

SEANAD ÉIREANN

Dé Céadaoin, 8 Meitheamh 2011.
Wednesday, 8 June 2011.

Chuaigh an Cathaoirleach i gceannas ar 10.30 a.m.

Paidir.

Prayer.

Business of Seanad

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

The need for the Minister for Health to outline the access to treatments for children and adolescents with diabetes and the plans, if any, to reorganise diabetes paediatric services in the HSE west area and throughout the country.

I have also received notice from Senator Imelda Henry of the following matter:

The need for the Minister for Health to provide an update on the situation at Sligo General Hospital with a view to reinstating the mammography services there.

I have also received notice from Senator Kathryn Reilly of the following matter:

The need for the Minister for Education and Skills to clarify his intentions on the reintroduction of third level fees.

I have also received notice from Senator Thomas Byrne of the following matter:

The need for the Minister with responsibility for public expenditure to respond to media stories that suggest there is “tension within Government policy” on the issue of the procurement of cloud computing services and to the media allegations that the Centre for Management and Organisation Development within his Department “is not disposed to the uptake of cloud solutions”.

I regard the matters raised by the Senators as suitable for discussion on the Adjournment. I have selected the matters raised by Senators Leyden, Henry and Reilly and they will be taken at the conclusion of business. Senator Byrne may give notice on another day of the matter he wishes to raise.

The new speaking time arrangements on the Order of Business agreed by the Committee on Procedure and Privileges will take effect from today. Group leaders have three minutes each, while all other Senators have two minutes. The total time allocated is 55 minutes after the Leader announces the Order of Business; therefore, anyone who takes more than the allocated time will be eating into other Senators’ time.

Order of Business

Senator Maurice Cummins: The Order of Business is No. 1, statements on the jobs initiatives and competitiveness, to be taken at 11.45 a.m and completed at 1.45 p.m, with the contributions of spokespersons not to exceed eight minutes and those of all other Senators not to exceed five minutes and the Minister to be called upon to conclude not later than 1.40 p.m.; No. 2, Biological Weapons Bill — Second Stage, to be taken between 2.30 p.m and 5 p.m, with the contributions of spokespersons not to exceed 12 minutes and those of all other Senators not to exceed eight minutes and the Minister to be called upon to conclude not later than 4.50 p.m.; and No. 11, motion No. 1 on water charges, to be taken between 5 p.m and 7 p.m. The business of the House will be interrupted between 1.45 p.m. and 2.30 p.m.

Senator Darragh O'Brien: This is a significant day for thousands of pupils all over the country who are starting the leaving certificate and junior certificate examinations. On behalf of the Fianna Fáil group, I wish them the best of luck in their endeavours in the next few weeks. It is an examination I would not like to do, but I am sure they will excel.

On 17 June the Government will have been in office for 100 days. We appreciate that every Government needs to bed in, but many pronouncements were made before the general election on what would happen in that 100 days. A matter raised in the Lower House yesterday, the EU-IMF deal and the interest rate cut, caused me some concern. Several Ministers, including the Taoiseach, the Minister for Finance and the Minister for Communications, Energy and Natural Resources, stated publicly that a cut in the EU-IMF interest rate had been agreed and that it was just a matter of when it would take effect. I have a number of questions for the Leader in that regard. The Minister for Finance made the comment that any cut would apply only to moneys not yet drawn down. On 3 May he said, “For illustrative purposes, the saving arising from a 1% reduction in the interest rate charged on the full €45 billion available from EU sources would be €450 million for each full year borrowed.” If we take an average of 7.5 years, it could be a saving to the Exchequer of €3.375 billion.

There was much discussion of the rate cut prior to the election and much of this was overstated to act as a smokescreen. In many respects it is not the be all and end all. Having said that, we understand from the comments yesterday of the Minister for Finance, Deputy Michael Noonan, that the value of the rate cut is being exaggerated and in his view too much is being made of it.

Senator Thomas Byrne: By the Taoiseach, Deputy Enda Kenny.

Senator Darragh O'Brien: That is a complete sea change from the current Government parties' position prior to the election and since. We were told by the Tánaiste that it would be “Labour's way or Frankfurt's way”, and it is clearly Frankfurt's way at the moment. There has been no progress on the issue.

The worry is that we have been told that on the basis of the second Greek bailout agreement, any rate cut will relate to money not yet drawn down. When did the Government agree that the second Greek bailout has any influence on any Irish deal or the existing deal put in place between Ireland, the EU and the IMF? The Minister, Deputy Noonan, has stated that any rate reduction will probably net the Exchequer approximately €140 million, which is a major change from the €440 million per annum that the Government stated it had agreed already with the EU, the IMF and the Troika.

