €75,000 threshold and said the figure is 4% for the self-employed. I accept that, because of the way the various systems interact, a small group earning more than €200,000 could, theoretically, make a modest saving. However, one must ask the following question if one wants to be fair. How do the people concerned avoid paying very large amounts of tax and, effectively, get away with paying low rates? The rate was 55% for the self-employed and 52% for employees but now it will be 52% for everybody. People got away with paying low rates of tax through the use of tax shelters and investing large amounts of money in pension schemes. They were the two ways the super rich, in particular, and the self-employed millionaire avoided tax. We considered that, by eliminating tax shelters, there would be a tax gain. People are worried about a possible loss of 3% on a very small portion of income but, by making a 52% gain on a large portion of income, one is significantly increasing the tax take. Similarly, by moving step by step on pension contributions, one will make a huge gain from the very well-off. Hitting them for the full amount of tax is much more effective than making a adjustment of 2% or 3% at the top rate of tax. Therefore, when one looks at the analysis of the budget, one will find people have been hit in the pocket, rightly so.

Senator David Norris: I will make a brief intervention because I know the business of the House must continue. On the troubled matter of Tús, I heard the Minister's intervention. He explained it with a seanfhocal which I understood. If I am correct, it means "a good start is half the work". I said I assumed it meant "start" or "beginning"; therefore, I was right. If the Minister considered my inadequacy was in the Irish language, it would have been courteous to explain it in English because then it would have been understood by all. However, I understood it. I was curious as to whether this was the meaning or whether it was an obscure acronym as Gaeilge.

Deputy Éamon Ó Cuív: No.

Senator David Norris: The application of mathematical models to human disability is a rather unattractive trait in government. That is what we are seeing in this instance and I do not like it. I have always believed in the old socialist maxim, from each according to his or her ability to each according to his or her need, but I am not sure that is what the Bill does in any convincing way. The Minister has not provided me with a satisfactory explanation.

Carer's allowance was mentioned by the Minister. The solution is wrong. As I said — I will not repeat myself *ad nauseam* — the bill for this disaster is being presented to the most vulnerable in this society. That is a shame. For that reason, I will vote against the Bill.

The question of home care services arose on the Order of Business as a result of a very informative and good television programme broadcast last night. However, I have reservations about it such as the use of the visual image of the elderly woman concerned. I am not sure if her permission was obtained or if she was in a position to grant permission, but it was a very powerful image. I raised the matter in the House a year ago. Someone was going into a person's home without a basic rudimentary facility in the English language, not the Irish language. The person in question was supposed to give medication and look after the patient concerned in her home. The explanation was that her brother spoke English and that he could be contacted

by telephone. There was no Garda examination. There is a raft of issues involved, but I will not continue *ad nauseam* because I know we want to conclude this debate.

It is a very serious moment and it is regrettable we are at this stage. I do not believe this is the only solution. I look beyond to a different financial solution altogether. The Minister can nip, pare and prune. I know a little bit about pruning. When one prunes a rose tree, for example, it is important to prune at exactly the right point in the bush, at the right time of the year and at the right level of severity. Those are the three criteria. The Minister and his colleagues can prune all they like but it will not work. This situation is going to explode right in our faces down the line. That, regrettably, is my view of the situation. It would have been better for us to face it now and to warn our colleagues in Europe that they should show real solidarity with us instead of trying to squeeze the unfortunate people on the margins in Ireland to pay the gambling debts of the bankers. That is my view and for that reason I will be voting against the Bill on every opportunity there is to vote. I say this despite the fact I know a lot of people who think it is great to cut back because there are spongers around. This is what people are saying. What we have managed to do now is to disadvantage our community further by splitting it and dividing it. I will end on this note. We have heard a great deal about the national recovery plan. I do not think this country can take any further recovery. Any more recovery as it is used in this sense will kill the country and its communities.

Senator Jerry Buttiner: I will be brief. The Minister said in his statement that he had empathy for the people who have no capacity to work. If one takes that statement to its logical next step then every person who is not able to work should be able to get the full allowance. The Minister did not revert to me about tackling the issue of fraud.

Deputy Éamon Ó Cuív: Did the Senator say that everyone who is not able to work should be given the full allowance?

Senator Jerry Buttiner: I said they should get the full allowance. There should be no cuts for people who cannot work in whatever capacity.

Deputy Éamon Ó Cuív: I do not know who they are.

Senator Jerry Buttiner: I think we do. The Minister referred in his contribution to people on disability allowance, the blind person's pension and invalidity pension.

Deputy Éamon Ó Cuív: There are people in that group who have the capacity to work.

Senator Jerry Buttiner: I am referring to those who have no capacity to work. The Minister spoke about activation measures but there are people who genuinely cannot work and they should not face any difficulty in receiving the disability allowance, but they are. The Minister spoke about work participation activation measures. At the height of the Celtic tiger era, the boom did not create a huge surge in work participation levels of people with intellectual disabilities. Many people with intellectual disabilities can make a great contribution to the workplace if the correct supports are put in place.

Deputy Éamon Ó Cuív: On the last point, I fully agree with Senator Buttiner. I suggested to my Department and to FÁS that a compendium of the assistance available to employ people with disabilities should be compiled. I have asked for the production of a single document to include——

Senator Jerry Buttiner: How many quotas have been met in the public service?

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

Deputy Éamon Ó Cuív: I am referring to my role as Minister.

Senator Jerry Buttmer: I know, but my question is important.

Deputy Éamon Ó Cuív: I believe we should do a lot more to ensure, not only for financial gain but also for personal and social well-being, that people can work. Most people who can work would prefer to work and are better off, socially and mentally, when working. There is good medical evidence to bear this out. I am putting all this information together because many people are not aware of the different organisations and of what is available. I could not agree more with the Senator in this regard.

I refer to what Senator Norris said. I remember being in the Seanad. One aspect to being in the other House is that I miss the Senator's oratory every week. I know his capacity in the Irish language. It was passed on to me that he had a query about a name. It is called Tús and there is no funny meaning behind it. He said he did not like things being done by mathematical formula. I agree with him that it would be preferable if one could treat everyone individually and decide what payment to allow. This is not practical. However, I have good news for the Senator. We want to aim to have a system for treating everyone according to their needs.

Senator David Norris: Including the blind.

Deputy Éamon Ó Cuív: Including everyone. That means one has to make a call — which can be appealed — on the level of support, disability, ability, capacity, call it whatever one wants in the negative or the positive, of each individual. One then tries to tailor an individual package to that person's requirements and assist him or her to obtain the maximum out of life. This is the way social welfare should be in the future. It should be a much more personal package. Some countries are moving in that direction and I want to move in that direction. It means there would not be all these traps in the system. It would be a case of helping a person to get back into employment or into a scheme, into a better space, so to speak. If a person with a disability wants to work and has some capacity to work, we will offer supports, financial and otherwise, to create the possibility of that person engaging in the workforce if that is what he or she wishes to do. We will aim to counter-balance the fact that a person with a severe disability cannot work and has no capacity to work. This will require radical reform. We have published three documents about single age payments.

Many of the problems I faced in a short time in dealing with this budget would have been avoided had we had a much more nuanced and a person-centred system. It will be a step by step process. The first step is later this week with the partial capacity scheme proposal. It will take years to get to where I would like to be but we should start down the road, no matter how long it is, to a much more person-centred social welfare system. In the time I am Minister I will continue to follow this.

There are currently approximately 20 schemes administered by the Department. It is a mathematical formula and it is black and white as to whether a person is included in the scheme. The appeals system allows for questions as to whether the person being cared for needs full-time care and attention. The answer is either yes or no and there is no half-way house. The formula is very simple. For example, a person is entitled to disability allowance if he or she does not have capacity to work for the following year because that is the definition of disability allowance. There is also the question whether a person has a capacity to work or is likely to have within the coming year. We have to move away from the use of such a formula.

As a serious Chamber of reflection, the Seanad could play a significant role in developing policy in a serious and reflective way rather than a partisan way. I think most of us would agree on the future direction.

I will repeat the point as I saw it and it is very simple. Approximately 1.5 million people are in receipt of a social welfare payment. If they are divided into three groups, pensioners receive €490 million. If one takes them out of the equation and when another third of the remaining million is taken out, then all the burden falls on the remainder. I would have been criticised, had I done this, for taking too much from people who, in their own way, are very vulnerable, are often on the margins of society and many of whom are long-term unemployed and do not have great prospects for work in the short term.

I was interested in what Senator Norris said. He said he would not cut so much. What we are facing reminds me of my co-op days. When I was running the co-op, we were always short of money and just surviving. When one was hanging in there, in the interest of the common good one became very tough. I remember having to let people go from the timber mill because otherwise the whole timber mill would go and there would be nothing to come back to. I believe I was right to make some hard decisions at the time and history has vindicated me because the person who took over the mill from me created 200 jobs where we had 30, but those 200 jobs would not be available if the mill was not in place.

Senator David Norris: The Minister cannot have been all that good at it if they made——

An Leas-Chathaoirleach: The Minister on section 3.

Deputy Éamon Ó Cuív: Similarly in the situation in which we find ourselves, my belief is quite simple. If we did not have the bottle to make the adjustment to allow us to continue to fund the services of the State, I would not be here talking about cutting pensions and other payments. We would be talking about a one third cut of everything across the board because the State would run out of borrowed money and we would need to live on the tax take of approximately €32 billion or €33 billion along with the PRSI bringing it up to €40 billion. We would be so short of money, that is what we would need to do.

Being faced with the dilemma of making the €6 billion in adjustments we have made or having to make one three times greater, it was a no-brainer to me to bite the bullet regardless of how misunderstood or misrepresented we would be and to make the hard decision because any other decision would have visited much greater hardship on our people, especially those who depend on my Department for their slice of the €21 billion we will pay out in the coming year. I keep looking for the magic bullets. I have not yet seen a magic bullet that did not have within it some very explosive content and which, if one tried to use it, would visit much greater havoc than has been visited already.

There are two popular theories. One would be if one starts reneging on one's debts, one cannot borrow money. It is difficult for a person to say to the bank manager that they will not give back what the manager lent them and that they want more money at the same time. Then there are those who say the banking system is of no consequence. I often wonder how many people have thought what would happen if everyone woke up tomorrow morning and the banks were closed. They would have no access to their accounts, could not get money from the ATM and literally the only money they could use would be the money in their pockets. It is vital we make the hard cuts. Fine Gael is the only Opposition party that has come to that reality. It sometimes gives us proposals within the €6 billion that are somewhat fanciful but at least it recognises the reality that unless one funds the State, what we are doing in this Bill could be considerably worse. No one in the past two years has convinced me that there is some easy way out of this that would keep everything intact and give us the money we need to run the State.

Question put.

The Committee divided: Tá, 28; Níl, 20.

Tá

Boyle, Dan.	Keaveney, Cecilia.
Brady, Martin.	Leyden, Terry.
Butler, Larry.	MacSharry, Marc.
Callely, Ivor.	McDonald, Lisa.
Carroll, James.	Mooney, Paschal.
Carty, John.	Ó Brocháin, Niall.
Cassidy, Donie.	Ó Domhnaill, Brian.
Corrigan, Maria.	Ó Murchú, Labhrás.
Daly, Mark.	O'Brien, Francis.
Dearey, Mark.	O'Malley, Fiona.
Ellis, John.	O'Sullivan, Ned.
Feeney, Geraldine.	Ormonde, Ann.
Glynn, Camillus.	White, Mary M.
Hanafin, John.	Wilson, Diarmuid.