What is the current position and has the Government given up on getting a rate reduction on the full amount rather than moneys not drawn down? Is the Leader aware that the EU is actively seeking that Ireland draw the money down faster than is required? The reason is that

the moneys will be paid back on the existing rate of 5.8% rather than a reduced rate. This clearly shows that one of the main points raised by the current Government parties prior to the election — that they would get a deal on a rate reduction — has ended in failure. It is only because this matter was raised in the Dáil yesterday that the Minister has now told the truth about it.

Senator Ivana Bacik: I will begin by wishing all of those thousands of students sitting the junior and leaving certificate exams the very best of luck on behalf of Labour, the Government and, I am sure, all of us in the House. We feel for them as they start exams today.

In response to Senator O'Brien, the Minister for Finance will be in the House next week and we can raise these issues and, I hope, have a robust debate on the economy with him.

Senator Darragh O'Brien: Yes, I hope so too.

Senator Ivana Bacik: On behalf of Labour, I do not take kindly to be being lectured by Fianna Fáil on the economy.

Senator Darragh O'Brien: I was just stating the facts. Apparently it was Labour's way or Frankfurt's way.

Senator Ivana Bacik: The Senator may refer to the slogan used of "Labour's way or Frankfurt's way"——

Senator Darragh O'Brien: It was a good election slogan.

Senator Ivana Bacik: ——but it was Fianna Fáil's way that brought us down the road of the EU-IMF bailout last November.

Senator Darragh O'Brien: What is the policy?

An Cathaoirleach: Senator Bacik, without interruption.

Senator Ivana Bacik: It is deeply ironic and hypocritical of Fianna Fáil to be lecturing us on the management of the economy when it was responsible——

Senator Darragh O'Brien: I am asking relevant questions.

Senator Ivana Bacik: ——for the disastrous comprehensive bank guarantee of September 2008——

Senator Darragh O'Brien: The Senator's Government colleagues voted for that. They supported the Government on the guarantee.

Senator Ivana Bacik: ——and bringing in the IMF and EU last November. I cannot take such a lecture on the economy.

Senator Darragh O'Brien: I was asking a question.

Senator Ivana Bacik: The Leader will indicate that we will have a chance to debate the matter next week with the Minister for Finance, and all of these points can be made.

Senator Darragh O'Brien: I look forward to it.

Senator Ivana Bacik: The points should be made fairly and we should accept that the Government which was in power for 14 years up to early this year was responsible for the bailout which the Senator is condemning.

I ask the Leader for further debate on child protection issues once the Minister, Deputy Frances Fitzgerald, has put in place an implementation plan arising from the report of the special rapporteur which we debated last night. There was an excellent discussion on the topic with some good contributions from Senators with real expertise in the area. I meant to mention last night the contribution of Senator van Turnhout as one of the people who brought real experience to bear on the issue. The idea of having a debate when we have seen what measures can be implemented from the plan would be really important and show the real strength of the Seanad.

I ask the Leader for a debate on constitutional reform. In the week of Mr. Justice Declan Costello's death, we are reminded of the ambitious plans and proposals for constitutional reform in the programme for Government. We have made a commitment to debate the programme for Government in a thematic way and one of those themes is the key theme of constitutional and political reform. This place would be an appropriate avenue for that debate.

Senator Jillian van Turnhout: I agree with the Order of Business and echo all the good wishes to junior and leaving certificate students. There are parents in this room and for once we would prefer to be in this Chamber rather than going back to sit those exams. As a group we will make a statement tomorrow so I will leave my comments at that.

Senator John Crown: I echo the good wishes to the leaving certificate students; I have one and I wish her and all the others the best of luck today. It is a sad day today as 47 doctors and nurses remain under detention in Bahrain. Many of these were trained in Ireland, delivered our babies, healed our sick and patched up our wounds. They have been placed under detention for committing no crime greater than treating wounded protestors in their country. Will the Leader bring to the attention of the Tánaiste and Minister for Foreign Affairs and Trade these matters and urge the Tánaiste to use whatever influence he can on the Bahraini Government to see that justice is done by these innocent doctors and nurses, who are doing nothing other than upholding their sacred duty to sick patients? Will the Leader ask the Minister to bring pressure on those organisations in Ireland doing extensive business, including health care business, with the Bahraini authorities to understand the level of discomfort we feel about the issue?