Níl

Bacik, Ivana.	Healy Eames, Fidelma.
Bradford, Paul.	McFadden, Nicky.
Burke, Paddy.	Mullen, Rónán.
Buttimer, Jerry.	Norris, David.
Coffey, Paudie.	O'Reilly, Joe.
Coghlan, Paul.	Phelan, John Paul.
Cummins, Maurice.	Prendergast, Phil.
Donohoe, Paschal.	Ross, Shane.
Fitzgerald, Frances.	Ryan, Brendan.
Hannigan, Dominic.	White, Alex.

Tellers: Tá, Senators Niall Ó Brocháin and Diarmuid Wilson; Níl, Senators Maurice Cummins and Nicky McFadden.

Question declared carried.

SECTION 4

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

An Cathaoirleach: Is section 4 agreed to?

Senator Nicky McFadden: It is not agreed. We oppose it.

Question put.

The Committee divided: Tá, 28; Níl, 20.

Tá

Boyle, Dan.	Feeney, Geraldine.
Brady, Martin.	Glynn, Camillus.
Butler, Larry.	Hanafin, John.
Callely, Ivor.	Keaveney, Cecilia.
Carroll, James.	Leyden, Terry.
Carty, John.	MacSharry, Marc.
Cassidy, Donie.	McDonald, Lisa.
Corrigan, Maria.	Mooney, Paschal.
Daly, Mark.	Ó Brocháin, Niall.
Dearey, Mark.	Ó Domhnaill, Brian.
Ellis, John.	Ó Murchú, Labhrás.

Tá—*continued*

O'Brien, Francis.
O'Malley, Fiona.
O'Sullivan, Ned.

Ormonde, Ann.
White, Mary M.
Wilson, Diarmuid.

Níl

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

Healy Eames, Fidelma.
McFadden, Nicky.
Mullen, Rónán.
Norris, David.
O'Reilly, Joe.
Phelan, John Paul.
Prendergast, Phil.
Ross, Shane.
Ryan, Brendan.
White, Alex.

Tellers: Tá, Senators Niall Ó Brocháin and Diarmuid Wilson; Níl, Senators Maurice Cummins and Nicky McFadden.

Question declared carried.

An Cathaoirleach: As it is now after 8.30 p.m., I am required to put the following question in accordance with an order of the Seanad of this day: "That, in respect of each of the sections undisposed of, the section is hereby agreed to in Committee——

Senator David Norris: On a point of order——

Senator Frances Fitzgerald: A Chathaoirligh——

An Cathaoirleach: —that Schedules 1, 2 and 3 are hereby agreed to in Committee——

Senator Maurice Cummins: What about the use of the guillotine now?

Senator David Norris: The record should show that the Leader, Senator Cassidy, is guillotining the debate.

An Cathaoirleach: —that the Bill is, accordingly, reported to the House without amendment——

Senator Frances Fitzgerald: On a point of order, the Leader is guillotining the debate on the Bill.

An Cathaoirleach: —that Fourth Stage is hereby completed——

Senator Maurice Cummins: There was no Report Stage debate.

An Cathaoirleach: —that the Bill is hereby received for final consideration——

Senator Maurice Cummins: This is a guillotine.

An Cathaoirleach: —and that the Bill is hereby passed."

Senator David Norris: The debate has been guillotined.

Question put.

The Seanad divided: Tá, 28; Níl, 19.

Tá

Boyle, Dan.	Keaveney, Cecilia.
Brady, Martin.	Leyden, Terry.
Butler, Larry.	MacSharry, Marc.
Callely, Ivor.	McDonald, Lisa.
Carroll, James.	Mooney, Paschal.
Carty, John.	Ó Brocháin, Niall.
Cassidy, Donie.	Ó Domhnall, Brian.
Corrigan, Maria.	Ó Murchú, Labhrás.
Daly, Mark.	O'Brien, Francis.
Dearey, Mark.	O'Malley, Fiona.
Ellis, John.	O'Sullivan, Ned.
Feeney, Geraldine.	Ormonde, Ann.
Glynn, Camillus.	White, Mary M.
Hanafin, John.	Wilson, Diarmuid.

Níl

Bacik, Ivana.	McFadden, Nicky.
Bradford, Paul.	Mullen, Rónán.
Burke, Paddy.	Norris, David.
Buttimer, Jerry.	O'Reilly, Joe.
Coffey, Paudie.	Phelan, John Paul.
Coghlan, Paul.	Prendergast, Phil.
Cummins, Maurice.	Ross, Shane.
Donohoe, Paschal.	Ryan, Brendan.
Fitzgerald, Frances.	White, Alex.
Hannigan, Dominic.	

Tellers: Tá, Senators Niall Ó Brocháin and Diarmuid Wilson; Níl, Senators Maurice Cummins and Nicky McFadden.

Question declared carried.

Social Welfare Bill 2010: Motion for Earlier Signature

Senator Donie Cassidy: I move:

That pursuant to subsection 2° of section 2 of Article 25 of the Constitution, Seanad Éireann concurs with the Government in a request to the President to sign the Social Welfare Bill 2010 on a date which is earlier than the fifth day after the date on which the Bill shall have been presented to her.

Question put.

The Seanad divided: Tá, 28; Níl, 19.

Tá

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

Tá—continued

Keaveney, Cecilia.	Ó Murchú, Labhrás.
Leyden, Terry.	O'Brien, Francis.
MacSharry, Marc.	O'Malley, Fiona.
McDonald, Lisa.	O'Sullivan, Ned.
Mooney, Paschal.	Ormonde, Ann.
Ó Brocháin, Niall.	White, Mary M.
Ó Domhnaill, Brian.	Wilson, Diarmuid.

Níl

Bacik, Ivana.	McFadden, Nicky.
Bradford, Paul.	Mullen, Rónán.
Burke, Paddy.	Norris, David.
Buttmer, Jerry.	O'Reilly, Joe.
Coffey, Paudie.	Phelan, John Paul.
Coghlan, Paul.	Prendergast, Phil.
Cummins, Maurice.	Ross, Shane.
Donohoe, Paschal.	Ryan, Brendan.
Fitzgerald, Frances.	White, Alex.
Hannigan, Dominic.	

Tellers: Tá, Senators Niall Ó Brocháin and Diarmuid Wilson; Níl, Senators Maurice Cummins and Nicky McFadden.

Question declared carried.

Business of Seanad

An Cathaoirleach: Will the Leader clarify the arrangements for dealing with No. 5?

Senator Donie Cassidy: I propose that the sitting be suspended until 9.10 p.m.

Senator Paul Coghlan: That is not long enough.

Sitting suspended at 8.50 p.m. and resumed at 9.05 p.m.

Financial Emergency Measures in the Public Interest (No. 2) Bill 2010: Second Stage

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

Minister of State at the Department of Enterprise, Trade and Innovation (Deputy Conor Lenihan): The Bill gives effect to the decisions of the Government to reduce the public service pensions bill by approximately €100 million in 2011, to apply a substantial reduction to the pay of members of the Government and to allow the Minister for Enterprise, Trade and Innovation to set a new lower national minimum wage. It is the Government's strongly held conviction that to reduce the deficit and continue on the road to economic recovery, Government spending must be reduced. The cost of providing public services must be brought into line with sustainable revenue levels. Without a correction, the current pattern of spending is simply not sustainable.

The Government has not decided to reduce pensions or the national minimum wage lightly. All of us wish Ireland was not in this position and that our society did not have to face such difficult choices.

The serious threat to Ireland's economic well-being has, if anything, been further underlined since last year when this House passed the two Financial Emergency Measures in the Public

[Deputy Conor Lenihan.]

Interest Acts. Senators will see that the recitals to the Bill show this policy background in some detail. We are facing a very serious disturbance in the economy and a serious deterioration in revenue levels. As Senators will be aware, the crisis is such that Ireland must now avail of financial assistance programmes provided by the IMF and the European Union.

It is important to stress that the Government is also sharing the burden. In asking others to accept income reductions, the Bill shows that the Taoiseach, the Tánaiste and Ministers are accepting significant reductions in pay. Pensions for Government members will also be reduced as part of the measures being introduced for the whole public service.

While the public service pay bill has been reduced by 8% since 2009, public service pension costs continue to rise and pensions now account for almost 15% of the total public service pay and pensions bill. Overall, the pensions bill has increased from €1.35 billion in 2005 to over €2.7 billion in 2010, representing more than a 100% increase during the period. The Comptroller and Auditor General's 2010 report shows that the number of public service pensioners increased from 113,384 in 2008 to 123,954 in 2009, while the accrued cost outstanding of pensions has risen from €108 billion to €116 billion in that time, an increase of 7.4%.

Debate adjourned.

Business of Seanad

Senator Donie Cassidy: I propose an amendment to the Order of Business, that Second Stage conclude not later than 10.30 p.m., with the Minister to be called upon at 10.20 p.m. to respond to the debate.

Senator John Paul Phelan: Agreed.

Acting Chairman (Senator Paul Bradford): Is that agreed? Agreed.

Financial Emergency Measures in the Public Interest (No. 2) Bill 2010: Second Stage (Resumed)

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

Minister of State at the Department of Enterprise, Trade and Innovation (Deputy Conor Lenihan): Available revenues have gone back to 2003 levels and, in order to assist growth in the economy, the cost of public service pensions must be brought back into line with revenue. There is a widening gap between the emergency burden being borne by those in public service employment and those in retirement.

The reduction in pensions will apply to everyone in receipt of a public service pension greater than €12,000 per annum. It is a tapered measure which provides for a greater reduction for those with larger public service pensions and will be progressive. Former public servants in receipt of high rates of superannuation benefit, including former members of the Government and the Oireachtas and other officeholders, including the Judiciary, will bear the highest reductions.

The Bill does not alter pension terms; pensions will be calculated in the standard way and then reduced by reference to the table included in section 2. The Bill will have no effect on lump sums or gratuities. The reduction applies to public service occupational pensions only. It does not apply to any State pension which a pensioner may receive from the Department of Social Protection.

The Bill provides for an average reduction of some 4% of pensions in the case of existing public service pensioners and those public servants who retire before the ending of the pay cut grace period, within which pensions will continue to be calculated *prima facie* on the basis of December 2009 pay rates. In that connection, the Minister for Finance will make regulations to extend the grace period — the period during which the pensions of retiring public servants will be calculated by reference to pre-1 January 2000 pay rates — to the end of February 2012 which will then become the “relevant date” mentioned in the Bill. The proposed extension is to avoid the effect of a spike in lump sum costs in 2011 caused by public servants bringing forward their retirement plans in order to benefit from the grace period. Such a spike would have consequences for the general Government balance. The pension reduction will not apply to anyone who retires or whose preserved benefits come into payment after the grace period ends. Such pensions will be calculated on the basis of the salary rates currently in payment.

The exemption limit of €12,000 proposed is roughly equivalent to the State pension and the following rates and bands are estimated to produce some €100 million in savings in 2011: a 0% reduction on the first €12,000, 6% on the next €12,000, 9% on the next €36,000 and 12% on the remainder. This means a public service pensioner on, say, €27,000, will be subject to a reduction of about €1,000 per annum. Any spouses’ and children’s pensions awarded to pensioners affected by the measure will be subject to the reduction provided for in the Bill, that is, their pensions will not be calculated by reference to the pay rates applicable to pensions awarded at the time of the pensioner’s death. The majority of spouses and children affected by the measures proposed are also in receipt of widow or widower State pensions.