It is the stated intention of the Taoiseach to abolish our Seanad so I am not certain how much attention he will pay to recommendations on other matters coming from the House. I ask the Leader to bring to the attention of the Government, the Minister for Finance in particular, an alternative strategy for dealing with our need to raise money through funds locked into pensions. It is currently the intention of the Government to raid the privately held pensions of individuals who prudently and carefully saved over the years in response to Government advice. This will raise a derisory amount of money and there is a more fair and efficient way of utilising the money locked in pension funds for the benefit of our State, its citizens and the public services.

Will the Leader ask the Minister to consider amending current pension law in order that people currently harbouring a substantial burden of mortgage debt, including many in negative equity and who may lose their homes, would be allowed early access to the moneys currently held in pension accounts? The tax could be paid now rather than at some indefinite future date when the pensions mature. This would have the effect of reducing the burden of personal debt, providing equity to our banks and giving much needed funding to the Government for urgent

public services. This would raise far more money and it would also repatriate funds to the country as much of the privately held pension debt is currently held outside the State.

Will the Leader bring to the attention of the Minister for Finance concerns we have about the imbalance in the current taxation arrangements and future plans? There are people like me with high incomes and substantial debts through our homes, which were bought at a poor time in the real estate cycle. I cannot see the logic of imposing a property tax on a losing asset which may bankrupt people and which has no intrinsic value because of negative equity. Would it not make more sense to raise income tax on people who have substantial incomes?

Senator David Norris: Yes.

Senator John Crown: That makes far more sense than the nonsensical idea of imposing what would effectively be the world's first capital loss tax on an asset which is of declining value.

One of the key issues I hope will be raised continually in the House is the question of Oireachtas reform. The Taoiseach must look into his soul and decide which Chamber messed up this country.

Senator David Norris: Hear, hear.

Senator Mary M. White: It was not the Seanad.

Senator John Crown: Was it the Seanad, whose worst offence was a sin of omission when it was asleep at the tiller, or was it the Dáil, which appointed a series of barely competent Ministers to the high offices of State and who subsequently steered us on to the rocks of financial ruin? We need a system that will allow us a greater talent pool in both Houses and we require fundamental Oireachtas reform. I thank the Cathaoirleach for the time and I hope the Leader will bring my concerns to the attention of the Taoiseach and relevant Ministers.

Senator David Norris: Bravo, well said.

Senator Tom Sheahan: I compliment the Minister for Agriculture, Fisheries and Food, Deputy Simon Coveney, on how quickly he created 158 jobs in the aquaculture industry. I ask the Leader to bring the Minister before the House because the previous Administration failed to implement the operational programme for fisheries for 2007 to 2013. I hope that if the Minister comes before the House, he will indicate an intention to implement the operational programme for fisheries as quickly as possible. This is hindering the fisheries and aquaculture sector which has significant potential for job and wealth creation. I would be grateful if the Leader could arrange for a debate on the issue with the Minister.

Senator Thomas Byrne: Yesterday the Leader suggested that we could discuss a range of issues with the Minister for Finance during our debate on the Finance (No. 2) Bill 2011. I am wary of that proposal because the Bill raises a number of important issues which deserve our attention in their own right. I would prefer for the Leader to arrange a separate debate on the economy, the finance portfolio and the EU-IMF agreement. I was concerned to learn that the figure changed from €440 million to €140 million yesterday. What has happened over recent months has been a sham battle on the issue of corporation tax. When Deputy Brian Lenihan negotiated the original EU-IMF package he was told to keep the interest rate below 6% and retain our corporation tax rate. Both those objectives were achieved. The Government is now fighting a sham battle over our corporation tax rate, even though it is aware it was already won last November, in order that it can say it managed to retain our 12.5% corporation tax rate. Nothing has happened. If the interest rate is to be adjusted, we are now being told it will only be worth €150 million, which is substantially less than the figure suggested by the Taoiseach

[Senator Thomas Byrne.]

last week. We should hold a full debate on that issue separate from that on the Finance (No. 2) Bill.

It is time that various Ministers were held to account on health issues. During the course of the election a number of promises were made to the most vulnerable people in society. Senator Henry raised the issue of cancer services in Sligo, an area dear to my own heart because my wife is from the county. Promises were made to restore services within the first 100 days of this Government's term. In respect of Navan hospital in my own constituency, a number of promises were made to sick and vulnerable people in advance of the election. Either these promises are delivered or else Ministers must be called to account for them. The Seanad would provide an excellent forum for that.

I join my colleagues in wishing leaving certificate students the best of luck today. They are being advised not to panic. Given that I panicked during the leaving certificate, I cannot give the same advice but they should not worry if they panic because it is natural to do so.

Senator Mary M. White: Hear, hear.