The proposed reduction in public service pensions should also be placed in the context of the general reduction in prices, that is, the CPI is now at 2007 levels, whereas public service pensioners received general round increases of 2% in June 2007, 2.5% from March 2008 and 2.5% in September 2008 — an increase of approximately 7%.

In contrast to the public service position, the majority of private sector workers have no occupational pensions and for those who have made some provision, the prospects are not good as many funds are in deficit. For those pension scheme members who have defined contribution arrangements or personal retirement savings accounts, negative market returns have greatly reduced their pension savings and the minority who have defined benefit promises face the prospect of not receiving all they have been promised.

The Bill is necessary to give effect to the €100 million reduction identified in the national recovery plan. The savings to be made under the Bill will play an important part in the task of bringing Ireland’s public finances under control and the deficit into line with agreed EU targets.

The Bill makes further cuts in the pay of the Taoiseach, the Tánaiste and Ministers. At the beginning of this year, like all public servants, the Taoiseach, the Tánaiste and other members of the Government accepted a substantial cut in their rates of pay. The cuts applied were in accordance with the recommendations of the Review Body on Higher Remuneration in the Public Sector which was established in the 1960s to make recommendations to the Government on the levels of remuneration appropriate to senior public service posts. For the purposes of this new exercise, it benchmarked the rates of pay of the Taoiseach and Ministers against their equivalents in a number of countries and recommended reductions of 20% in the case of the Taoiseach and 15% in the case of Ministers. These reductions which were the highest applied in the public service were accepted and implemented in full by the Government. The reductions reflected the fact that, in good times, pay rates in the public service had moved ahead of what we can now afford.

[Deputy Conor Lenihan.]

The reductions in public service pay generally which were introduced in budget 2010 brought pay levels back to a more reasonable and affordable level. By accepting a higher level of reduction, the Taoiseach and Ministers have shown that they are fully prepared to shoulder an additional burden. It is the strong view of the Government that they should take a further reduction in their pay because they are asking so much of others in the budget. Under section 7 of the Bill, the Taoiseach's gross pay will, therefore, be reduced again by over €14,000, the Tánaiste's by over €11,000 and Ministers by over €10,000. There can hardly be clearer or better evidence to show that the Government is taking an appropriate adjustment that reflects the difficult circumstances facing the country. The combined change is reflected in the Bill which amends section 2 of the Financial Emergency Measures in the Public Interest (No. 2) Act 2009 by substituting the increased reductions for those applied on 1 January this year. The reduced pay rates will have effect from 1 January 2011.

I turn to the reduction in the national minimum wage. According to various surveys, there are between 50,000 and 80,000 workers earning €8.65 per hour or less and they represent between 3.5% and 5% of the labour force. A recent study entitled, Review of Labour Force Competitiveness, undertaken by Forfás for the Department of Enterprise, Trade and Innovation, concluded that it was likely that the presence of the national minimum wage influenced wage levels for a further 26% of the labour force, that is, those within 1.5 times of the national minimum wage. The Forfás report found that the national minimum wage impacted on sectors in different ways. Sectors such as wholesale and retail, hotels and restaurants, and other services sectors tend to have significantly more workers engaged on or just above the national minimum wage than internationally trading sectors. The sectors and occupations in which the greatest job losses have occurred generally coincide with those in which the national minimum wage is most prevalent, although these sectors have also experienced a major collapse in demand for their output. The national minimum wage was introduced during a period of sustained economic growth and rapid wage increases. Our circumstances have changed dramatically in the past three years. Price levels have reduced and earnings have adjusted downwards to help to preserve jobs. A reduction in the minimum wage level is needed to remove any possible barriers to job creation.

Where a minimum wage is imposed at an excessively high level, unemployment will result. Some workers will be willing to work for a wage lower than the minimum wage but employers are restricted from providing these job opportunities. Other negative effects include it acting as a barrier for younger and less skilled workers to enter the labour force and take up jobs; preventing small and medium-sized enterprises, SMEs, from adjusting wage costs downward to maintain viability and improve competitiveness; and reducing the capacity of the services sector to generate additional activity and employment through lower prices for consumers. The Government has reluctantly decided, therefore, that it is necessary to reduce the rate of the national minimum wage by €1 per hour to €7.65.

Of the 27 member states of the EU, 20 have national legislation setting statutory minimum wages. Our minimum wage is the second highest in absolute terms compared with other EU countries and is sixth highest when expressed in purchasing power terms. The minimum wage has been increased six times since its introduction in 2000 and is currently 55% higher than its original level. By contrast, it is forecast that the consumer price index will have increased by approximately 28% since 2001. Therefore, the current national minimum wage of €8.65 is significantly higher in real terms than when it was first introduced more than ten years ago.

The Bill has a preamble and recitals similar to those used in the Financial Emergency Measures in the Public Interest Acts 2009, situating the measure in the context of the severe budgetary and fiscal crisis facing the State. Section 1 is the interpretation section and repeats many of the definitions used in the legislation last year with regard to the public service pension scheme, etc. A new definition is that of “pensioner”, who is defined as a person who is entitled to a public service pension payable under a public service pension scheme, or has a preserved benefit in a public service pension scheme with preserved pension age falling before the relevant date, or is a surviving spouse or child of a public servant or former public servant who was himself or herself entitled to payment of a public service benefit before the relevant date. This is because someone in receipt of a public service pension benefit, such as a spouse, may never have been a public servant.

“Public servant” is defined to cover office holders or employees of public service bodies. “Office holders” include the President, Members of either House of the Oireachtas, members of the Judiciary, a military judge appointed under Chapter IVC of Part V of the Defence Act 1954, members of local authorities, Members of the European Parliament, and qualifying office holders such as Ministers, the Attorney General, the Chairman and Deputy Chairman of the Dáil and Ministers of State.

“Public service body” means the Civil Service, the Garda Síochána, the Permanent Defence Force, local authorities, the National Treasury Management Agency, the Health Service Executive, the Central Bank of Ireland, vocational educational committees, the Economic and Social Research Institute, the Institute of Public Administration, primary and secondary schools, third level institutions, and the non-commercial semi-State bodies where a public service pension scheme exists or may be made.

“Public service pension” is a periodic pension payment, which is not a lump sum, payable to or in respect of a public servant or former public servant under a public service pension scheme. It is important to note that unlike the pension benefits to be calculated after the end of the grace period, the lump sum is not affected by this Bill. The definition of public service pension scheme does not include a scheme or arrangement in respect of a body specified or referred to in the Schedule, that is, bodies considered “commercial” in nature, or bodies whose schemes are subject to the minimum funding standard under the Pensions Act.

The “relevant date” is the date specified by the Minister under section 3(1)(b)(ii) of the Financial Emergency Measures in the Public Interest (No. 2) Act 2009, that is, the date which ends what is commonly known as the grace period within which retiring public servants would have their pensions calculated by reference to the pay rates applying before the application of the pay reductions introduced by section 2 of that Act. The Minister for Finance will extend this to the end of February 2012.

Section 2 requires that the proportionate reduction must be made by the paying authority with effect from 1 January 2011 from the public service pensioner’s pension by reducing the annual pension using the annual rates and bands decided by the Government: no reduction on the first €12,000, 6% on the next €12,000, 9% on the next €36,000 and 12% on the remainder. The section also provides that the reduction shall be made notwithstanding existing arrangements, including enactments, statutes including university statutes, pension schemes, circulars, instruments, contractual or written arrangements or verbal agreements, arrangements or understandings or any expectation.

Section 3 provides that the calculation of the public service pension entitlement shall not be affected by the reduction measure, which is applied after the pension is calculated in the normal

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way. Section 4 provides that the reductions of public service pensions under section 2 shall be paid or disposed of as the Minister may direct and that where the amount of any reduction in a public service pension under section 2 has not been duly remitted in accordance with this section, the Minister may recover the amount from the paying authority concerned as a simple contract debt in any court of competent jurisdiction.

Section 5 states that a pensioner is not entitled to receive an amount of public service pension greater than the amount provided for in section 2. It also provides that if a paying authority pays to a pensioner an amount of public service pension greater than the amount provided for in section 2, then the pensioner shall have no legal entitlement to the overpayment, which shall be recovered. The Minister may direct a paying authority in writing to recover the overpayment. If the overpayment has not been recovered by the paying authority, the Minister may reduce or adjust the financial support given to the body accordingly.

Section 6 provides that where the Minister is satisfied that exceptional circumstances exist because of some particular aspect or condition relating to the pension, the public service pension or the public service pension scheme concerned, including the funding of that scheme in respect of a particular class or group of pensioners, and those circumstances materially distinguish that class or group from other classes or groups of pensioners to which section 2 applies, then the Minister, if he or she considers it to be just and equitable in all the circumstances to do so, may by direction exempt that class or group from the operation of section 2, either entirely or to such extent as the Minister considers appropriate, or modify the operation of section 2 to reduce their public service pensions in such manner as the Minister thinks fit, having regard to the nature and degree of the financial burden that would otherwise be borne by that class or group. This is an important section modelled on similar provisions in the earlier legislation.

Section 7 amends the Financial Emergency Measures in the Public Interest (No. 2) Act 2009 to provide for an additional reduction in the remuneration of the Taoiseach, the Tánaiste and Ministers of the Government to take effect on 1 January 2011. The remuneration of the Taoiseach will be reduced by 25% instead of the 20% reduction applied on 1 January 2010, to €214,187. The remuneration of the Tánaiste will be reduced by 19.5% instead of the 15% reduction applied on 1 January 2010, to €197,486, and that of Ministers of the Government will be reduced by the same percentage, to €181,283. Subsection (2) is a clarification.

Section 8 amends section 3 of the Financial Emergency Measures in the Public Interest (No. 2) Act 2009 to include a person who was at some time before the date specified under paragraph (b)(ii) of that section a public servant and has a preserved benefit in a public service pension scheme in respect of which the preserved pension age of the person falls on or before that date.

Section 9 inserts a new section into the Financial Emergency Measures in the Public Interest (No. 2) Act 2009, thereby providing that the ministerial direction under section 6 of that Act on the pay of Civil Service deputy secretaries and assistant secretaries and related grades elsewhere in the public service will not apply to the determination of their pension entitlements after the relevant date, that is after the grace period has expired. For the purposes of calculating pension for those who retire after February 2012, the effect is that the pensionable pay of these groups will be reduced in line with the general reduction being imposed on all public servants.

Section 10 provides for an annual review of the operation of the measures in the Bill, consideration of whether the provisions of the Bill continue to be necessary, and the making of

findings as the Minister thinks appropriate. A report of the review will be laid before each House of the Oireachtas.

Section 11 provides that the Minister may make regulations for the general implementation of this Act. Section 12 provides that where a doubt, question or dispute arises in the operation of this Act in respect of whether a person is or is not a person whose public service pension is subject to section 2, then such doubt, question or dispute shall be submitted to the Minister by the person who authorises or would authorise the payment of the public service pension concerned, and be determined by the Minister after consulting such persons, if any, as the Minister considers appropriate in the circumstances, and the determination of the doubt, question or dispute by the Minister shall be final.

Section 13 provides for the amendment of the National Minimum Wage Act 2000 as follows: section 11(1) provides that the Minister for Enterprise, Trade and Innovation shall, by order, vary the minimum wage rate to €7.65 per hour; section 11 (2) provides that the Minister for Enterprise, Trade and Innovation may amend or revoke the order from time to time; section 11(3) provides that the Minister for Enterprise, Trade and Innovation may amend or revoke the order, whether or not a recommendation has been provided for in a national economic agreement or in a Labour Court recommendation made following an application made by one or other of the main social partner interest; and section 11(4) sets out the criteria to be taken into account by the Minister for Enterprise, Trade and Innovation before making any future order. These are the same criteria that the Labour Court is obliged to consider under the Act before making a recommendation to the Minister. While the text is presented differently from that in the current legislation, it is expressed in a clearer manner and represents no policy change on the issue. Section 11(5) provides that the national minimum wage may include an allowance for board and/or lodgings. Such an allowance is provided for under the current legislation. Consequential amendments are made to sections 12 and 13 of the Act.

Section 14 provides for the Short Title of the Bill. The Schedule contains a list of bodies that are not covered by the measures introduced in section 2.

The budget announced on Tuesday began the process of implementing the national recovery plan with a wide range of taxation and expenditure measures designed to secure the budgetary position and put the economy on course to recovery. The preamble and recitals to the Bill show the scale of the difficulties Ireland faces. The future of the country is at stake and we must move at once to put in place the necessary policy response. This is the reason the Government decided to introduce this legislation to the House immediately. We do not have time to delay. The changes to the national minimum wage show we are determined to support employment creation and to restore competitiveness to our economy. It is entirely reasonable that some retired public service pensioners make a fair and proportionate contribution to the required adjustments in light of the generally favourable terms of public service pensions and the fact that, up to now, no adjustment of any kind has been made to those pensions.

Together with the pay reductions in this Bill, the Government has shown yet again it is prepared to shoulder the burden and will lead by example. The Government cannot and will not ask those in public service employment at the moment to bear significant additional burdens, or indeed ask the community as a whole to accept tax increases or expenditure reductions, while nothing is asked of those public service pensioners who can afford to do so to make a reasonable contribution. The measures in this Bill are a central and vital part of the Government's response to the economic crisis. I commend the Bill to the House.

Senator John Paul Phelan: I welcome the Minister of State, Deputy Conor Lenihan. Fine Gael does not support this Bill, which is emergency legislation that follows on the announcement in the budget last week regarding a reduction in the minimum wage, a reduction in pension provisions for retired public servants and a reduction in the wage paid to various office holders.

I have a number of difficulties with the proposals in the legislation and would like to refer to some of the issues raised by the Minister of State. When speaking about the reduction in public service pensions, he mentioned that bodies considered commercial in nature were excluded. I presume they are excluded for some reason to do with the contract of employment. Will the Minister of State elaborate on that in his concluding remark and outline to the House why those pensions are specifically excluded? He also went into detail with regard to various increases in the minimum wage over the past ten years and said we had come through a period of huge wage increases. I agree we did. However, the result of the passing of this Bill and of the budget is that the burden is being placed disproportionately on those who can least afford to pay.

I have a particular view of politics and economics and largely take the view that taxation should be as low as possible and that the Government should keep out of people's lives as far as is possible. However, the measures introduced by the Government in the past week are unsatisfactory. Just about an hour ago, we completed consideration of the Social Welfare Bill, which consisted of a series of attacks on the people who are least capable of paying for the economic mess in which we find ourselves. The reduction in the minimum wage is aimed at a sector that is not responsible for the economic mess we are in, but they are being asked to pay a disproportionately high price through the proposed reduction of €1 per hour in the minimum wage.

I am a member of the Oireachtas Joint Committee on Enterprise, Trade and Innovation and over the past 12 months the committee has received various submissions from unions and employers. Most of the employer groups did not suggest there was a need to reduce the minimum wage but did refer to our antiquated system of joint labour committees, registered employment agreements and employment regulation orders which allow some sectors of the economy to have a minimum wage three or four euro higher than the minimum wage of €8.65. The employers affected by these joint labour committee positions justifiably called for the position to be rectified, but few called for the minimum wage to be reduced. As a result of the announcement made in the budget to reduce the minimum wage, possible benefits may accrue to self-employed company directors. They may find themselves better off while people on the minimum wage could be up to €1,500 less well off. It is difficult to justify that.

These changes are coupled with a complete failure on the part of Government over the past two years to reduce its own costs. I welcome the measures in the Bill that reduce the wages of office holders, including those of the Taoiseach, Tánaiste and Members of the Government, but that should have happened a long time ago. It is unsatisfactory that even at this juncture our Taoiseach earns from €40,000 to €45,000 more per annum than the Prime Minister of the neighbouring island. This is unjustifiable. At a time when we are reducing the minimum wage of those in the lowest ranks of our economy, the cost of living has not decreased dramatically. There have been reductions in the cost of some of the basic requirements and grocery bills have been reduced, but the cost of services and of attending doctors or dentists and availing of such facilities has increased dramatically in recent years with no sign of a reduction during the current economic mess. Therefore, the costs faced by many families and individuals remain high, yet still the Government has attacked the minimum wage with this measure.

I understand and have some sympathy with the Government position on the reduction in the pension provision for retired public servants. People still working in the public service have faced a significant reduction in their incomes as a result of the different levies and measures imposed over the past two years, while people who retired prior to then enjoy a pension provision based on the income they had before they retired. I understand the need for an adjustment in that regard.

The Government did not lead by example in reducing its own costs. That is my primary difficulty with the Bill, alongside Fine Gael's objection to reducing the national minimum wage, rather than streamlining the joint labour committee system, registered employment agreements and employment regulation orders which impose additional charges in particular sectors of the economy. These changes were sought by employers in these sectors and could have been justified. We have an antiquated system of joint labour committees. The legislation recently passed by the Houses amended some of the systems in place, but it missed the opportunity to restore competitiveness without reducing the incomes of those who could least afford it.

Welfare payments for the unemployed have been cut, but the incentive to work will decrease when the national minimum wage is reduced. I am not ideologically hung up on the issue, but there is a danger that the incentive to work will be removed. I would like to hear the Minister of State's opinion on how we might avoid this possibility.

Senator Marc MacSharry: The Financial Emergency Measures in the Public Interest (No. 2) Bill 2010 gives effect to a number of the measures announced in the four year plan and the budget last week. There is no doubt some of them will be painful for every household in the country and everyone will have to make sacrifices and adjustments. Taken in isolation, the individual measures are unfair and difficult to contemplate but considered in their entirety they are as fair as they could be in the difficult economic circumstances facing the nation.

The Bill reduces certain public service pensions by an average of 4% to save €100 million in 2011. There is further scope to do this in future budgets. It is unsustainable for people to earn pensions that are multiples of their starting salary or average earnings during their careers. Somebody elected to the Dáil in 1969 would have earned the equivalent of €1,500 per year, but after a full 20 years would have been entitled to a pension of approximately €52,000. That is unjustifiable and we were unable to afford it, even at the height of the Celtic tiger. However, while it is appropriate that we revisit these issues, we should do so across the entire public sector. I welcome this as a contribution to the overall figure of €6 billion to be achieved this year.

Reference was made to further reductions in the pay of the Taoiseach, the Tánaiste and Ministers. I welcome these reductions, although there is scope for more. While it is enshrined in the Croke Park agreement that we must not touch public sector pay, we benchmarked wages against those in the private sector that was falsely bloated by an economy fuelled by an unsustainable property boom. In the medium term wages will have to be benchmarked against those in the public sector in other countries rather than the private sector. The first review by the independent body of the remuneration of the Taoiseach and the Tánaiste was based on the pay of their counterparts in other countries. This is the benchmark that should be used in the future and the process needs to begin sooner rather than later as we cannot afford to continue to pay ourselves at current wage levels.

Among the conditions set by the IMF is that further pay cuts will become a reality if the savings envisaged under the Croke Park agreement are not achievable. As I have previously pointed out, it is laughable in the extreme that, after nine months, it is considered that we need

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a further nine months to consider further pay cuts. If the agreement is truly the business plan for the public service to meet future demands and challenges, the matter would have been decided yesterday and implemented today. The commercial world has to operate in that context. We have to target the public service and political classes in the same way by introducing the level of agility demanded in the commercial sector to a cumbersome and lethargic public and political sector. A review of agreement needs to be conducted at the earliest opportunity and, if this is not done before the general election likely to be held in the spring, any new Administration will have to deal with the matter decisively in the interests of protecting the country's future.

Senator Phelan specifically referred to the Taoiseach, the Tánaiste and Ministers. I have had my rant on public sector pay in general, but it would also be useful to consider the figures involved. The average public sector worker's pay has already been reduced by 14%; Deputies' pay has been reduced by 26%, while Ministers have seen cuts of up to 40% and 46%. While that is certainly just and there may be scope for further cuts, it is superficial to focus on this area.

Senator John Paul Phelan: We have to lead by example.

Senator Marc MacSharry: I have no difficulty with giving leadership by example but others must also follow. The political class or those who are in control must deal with the issue. The Judiciary, for example, is ridiculously bloated. The highest judge in the land earns €225,000 compared to a figure of €35,000 in Romania and €20,000 in Andorra.

Senator John Paul Phelan: It is \$180,000 in the United States.

Senator Marc MacSharry: The proposed salary cap of €250,000 in semi-State companies is just, but, equally, there should be no sacred cows in existing companies. I accept these companies have a commercial mandate and it has often been argued that we will not attract the talent if we are not prepared to pay the appropriate salaries, but I doubt that is the case in this day and age. In a country with an excellent education system that produces fantastic graduates who work throughout the world €250,000 remains a great deal of money for which many Irish people with ability would be delighted to work.

On the Order of Business this morning I spoke about the good work being done by the Minister for Finance to reverse the proposed bonus payments to AIB workers. That bank's staff are effectively public sector workers at this stage because the State is the company's largest shareholder. The pay of senior executives has been capped at €500,000, while bonuses are not being paid for 2009, 2010 and, as a result of the Minister's actions, 2008. The banks as a whole have taken no pay cut whatsoever. While none of us wants to contemplate pay cuts, the reality is that the pay levels of staff in the banks were struck at a time when these banks were making profits for their shareholders and backed up by a great amount of commercial activity. That is no longer the case and a large amount of taxpayers' money — borrowed money — is now propping them up and ensuring they continue into the future.

We need to examine the pay grades throughout all the banks with a view to making savings on behalf of the taxpayer. This is not about punishing many of the hard-working people in the banks who bear no liability, such as the tellers one meets when one goes into the bank and the various other staff in junior, middle level and supervisory roles. It is an area where Government can legitimately ask those questions.

I have no difficulty whatsoever with the minimum wage reduction. As the Minister of State said, we have the second highest minimum wage in the European Union area. Senator John Paul Phelan referred to registered employment agreements and employment regulation orders which were all set at levels appropriate to a different time. They were there to give workers protection, and the work of the National Employment Rights Agency, NERA, and other organisations ensured this. The reality, however, is that circumstances have changed and these rates have become an impediment to the maintenance of jobs and a deterrent to the creation of new jobs.

For those labour intensive sectors such as the retail and hospitality sectors, while the reduction in the minimum wage is a good political football to kick around, all the employment organisations have welcomed it as a positive step. At a minimum, it will stop further jobs being lost and, to consider it optimistically, there is a tangible possibility we will have job creation as a result. Again, one does not expect accolades for such moves from the Opposition when it comes to budget time nor from the trade union movement, but on balance it is an appropriate step. These levels were struck when the world was a very different place and when the outlook for Ireland was very different. Circumstances have changed and, with that, it is important and appropriate we change our policy outlook and adjust downwards.

In the relevant period, the minimum wage increased by 55% while inflation increased by 28%. While we have moved to 2007 rates for social welfare, those rates are still 117% higher than in 1997. In fact, although consumer prices are back to 2007 levels, social welfare recipients will still earn close to €2.20 more now than they were paid in 2007.

These are not measures for which one expects accolades, and they are very difficult. If one takes them individually in isolation, they are painful and difficult to justify and appear unfair. Overall, however, I believe the balance was struck correctly. There is no doubt that if the 60 Senators were given the opportunity to frame a budget, we would all come up with different versions. I commend the Bill to the House, difficult as it may be. I am afraid little choice was open to us.

Senator David Norris: I will be opposing the Bill for reasons I have made clear on the Order of Business and throughout the day when other measures were being discussed. With regard to the minimum wage, I was concerned because I had been contacted by people involved in the restaurant business and by people in unions. As far as I am concerned, the situation has been satisfactorily ironed out and I have no difficulty in voting against a cut in the minimum wage.

I know there is an issue about comparability with Europe and all the rest but I make this comparison, which is a devastating one. Consider the people in Allied Irish Banks and the €40 million in bonuses, which happened with the clear collusion of the directors of the bank in a disgusting, underhand manner. The entire proceeding was front-loaded and fast-tracked to deceive the public, and the Government appears to have been complicit in this. How can we ask people on the lowest possible wage to take a cut when we have people at these vast salaries sticking their snouts in the trough once more? I cannot stomach that and I will not.

I will give one other figure and leave it at that. I was listening to the news broadcast this evening and, exactly as I suspected and had said, I found we are being punished as a country for being good citizens of Europe by our alleged comrades and colleagues in Europe. Other countries have received the kind of assistance which is provided under articles of the treaty intended to provide emergency funding for countries in particular and extraordinary difficulties. None of the other countries have been charged an additional premium yet we have been

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charged an additional 3% by the financial sources that helped flood this country with easy and cheap money. They alleged they had stress tested our banks and that the banks were perfectly all right. I find that an outrage against the decent people of Ireland. In these circumstances, we expect the lowest paid people to take a cut. No thank you, I am voting against, and I am glad to have the opportunity to put this on the record.

Senator Dan Boyle: I wish to share time with Senator Dearey.

Acting Chairman (Senator John Paul Phelan): Is that agreed? Agreed.

Senator Dan Boyle: Senator Norris has put on record his concerns with how this Bill is being portrayed as an attack on the poor. Undoubtedly, there are a series of unpalatable decisions in the whole cocktail of measures the budget for 2011 has involved and in the package from the EU and IMF. I believe there has been huge misrepresentation, however,
10 o'clock about the degree to which this is unfair and does not constitute all sectors of society taking particular measures. I would prefer if there was more balancing in year one of what will be a four year package but there is undoubtedly no avoiding the fact that 40% of our expenditure could not have been left untouched as part of the series of first measures. I agree with Senator MacSharry that more sacred cows will have to be slain, in particular the levels of pay in the public sector. I cannot see this or any subsequent Government avoiding that in the coming years.

Senator Norris concentrated very much on the minimum wage. There are arguments for and against, and my colleague will tackle many of those arguments. In the brief time available to me, I wish to deal with the other measures in the Bill.

Senator David Norris: How about a minimum interest rate from the ECB, like the other countries?

Senator Dan Boyle: The question of a minimum interest rate is what is available to us on the international market. I received a very interesting e-mail today from a Philip Coyle and I presume other Senators received it as well. The e-mail outlined the impact of default in Argentina in 1991 and demonstrated that the rates of poverty increased incrementally during the ten year period that followed.

Senator David Norris: They were on their own.

Senator Dan Boyle: When I hear people saying that default is the option open to us, they are talking directly about the Argentinian experience. If people are talking about social justice and addressing poverty, they should look at Argentina. Dare they say this is a vista that should be visited on this country?

Senator David Norris: The Argentinians were not part of an economic union.

Senator Dan Boyle: These are the alternatives we are talking about. In terms of the rest of the Bill, I want to place on record my concern with regard to controlling public sector pensions. We know that 80% of expenditure is on health, education and social protection, and we know 40% is on social protection alone. One of the most frightening statistics for me is that 50% of all expenditure is made up of a combination of 26% on public sector salaries and 24% either going on provision for future public sector pensions or on the current payment of pensions. That is not sustainable. Neither is it sustainable that Secretaries General who have retired in

the past ten years are now earning more in pension than they earned while in full State employ. These are issues that should never have been created and which this Bill will stop.

In addition, measures have been introduced in regard to public officials.

There have been significant pay cuts for Ministers and Ministers of State, but I would go further. There should be pay cuts for Members of the Oireachtas.

Senator David Norris: I agree.

Senator Dan Boyle: We are taking an income reduction of 5% because of the PRSI changes, but that is largely seen as cosmetic.

Some 90% of the measures contained in the Financial Emergency Measures in the Public Interest (No. 2) Bill 2010 are positive and correct. They counterbalance most of the negative reaction to budget 2011 and the EU-IMF package. I hope that, rather than having a late night debate at the end of a long Seanad session, we will give the Bill the priority it deserves. As of now, we have lacked such equality in our debates.

Senator Mark Dearey: In regard to the national minimum wage, I believe in the concept of creating a social floor below which people's incomes should not drop. However, that view is not shared in the labour market throughout Europe. It is surprising to note the countries in which a national minimum wage does not apply. Sweden which has a reputation of being socially progressive has not introduced a national minimum wage. It is not that it does not believe in the protection of workers, but it uses other mechanisms. It has a range of sectoral wage agreements, some of which we have, in addition to the national minimum wage, which mean many workers who would otherwise be on the national minimum wage earn well above it, sometimes by in excess of 50% because of the registered employment agreements under which they operate. We have a strange mix in terms of how wage rates are set. In an analysis of labour costs in a recent report Forfás estimates that the national minimum wage has a direct impact on all those earning up to 50% above it. Somebody earning up to €13 per hour is directly affected by the most recent rise in the national minimum wage which occurred on 1 July 2008. The national minimum wage affects not only those on it but also small companies operating in the hospitality sector, the retail sector etc. The question is not whether there should be a social floor but at what level it should be set.

Irish wage rates are the fifth highest in the OECD. We ceded much of our competitiveness through a range of agreements, in particular sectoral agreements, the benchmarking process and the partnership process which has been in the limelight in the past day or two because of comments made by the Minister for Finance, with which I broadly agree. As a result, we must together take a step down to regain the competitiveness we have lost and align rates once again with those of our competitors. In a small trading economy we simply cannot afford to lose the symmetry we formerly enjoyed and which has become asymmetry that has seriously affected our ability to trade with the rest of the world. This will be critical to our recovery.

On the proposed reduction of €1 in the national minimum wage, many models could have been used. I would like to have seen a more subtle approach being adopted — for instance, limiting it to a certain age group among whom unemployment is a particular problem. Up to 40% of male school leavers are unemployed, a particular cohort which is very vulnerable to unemployment. It would have been good, therefore, if it had been more targeted. Nonetheless, this kind of measure is important in order to sustain current employment levels. Forfás acknowledges that it will lead to job growth in the medium term. We will not see any growth in the short term because of the measure, but Forfás confidently predicts there will be job

[Senator Mark Dearey.]

creation as a result. There will also be job retention, a point I have made previously. Companies are struggling to pay staff and taking the option of cutting their hours, numbers or the days they work. This will allow them to retain staff currently protected by fixed contracts, the terms of which cannot be breached. It is important to stress the fact that current contracts cannot be breached and that the new rate will apply to new entrants who are finding it extremely difficult to find their way into the labour market. If this change can assist in the medium term, as Forfás predicts, it must be welcomed.

Senator David Norris: I wish to correct something I said. One of my colleagues said I had mentioned Anglo Irish Bank as being the bonus people, when I meant to say Allied Irish Banks. Perhaps the record might show this.

Senator Alex White: I wish to share time with Senator Buttiner.

An Cathaoirleach: Is that agreed? Agreed.

Senator Alex White: One of the features of this debate on the national minimum wage is the dearth of evidence on which the measure is based. A reference to the Forfás report, to which Senator Dearey referred, appeared in the Minister of State's speech. Perhaps Senator Dearey was going a little too far, even from the point of view of his own argument, when he said Forfás had confidently predicted job creation would flow from this measure. The Minister of State did not go that far, although he did point out that Forfás had stated it was likely that the presence of the national minimum wage influenced wage levels for a further 26% of the labour force, that is, those within 1.5 times of the national minimum wage. That point is often invoked.

Senator Mark Dearey: It predicts growth in job creation in the medium term.

Senator Alex White: Is that as a result of the national minimum wage coming down? I will have to check. Senator Dearey has said Forfás confidently predicts that the €1 reduction from €8.65 to €7.65 in the national minimum wage will lead to job creation. With all due respect to my colleague, I very much doubt if it has stated this because one thing is certain: if the Minister of State had such a clear argument available to him to support what he was doing, it would have been included in his speech, but it is not. He was much more careful and made the point, which is not untrue, that Forfás had spoken about the fact that the national minimum wage as a benchmark had an influence on pay levels in a wider section of the labour force.

In 2000 the Oireachtas put in place a regime under the National Minimum Wage Act which involved a process to determine the appropriate level for the national minimum wage. This was one of the last western countries to do so. It was not a figure which was supposed to be pulled out of a hat. On the various occasions it has been reviewed by the Labour Court it has been reviewed on the basis of a clear process set out in the legislation, involving an analysis and a consideration of labour market trends, the wider economic environment and the context in which it was set. The national minimum wage has been increased five or six times since 2000 and on each occasion there were lengthy debates on what the rate should be in the context of national pay agreements and programmes. The 2000 Act contemplates an agreement between industry and the trade unions on the basis of discussions and the Minister actually makes the order. That is a satisfactory process because it involves an input from both sides and, ultimately, a decision being made by the Minister.

The biggest concern I have in regard to the change in the national minimum wage is that it seems to amount to an arbitrary reduction to €7.65 without the presentation of evidence or an

analysis as to why there should be a reduction. I do not accept Senator Dearey's point that there is a clear nexus with job creation. Not only is it problematic in regard to the figure chosen, but the process put in place under the 2000 Act for careful consideration and deliberation involving people who know about and have experience of the issues involved, including employers, has been set aside by this arbitrary decision which, it seems, has been made not on the basis of analysis but on what looks good for the optics. We are going to act macho and reduce our minimum wage rate by €1. Why is it only reduced by €1? Who has chosen the rate of €7.65? What is the scientific basis for €7.65, other than it looks good? Where does this come from? Senator Dearey or another speaker made the point that the philosophy behind the minimum wage is that there should be a threshold. I know many employers but I have met very few who would ever want to have to pay their workers more. Of course employers' representative bodies and employers will welcome a reduction in the rate of pay they have to pay to their employees and very few employers would say otherwise but that is not the point. We do not allow this to be determined by employers. This is a State intervention, an intervention by the community to say there is a certain level below which we are not prepared to allow wages to go. I will remind the House what that figure is. A rate of €8.65 over a 40 hour week is approximately €330 a week and €15,000 per year. We decided in 2000 and through all the processes and changes since then that we would not leave the determination of pay entirely to the market, although the market has to have a very strong influence over it. We require and insist legislatively that there should be this basic floor of a minimum wage of €8.65 by 2007. These figures were not pulled out of the sky in any manner whatsoever.

I have no difficulty with the issue of the review of the joint labour committees and the registered employment agreements which is a separate proposal and which review the Government intends to implement. I have no difficulty with a review. However, Senator MacSharry is incorrect to say that the levels were set at a different time as if these levels were set in a completely different era. I almost had a sense that Senator MacSharry was talking about some kind of Dickensian period back in the distant past when these rates were set. The 1946 Industrial Relations Act meant the process was going on all the time and it is not something that is way back in the dim and distant past.

There is no hard evidence, other than anecdotal evidence from employers, that they would prefer the wages to be lower. There is no anecdotal evidence on which we can reasonably, as a Parliament and as a Legislature, agree to this reduction without a lot more analysis and persuasive argument from the Minister and from the Government. This is the difficulty with both the Minister of State's speech and this measure. Little or no evidence has been given to us. It does not affect the bottom line. The Minister of State in his contribution said that spending has to be reduced. I presume this is in the context of the pensions aspect of the Bill. This does not affect Government spending nor the bottom line.

The Minister of State said that workers in the retail, hotel and restaurant sectors are more affected by the minimum wage. Of course this is the case. This is the reason we need a minimum wage because people are most exposed in these sectors. This has been invoked as an argument for reducing the minimum wage because this is an area where the minimum wage has most impact. There would not be any point to it if it did not have an impact. The idea was to target areas of low pay and to bring people up to the basic threshold. It should not come as any surprise and it should not be invoked as an argument for reducing the minimum wage. The sectors with low pay are also where the risk of exploitation and abuses exists and there should be a minimum standard.

The Minister of State in his contribution made a bald assertion:

[Senator Alex White.]

Where a minimum wage is imposed at an excessively high level, unemployment will result. Some workers will be willing to work for a wage lower than the minimum wage but employers are restricted from providing these job opportunities.

We are expected and asked to believe that there are workers anxiously knocking on the doors of these employers who are dying to take them on but they cannot because of the minimum wage. I do not buy it and I would like to see the evidence.

Senator Jerry Buttiner: I thank Senator White for sharing time. I refer the Minister of State to the statement by the Minister for Finance of 12 months ago: "Our plan is working. We have turned the corner." The plan has not worked, the corner has been turned but it is called a cul-de-sac. We are now pummelled into the cul-de-sac because of the financial measures taken by the Government. The minimum wage is being cut. In his heart of hearts does the Minister of State believe that cutting the minimum wage by 12% and cutting the Taoiseach's salary by 6% is fair and just? The minimum wage is about the people who need work the most, the low paid and those in casual labour who are predominantly young people. It is a reduction of almost €2,000 per year. This is linked to the issue of political reform. The Government funked it. It missed an opportunity. It could have got rid of Ministers of State and reformed the Dáil but it did not do so.

Deputy Conor Lenihan: Does Senator Buttiner still support the abolition of the Seanad?

Senator Jerry Buttiner: The Government funked it.

Deputy Conor Lenihan: Does Senator Buttiner support the abolition of the Seanad?

Senator Jerry Buttiner: The Government did not take the ball. It did not have the bottle. It took the least difficult option.

Deputy Conor Lenihan: Does Senator Buttiner support his leader's policy?

Senator Jerry Buttiner: I am not in Government but Deputy Lenihan is. He is making the decisions.

Deputy Conor Lenihan: It is your leader's policy. I am just curious.

Senator Jerry Buttiner: The Government said there would be political reform but it did not do it; it funked it. The Government picks on the most needy, the people on the minimum wage, and then it goes after retired public servants. The litmus test of this budget is that it was not pro-jobs nor did it protect the most vulnerable and there was no stimulus plan. The Government made a complete hames of political reform.

Senator John Hanafin: With permission, I will share the time remaining with Senator Larry Butler. In supporting the emergency measures in the public interest, the important words are "in the public interest". There has been a very large shortfall in the amount of taxation. Money is not being spent in the country because people are fearful. Some of that fear was deliberately stoked and other factors were at work to deliberately play down the economy. The media has a case to answer in this regard.

The Government has had to raise funds and the best way of raising funds is to ensure equity. Retired public servants with very generous pensions which are secure and index linked now

find that for the past two years there has been an 8% decrease in the cost of living. This is a net increase of 8% because one can buy 8% more with one's money. I am certain many retired public officials wish to share in and do their bit for a fair and equitable system to ensure the country's finances are put back in order. This is one way of doing so. I acknowledge that many of these people have repaid their mortgages at this stage and are in receipt of a very significant and generous pension of one and a half times their gross salary at a favourable tax rate. The State is asking for a reasonable contribution at a difficult time. Whereas people are not spending money, I am certain they will once they see this financial measure will ensure stability and continuity in our finances and a rate of growth to bring us out of the current difficulties. These measures, along with the reductions in the pay of the Taoiseach, Tánaiste and Ministers, also show that this Government is committed to fairness. I commend this Bill to the House.

An Cathaoirleach: I call Senator Butler. There is one minute left.

Senator Larry Butler: I will need to be brief. I draw Members' attention to the fact that we have taken in €32 billion this year. The Minister has done a marvellous job with the budget because if one follows it to its logical conclusion, pay and pensions would be cut by 30% across the public sector in order to balance the books. He did not go down that route and instead we decided to borrow further moneys. The budget has been much maligned in terms of the sector.

Much has been made of the €1 cut in the national minimum wage, but I do not believe that holds any water. It will be mainly the entertainment, hotel and retail sector that may take the opportunity. The minimum wage is what a person is worth and the experience they have in the job that they do. The minimum wage was only saying one could not pay less than that. Most employers in retail and other areas if they find they have a good employee will pay the best possible rate they can afford.

It is important to bear in mind——

An Cathaoirleach: Time now, Senator.

Senator Larry Butler: I will finish on this. We need to sweat the banking system down to a smaller size than what we have been used to in AIB and Bank of Ireland. I would like to see a new banking sector that would deal with the export business, which is where the country will win in terms of job creation and growth.

Minister of State at the Department of Enterprise, Trade and Innovation (Deputy Conor Lenihan): I thank Senators for their contributions. While the Government emphasises the importance of the smart economy as the engine for future export-led growth, we cannot forget such basics and staples as the indigenous traded sector in retail, hospitality and — the source of huge foreign earnings — tourism, which represents a litmus test for our competitiveness. It is very clear that deciding to change the minimum wage as we have done will assist people in those sectors to recruit new people where they have laid off many people since the downturn began. It does not affect people with current employment agreements but affects people coming into those sectors for the first time. It is a positive thing; it is absolute positive discrimination in favour of employment.

We all know the figures about our minimum wage, which is the sixth highest in Europe based on a purchasing power rather than the nominal figure, in which we are second highest in the European Union. The common thread running through all the contributions in this House and the other House as we face this extraordinary economic challenge and crisis is that we allowed our cost base and competitiveness to be eroded in recent years. That applies not just to the State

[Deputy Conor Lenihan.]

sector, but also to the private sector. There is no point in quoting, misquoting or presenting the Forfás and OECD reports on the minimum wage in a partisan or partial manner. As a member of the Cabinet sub-committee on economic recovery I participated in lengthy and intense debates on the minimum wage which went back and forth for several months a long time ago. The Forfás report was commissioned to resolve those differences. We had people telling us that changing it would make no difference, but it is impossible to argue with the fact that only 3% to 5% of employees in the economy are on the minimum wage. However, the 3% to 5% on the minimum wage influences a further 26% of wages above it — in other words wages that are 1.5 times that of the minimum hourly rate. We must take that into consideration as an inhibitor of competitiveness and an extra cost for certain types of business. I know it is very difficult for politicians who, like me, have spent the best part of 13 years taking partnership for granted and assuming that everything that emanated from the social partners was like the Commandments handed down by Our Lord. We need to change our attitude and view in favour of competitiveness because without competitiveness, including competitive wage rates and salary-setting mechanisms, we will move off the map in terms of our capability to drive recovery by export-led growth.

While the increasing salaries and wages did not hit the multinational investors as they did the indigenous traded sector, we need to get the indigenous traded sector up and out into the world. We all know that 76% of our exports are driven from the multinational sector. It is the other indigenously driven 24% that we must motivate, encourage and push in the years ahead. We had the innovation task force to provide much needed innovation capital for companies that are scaling or growing.

One of the other Opposition Senators mentioned that we seemed to be talking as if we were not dealing with the other issue in parallel with the minimum wage, which is the employment regulation orders and the registered employment agreements. These will also need to be reviewed, changed and totally rewritten if necessary. We have a review that will report back to the Government very swiftly on this and there is no premium on delay. Swift decisions are what we need. Members who currently serve on the Opposition here, if they have the privilege to serve in government within a year or two will thank us greatly for the quick decisions we have taken on many different levels. It will be most enjoyable to see some of the disagreements between those major parties of Opposition because we have already seen in this and other debates on the economy the vast differences between Fine Gael and Labour on very elemental matters of economic policy.

Senator Jerry Buttiner: There was no difference between the Green Party and the Progressive Democrats.

An Cathaoirleach: No interruption.

Senator Jerry Buttiner: Fianna Fáil killed of the Progressive Democrats and it has the Green Party nearly buried.

Senator Alex White: The Minister of State is not saying that often enough. I want him to say it more often.

An Cathaoirleach: The Minister of State without interruption.

Deputy Conor Lenihan: Without dwelling on the policy chasm between the two main Opposition parties that are meant to replace this Government, it was amusing to listen to an Independ-

dent Member suggesting that default was an option and comparing Ireland with Argentina. In fairness the Fine Gael and Labour speakers this evening did not go down that road, which is a road of utter madness. One cannot compare the Russian or Argentinian economies with the Irish economy; they are vastly different economies in vastly different stages of economic, political and regulatory development. Our economy does not enjoy, as do those two other economies mentioned frequently in what passes for economic commentary here, the interest rate or currency levers and we do not control our money supply. We are elementally knitted to part of the European Union through the single currency. As long we are part of that our room for manoeuvre and our default option, the devalue option and of course the quantitative easing option are not available to us. That is a critical difference between us and every other country which has bothered to default or move their way out of a crisis such as we face through devaluing currency, lowering interest rates or just printing money; we are not in that space.

Eight or nine years ago when I served on the Committee of Public Accounts under the late former Deputy, Jim Mitchell, while I did not get much of a hearing from the other members, I suggested the idea of us adopting the Gramm-Rudman type legislation that was being promulgated in the United States of automatic reductions in public spending when they got to certain levels. We need to consider such options again. I was surprised that there were no takers at the time. There is no doubt that this Government has been culpable — we put our hands in the air in this respect — of being very generous in our spending allocations in health, education and social welfare over the boom years, and we are now stuck with those increases and forced to reduce them in a manner commensurate with the times in which we live. We do not impose austerity with pleasure or relish, but the cost structure of the State must be reduced.

Senator Jerry Buttmer: The new Robin Hood.

An Cathaoirleach: No interruption, please.

Deputy Conor Lenihan: This same applies to the size of the public service and the pay and pension entitlements enjoyed by public servants. The public service has failed to outsource activities in a serious and meaningful manner during the past 20 years.

Senator Alex White: As in the case of the homecare packages.

Deputy Conor Lenihan: When I worked in industry and business “outsourcing” was a mainstream word in the lexicon of every business manager and executive. Outsourcing has not happened in the Irish public sector, and that is a fault.

Senator Alex White: What about homecare packages?

Deputy Conor Lenihan: We need to make a more serious effort to outsource facilities and activities in the public sector that can be done more efficiently by the private sector. We need to sell some of our State assets. We need to ask fundamental questions about whether it is of value for the State to be involved as a shareholder or otherwise in the outright ownership of certain activities. We need to have that public debate. It should be done in an open and not a surreptitious manner of people hinting that it might or might not happen. We have to examine the taking of such actions.

The last time we went through a process of austerity under Mr. Haughey from 1987 onwards we achieved an enormous reward from that process. Admittedly, the growth and the jobs came slower; we had to wait until the early 1990s before we moved out of a period jobless growth, having previously moved from a period of utter austerity from 1987 onwards. However, the

[Deputy Conor Lenihan.]

austerity was worthwhile. We achieved growth and then we achieved job-led growth later in the 1990s. Hopefully, this time around it will not be as slow. Ireland is a much more internationalised and globalised economy today than it was then. If we — I refer collectively to the Government and Opposition parties, which naturally wish to participate in government — get our act together quickly and deliver the harsh medicine quickly, there is the tantalising prospect of a full recovery, a jobs-led recovery rather than jobless economic growth.

I thank the Members for their contributions. It is a pity to see the two great parties of Opposition disagreeing on the fundamentals of how we can get out of recession but I am sure—

Senator Jerry Buttiner: Are the members of the Green Party leaving government or are they still in government? Where are they gone?

An Cathaoirleach: No interruptions, please.

Deputy Conor Lenihan: —that will be intensely debated in the context of the forthcoming election. I wish those Members present who will courageously put their names forward as candidates in the forthcoming election the best.

Amendment put.

The Seanad divided: Tá, 25; Níl, 17.

Tá

Boyle, Dan.	Leyden, Terry.
Brady, Martin.	MacSharry, Marc.
Butler, Larry.	McDonald, Lisa.
Carroll, James.	Mooney, Paschal.
Carty, John.	Ó Brocháin, Niall.
Cassidy, Donie.	Ó Murchú, Labhrás.
Corrigan, Maria.	O'Brien, Francis.
Daly, Mark.	O'Malley, Fiona.
Dearey, Mark.	O'Sullivan, Ned.
Ellis, John.	Ormonde, Ann.
Feeney, Geraldine.	White, Mary M.
Hanafin, John.	Wilson, Diarmuid.
Keaveney, Cecilia.	

Níl

Bradford, Paul.	McFadden, Nicky.
Burke, Paddy.	Norris, David.
Buttiner, Jerry.	O'Reilly, Joe.
Coffey, Paudie.	O'Toole, Joe.
Cummins, Maurice.	Phelan, John Paul.
Donohoe, Paschal.	Prendergast, Phil.
Fitzgerald, Frances.	Ryan, Brendan.
Hannigan, Dominic.	White, Alex.
Healy Eames, Fidelma.	

Tellers: Tá, Senators Niall Ó Brocháin and Diarmuid Wilson; Níl, Senators Maurice Cummins and Alex White.

Amendment declared carried.

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

Senator Donie Cassidy: Tomorrow.

An Cathaoirleach: Is that agreed?

Senator Frances Fitzgerald: No.

Senator David Norris: No.

Question put.

The Seanad divided: Tá, 26; Níl, 16.

Tá

Boyle, Dan.	Leyden, Terry.
Brady, Martin.	MacSharry, Marc.
Butler, Larry.	McDonald, Lisa.
Carroll, James.	Mooney, Paschal.
Carty, John.	Ó Brocháin, Niall.
Cassidy, Donie.	Ó Domhnall, Brian.
Corrigan, Maria.	Ó Murchú, Labhrás.
Daly, Mark.	O'Brien, Francis.
Dearey, Mark.	O'Malley, Fiona.
Ellis, John.	O'Sullivan, Ned.
Feeney, Geraldine.	Ormonde, Ann.
Hanafin, John.	White, Mary M.
Keaveney, Cecilia.	Wilson, Diarmuid.

Níl

Bradford, Paul.	Healy Eames, Fidelma.
Burke, Paddy.	McFadden, Nicky.
Buttimer, Jerry.	Norris, David.
Coffey, Paudie.	O'Reilly, Joe.
Cummins, Maurice.	Phelan, John Paul.
Donohoe, Paschal.	Prendergast, Phil.
Fitzgerald, Frances.	Ryan, Brendan.
Hannigan, Dominic.	White, Alex.

Tellers: Tá, Senators Niall Ó Brocháin and Diarmuid Wilson; Níl, Senators Jerry Buttimer and David Norris.

Question declared carried.

An Cathaoirleach: When is it proposed to sit again?

Senator Donie Cassidy: Ag 10.30 a.m. amárach.

Adjournment Matters

Schools Building Projects

An Leas-Chathaoirleach: I welcome the Minister of State at the Department of Education and Skills, Deputy Conor Lenihan.

Senator Nicky McFadden: I welcome the Minister of State. The issue I raise is the long delay in the commencement of building works for an extension at St. Kieran's national school, Baylin,

[Senator Nicky McFadden.]

Athlone. Baylin is a beautiful, perfectly manicured village which serves as a suburb of Athlone. It also has large numbers of one-off housing. The school, which has two classrooms of less than 40 square metres, applied for an extension four years ago to accommodate a general purpose room, classrooms, an office and a multi-purpose room. It is essential that a school of the size of Baylin national school has a multi-purpose room to accommodate dentists, general practitioners and many others who visit to provide care for pupils. Children are currently being seen in the staffroom which is completely unacceptable.

The population of Baylin continues to grow and the school will have a combined class of 35 children next year. Major remedial works are needed to repair leaking roofs and so forth. When will the contract for the construction of a new extension commence? The school has been given an undertaking that the extension will be built. For how long will the Government allow the shameful delay in the works to continue? Four years is much too long to wait. The extension is not a luxury but an urgent necessity, including from a health and safety perspective.

For the past four weeks, pupils at Baylin national school have not been able to participate in physical activity owing to poor weather conditions. This is outrageous and I await a response from the Minister of State who I am sure is all too familiar with the school.

Minister of State at the Department of Education and Skills (Deputy Conor Lenihan): I am taking this matter on behalf of my colleague, the Tánaiste and Minister for Education and Skills, Deputy Mary Coughlan, who is unfortunately unable to come to the House.

In April 2008, Baylin national school applied to the Department for an extension and refurbishment project. The school has a staffing level of a principal and four mainstream teachers. It also has the services of a resource teacher. Its accommodation consists of four mainstream permanent classrooms, one prefabricated mainstream classroom and some ancillary accommodation. The school's enrolment at 30 September 2009 was 127 pupils. While enrolments at the school have increased modestly over the past four years, the school has not experienced the rapid increase in enrolments that have occurred in other schools.

The assessment process for capital funding determines the extent and type of accommodation needed based on population growth, demographic trends, current and projected enrolments, recent and planned housing developments and the capacity of existing schools to meet demand for pupil places. As part of this process, a project is assigned a band rating under the prioritisation criteria to which I referred. Projects are selected for inclusion in the school building and modernisation programme on the basis of priority of need. This is reflected in the band rating assigned to them, in other words, a building project moves through the system commensurate with the band rating assigned to it and as it is ready to proceed.

The application from Baylin national school has been assigned a band rating of 2.1, reflecting the fact that the standard of its existing accommodation is such that it needs to be extended and refurbished. The progression of all large-scale building projects, including the project in question, from initial design stage through to construction will be considered in the context of the Department's multi-annual school building and modernisation programme for 2011 and subsequent years. However, in light of competing demands on the capital budget, it is not possible to give an indicative timeframe for the progression of the project for the school at this time.

Senator McFadden will appreciate that it is not possible to advance all the projects required at the same time. I assure her, however, that all school building projects, including that for Baylin national school, will be advanced incrementally through the system over time and as

the necessary resources become available. I thank the Senator for allowing me the opportunity to outline the position regarding the school.

Senator Nicky McFadden: The roof of the prefabricated building has a leak through which water gushes into the room. As I noted, there are 131 children on the school roll as opposed to 127, the figure given by the Minister. I have my figure from the horse's mouth and the number is increasing. I dispute the Minister of State's view that the school does not have sufficient numbers. Will the roof in the ridiculous prefabricated building be repaired or will the school have a new classroom built?

Deputy Conor Lenihan: I am not sure of the answer to the Senator's question. I advise her to raise with the Department the significant difference between the figure available to her and that provided by the Department.

Senator Nicky McFadden: My figure was provided by the principal of the school.

Deputy Conor Lenihan: The Department's records suggest the correct figure is 127. It would be helpful if the Senator were to arrange a meeting with the Tánaiste or departmental officials to clarify the numbers.

Crime Prevention

Senator Mark Dearey: I raise the necessity for proof of identity to be provided when people engage in an exchange of gold for cash. As the Minister of State will know, this phenomenon is growing in towns and cities. One sees freestanding units in shopping centres to which people can go to a person equipped with a weighing scales to have gold assessed, following which an exchange of money takes place. The problem is that the presentation of identification by the person bringing the gold is not mandatory, which means people may sell gold which is not their own. There is no way of tracing their identity in the event that another person arrives and claims the gold was his or hers.

Many other Senators have come across this issue, as has the Minister I am sure. I met a constituent who told me his mother's house had been burgled but only gold had been taken; nothing else had been touched. The Garda immediately formed the view that the burglary had taken place in order that the gold could be exchanged for cash and that if proper identification was required before such exchanges could take place, it would mitigate the number of such surgical robberies simply because cash can be obtained easily for gold on an anonymous basis.

I look forward to the Minister of State's response to this matter which I consider to be urgent, in particular because it appears older people are left very vulnerable to robbery. I would see presentation of proof of identity as a measure that would not only regulate what can otherwise be a dubious exchange but also provide a greater degree of protection for those who have heirlooms and articles in their homes for which they have great personal affection and who fear they are increasingly being targeted on that account.

Deputy Conor Lenihan: I thank the Senator for raising this issue and giving me the opportunity, on behalf of the Minister for Justice and Law Reform, Deputy Dermot Ahern, to update the House on it.

There has been a significant increase in the number of cash for gold outlets in towns and cities in the State and a significant amount of advertising for the direct mailing of gold to such outlets or dedicated postal and Internet cash for gold traders. In addition, it is understood that many kiosks are situated in hotels or shopping centres operated by individuals who are

[Deputy Conor Lenihan.]

employed by a number of companies buying gold for cash. It appears that most of the gold offered to these outlets is paid for on a scrap value basis and items are smelted and recycled. Established jewellers also buy gold and jewellery for cash. The prevalence of this trade appears to be linked with the high price gold now commands on international markets and the cash for gold concept appears to be an international phenomenon.

The Minister is aware that the trade gives rise to concerns reported in communities about crime that may be linked with the cash for gold trade, in particular, burglaries. Section 17 of the Criminal Justice (Theft and Fraud Offences) Act 2001, in essence, provides that a person is guilty of handling stolen property if he or she, knowing that the property was stolen or being reckless as to whether it was stolen, dishonestly receives or arranges to receive it, or undertakes or assists in its retention, removal, disposal or realisation by or for the benefit of another person, or arranges to do so. A person guilty of handling stolen property is liable on conviction on indictment to a fine or imprisonment for a term not exceeding ten years or both. Section 18 of the same Act, in essence, provides that a person who, without lawful authority or excuse, possesses stolen property knowing that the property was stolen or being reckless as to whether it was stolen, is guilty of an offence. A person guilty of an offence under this section is liable on conviction on indictment to a fine or imprisonment for a term not exceeding five years or both.

In the context of money laundering and terrorist financing legislation, it might be noted that the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 addresses the situation where a person buys gold and jewellery, etc, from a dealer, usually a jeweller, in the course of business and pays in cash to the value of €15,000 or more, or makes a number of separate purchases for smaller amounts to that total value or more. In such cases, there are significant requirements placed on the vendor, namely, the jeweller, to carry out customer due diligence which includes customer identification.

The Garda Síochána enforces the provisions of the criminal law in respect of theft and robbery, including the theft and robbery of jewellery and gold. Should members of the public have suspicions that goods being sold or traded may be stolen, the correct action is for these suspicions to be referred to the Garda for investigation. The latest Central Statistics Office crime statistical bulletin, for 28 October 2010, indicates that with regard to burglary in the third quarter of 2010 there were 6,016 recorded burglary and related offences, representing a decrease of 1,194, or 16.6%, on the number recorded in the same quarter of 2009. However, the annualised total for these offences, up to end of the third quarter of 2010, saw a smaller percentage decrease. The number of aggravated burglary offences decreased by 10.1% in this 12 month period. The total recorded burglary and related offences for the years 2007 to 2009 are 23,603 for 2007, 24,683 for 2008 and 26,911 for 2009.

To take account of concerns about the matter, the Department has formally asked the Garda Commissioner to ascertain his view of the extent to which, if any, criminal offences are being committed in the procurement and receipt of gold and similar items in transactions carried out at cash for gold locations. In particular, the Commissioner has been requested to examine whether the trade may be linked generally or in particular with areas in which burglary offences occur; whether criminal justice legislation, in particular, the Criminal Justice (Theft and Fraud Offences) Act 2001, is adequate in the context of cash for gold transactions; whether criminal elements involved in organised crime or otherwise may be connected with the operation and ownership of cash for gold outlets; and whether any new legislative provision may be required to address criminality in respect of cash for gold transactions.

As soon as the outcome of this examination of the matter is to hand, the Minister will make an assessment as to what, if any, action, legislative or otherwise, may be required. In making this assessment he will also take into account any constructive proposals that emerge in regard to the matter.

Senator Mark Dearey: That is a full answer, for which I thank the Minister of State and the Minister for Justice and Law Reform. In particular, it is welcome that the Minister has formally asked the Garda Commissioner to give his views on a very wide range of issues, including whether organised crime is involved in running some of the cash for gold outlets. That is an interesting angle. I imagine it is extremely difficult to prove whether a person has been reckless about knowing whether what he or she has bought was stolen. The provision seems to be inadequate. The other problem with the law, as it stands, is that identification is required only in the sale goods to the value of €15,000 or more. I imagine that in the case of many of exchanges €150 would be a more relevant sum.

An Leas-Chathaoirleach: Does the Senator have a question?

Senator Mark Dearey: I merely wish to thank the Minister of State. I do not have a supplementary question to pose, but I look forward to the Commissioner's report to the Minister and the Minister, in turn, letting us know what he envisages doing.

Services for People with Disabilities

Senator Fidelma Healy Eames: I welcome the Minister of State and thank the Leas-Chathaoirleach for allowing me to raise this matter. I ask the Minister for Health and Children to explain the rationale for leaving children with hearing loss or who are deaf without an audiological scientist in Galway since 2002, apart from some sketchy periods when a qualified person has been provided on an *ad hoc* basis. I ask the Minister of State to outline the time-frame for filling this post and indicate when it will be filled.

I am about to share with the Minister of State an incredible scandal involving a clear infringement of the rights of deaf children. If he listens, as I know he will, he will understand why this is the case. Since 2002 in Galway children with hearing loss or require a hearing test have had to wait considerably long periods before seeing an audiological scientist. There has been no full-time audiological scientist in the area since 2002 and the HSE has only provided a limited and inadequate service, using visiting qualified scientists in three to four sessions per month to assess children. The current waiting list runs to almost 1,300 deaf children who are awaiting their first assessment and review. Clearly, this is unacceptable.

During the years the HSE has attempted to fill the post but to no avail. The last time it was advertised was early 2009, at which point four candidates were invited to attend an interview. Two withdrew for personal reasons, while two were waiting to be interviewed when the embargo on recruitment was implemented. Their interviews were cancelled as a result. Should an embargo have been applied in this case? I say, "No." By November 2009 the HSE was unable to meet its commitment to provide even a locum service, thus leaving deaf children in Galway without a service, including hearing tests, the provision of moulds or the upgrading of hearing aids. As a result, with great difficulty parents have had to source moulds and seek tests elsewhere in the country.

In March parents of hearing impaired children in Galway reformed a campaign to fight for the provision of a service for their children.

The parents felt it was important to stand up for their children's rights. As parents they were in a position to know the services they needed for their children to help them develop socially and help develop their speech and language skills and give them access to a good education. In order for this to happen, children need to have full facilities provided by the HSE. They are entitled to a free audiological service until they are 18. The biggest stumbling block in the campaign for a better service is the continued lack of a senior audiological scientist in Galway.

Let me remind the Minister of State what an audiological scientist does and how he helps deaf and hearing-impaired children. An audiologist is a health care professional specialising in identifying, diagnosing, testing and monitoring disorders of the auditory and vestibular system portions of the ear. Audiologists are trained to diagnose, manage and treat hearing or balance problems. They are also involved in newborn hearing screening programs and school hearing screening programmes and they advise on special fittings and hearing protection devices to help prevent hearing loss. They are critical to the early identification of deafness, and thus are critical to the successful treatment of deafness and hearing impairment and to coping with it.

This is the essential expert service that has been absent in 1,300 children's lives in Galway. If the Minister of State or I were a parent of a hearing-impaired or deaf child, we would be testing this case in the courts. It is unbelievable that all the children in question have been treated as they have been. It has affected the quality of their lives and prevented them from getting an even break alongside hearing children in so far as this is possible with their condition. It contributes to the lack of an appropriate education, to which we have a right. An education should be appropriate to one's needs. If the Government had implemented the EPSEN Act, these children's rights would be protected. The HSE has not tried hard enough to get an audiologist for them.

I learned today that the HSE interviewed yesterday a candidate for the post of audiologist. Given the evolving circumstances, has the HSE found a suitable candidate? If so, has he or she been ring-fenced for Galway, which has been so neglected for a long time and which is now at crisis point given that nearly 1,300 children are waiting to be seen? It is a daunting task for one audiologist to try to diagnose and meet the ongoing treatment needs of 1,300 children. Without this very basic and essential service, deaf children are being further disabled by this State. I am keen to hear the response of the Minister of State.

Deputy Conor Lenihan: I am responding to the Senator on behalf of my colleague, the Minister for Health and Children, Deputy Harney.

The HSE has advised that the senior audiological scientist post in Galway has been vacant since 2002, as the Senator pointed out. The HSE has managed to secure the services of two sessional audiological scientists to provide a limited service from the period August 2008 to November 2009 and from May 2010 to the present. Strenuous efforts have been made to appoint an audiological scientist to address the needs of hearing-impaired children under the age of five years. In spite of repeated attempts to recruit someone with the appropriate qualifications, the HSE has been unsuccessful due to a scarcity of suitably qualified candidates.

The HSE is extremely conscious that the initial assessment and review of children is vital to ensure that they have the appropriate interventions and aids required for linguistic development and, as a consequence, improved social skills and educational capacity. The HSE has been granted a derogation from the public sector moratorium on recruitment in respect of this post. The HSE is at present in the process of recruiting a directly employed audiological scientist.

Interviews for the vacant audiological scientist post were held on 13 December 2010. Subject to a successful candidate being recommended, the panel will take effect on 20 December 2010. In the best-case scenario, it would take a few weeks to have the person in post. For example, a candidate from overseas may require a work permit, overseas police clearances and outside references. We are making progress on the matter and I hope a suitable person will be recommended by the interview panel. We take on board the concerns expressed by Senator Healy Eames regarding this matter and hope the post will be filled as quickly as possible. The failure to date is not so much a scandal but a reflection of a serious shortage of suitably qualified people. The Senator is well motivated in making her argument, as are the parents concerned, but it is not an argument that classically fits into the Government good-Opposition bad or Opposition bad-Government good dichotomies. It is simply a reflection of the lack of suitable candidates coming forward with the qualification in question.

Senator Fidelma Healy Eames: I thank the Minister of State for his response but I really do not accept it. The HSE has dragged its heels in this matter. I bet that this is the first time the Minister of State has heard about this matter. Some 1,300 deaf children have no service. Given that four candidates presented and two were willing to go ahead with interviews, why was the public service embargo applied in the first instance? It was applied because of stupidity and because the HSE was not thinking, trying hard enough or making a case strongly enough. Why did it not try harder? When we were short of nurses, they were recruited in the Philippines.

Deputy Conor Lenihan: With regard to the Senator's point on whether the HSE was trying hard enough, I am not at liberty to comment one way or another on the competence of the local HSE managers.

Senator Fidelma Healy Eames: Ministers should be accountable.

Deputy Conor Lenihan: I am not accountable for them but if there was any performance on their part that was not up to standard, one would clearly like to get evidence thereof, which evidence the Senator is hinting at. We have an interest in the competent and efficient conduct of public bodies such as the HSE. If there was tardiness or incompetence on the HSE's part, I would like to hear what the Senator is alleging in detail. If there is lacklustre performance, it should be brought to the attention of the Minister.

Senator Fidelma Healy Eames: Why was the public service embargo applied? The Minister of State did not answer that question.

Deputy Conor Lenihan: I do not want to sound as if I am giving lessons. The public service embargo was applied to everyone without exception. As the Senator knows, because of the austerity measures over the past year the first decision the Minister made was that all individual departures from the embargo had to be by way of individual application to him directly. It is not the case that some sectors were shielded while others were not. It was suggested in a newspaper some days ago that, since the beginning of the embargo, the Minister for Finance has signed in the order of 2,600 applications, or has agreed to some thousands of applications.

Senator Fidelma Healy Eames: Exceptions.

Deputy Conor Lenihan: Exceptions, yes.

Senator Fidelma Healy Eames: That is what should have happened in the first place.

Deputy Conor Lenihan: Some people are actually criticising the Minister for making these exceptions. He has considered applications case by case. It is a matter for the management of an organisation, be it the HSE or otherwise, to prioritise the vacancies it wants filled at a given time.

There may be some substance to what the Senator is suggesting but I am not in a position to declare one way or another whether the HSE in Galway was incompetent in this matter. I simply do not have the evidence to suggest it was or was not. Clearly, prioritisation is required on the part of all public bodies to determine the posts they need filled urgently and the kinds of arguments they should put forward in this regard.

The Seanad adjourned at 11.20 p.m. until 10.30 a.m. on Wednesday, 15 December 2010.