Senator John Whelan: I ask the Leader to arrange for the Minister for Health to explain to the House his plans to resolve the chronic shortage of junior doctors which is affecting hospital services throughout the country. Although I defer to the superior knowledge of Senator Crown in this area, I understand the situation is reaching a crisis and will come to a head on 11 July when the new roster for junior doctors comes into effect. The shortage is putting a serious strain on acute hospital and surgical services and is a cause of concern for senior hospital consultants, front-line nursing staff and, of course, the public. I understand HSE managers are drawing up what they refer to as contingency plans to cope with the shortage of junior doctors, although this may, unfortunately, be a euphemism for cutting and scaling back services. I regard the Minister as having hit the ground running and he is not afraid to address the problems he inherited in the health service. While I am sure he will not be found wanting on this issue, the shortage of junior doctors is leading to unnecessary rivalry and tension among regional hospitals which must compete for doctors who are in short supply. Apparently it is more attractive to take up junior training posts in the UK and elsewhere.

Across the midlands, Portlaoise, Mullingar and Tullamore hospitals are under duress. Even though Portlaoise hospital dealt with 41,000 emergency presentations, making it the country's 11th busiest acute hospital, it is now facing the spectre of reductions in surgical and acute services. It is a matter of life and death to dice with hospitals that provide such a level of surgery and other activities. Portlaoise is the lead maternity, obstetric and paediatric hospital for a region which includes north Tipperary, Laois, Offaly and Kildare. It is positioned on the main road between Dublin, Cork and Limerick and is the only viable accident and emergency unit between these cities. It is also located across the road from two of the country's largest prisons, Midlands Prison and Portlaoise Prison. So far this year, Portlaoise hospital has treated 11,000 emergency presentations. It is incumbent on the Minister to ensure accident and emergency services in Portlaoise and other regional hospitals are not reduced or restricted owing to the shortage of junior doctors. A sticking plaster will not solve this problem and I am sure the Minister will intervene with a solution.

Senator David Norris: I ask that the Minister for Transport, Tourism and Sport re-examine his decision on grants to Galway and Sligo airports, both of which I use comparatively frequently. The amount of money involved is comparatively small but its loss will be devastating for these regions. It will become more difficult to attract tourists and a considerable number of business people use these airports. The Minister suggested that the roads have improved

but I wonder whether he is aware of the speed limits on them. It takes 20 minutes to travel by air to these airports but if one attempted to make the journey that quickly by road, a very fast car would be needed and one would certainly end up in jail. I was saddened by the State's defence in respect of the Magdalene laundries. As I have faith in our new Government, I will speak about a matter I have raised on numerous occasions, that is, the involvement of Protestant institutions in this area. They have been completely excluded and I have been a lone voice in raising the issue. On 30 September 2010, the most recent example, I pointed out that the State's inspectors reported cases of serious medical neglect in Bethany House but the State deflected these claims and publicly directed that the institution should not be included in any circumstances with the investigation into the treatment of Roman Catholic children. The State, therefore, took a partisan and sectarian position to the disadvantage of the children concerned and it refused to accept the report of its own medical advisers. The previous Church of Ireland Archbishop of Dublin, Dr. John Neill, issued a powerful statement of apology on behalf of the church which referred to grave concern and deep pain but the worst aspect was that the Church of Ireland has repeatedly petitioned the State to have Bethany House brought under the remit of the Residential Institutions Redress Board. I attended a service of remembrance in Mount Jerome Cemetery for 200 unnamed children. The State owes these children the same redress as this House advocated so passionately in regard to the Magdalene laundries.

Senator Michael D'Arcy: I wish to raise the issue of social welfare fraud. TV3 broadcast a very good programme on this subject last night which involved a top class level of investigative journalism. We continually speak about issues over which we have some control but we have full control over this one. It appears, however, that we do not want to grasp the nettle on this occasion. Significant sums of money are being wasted through social welfare fraud but the political will has not existed to address this problem, possibly because it appears distasteful to do so. It is the black and cash economy rather than the green economy which is dominant in Ireland at present. People who claim social welfare benefits are competing with those who operate legitimate businesses. They pay no VAT or other taxes and the legitimate business people are losing out. The Minister for Social Protection needs to outline to the House the Government's proposals for ending the fraud of billions of euro every year because Joe and Josephine taxpayer are not going to facilitate it for much longer. I would like an in-depth debate on this matter as soon as possible.

Senator David Cullinane: I welcome the commitment to a debate on the economy. The exchange between the Government and the main Opposition party is part of a phoney war being fought between the two sides because the present Government is implementing the policies of its predecessor on the EU-IMF bailout.

I welcome the fact that there will be a debate and, I hope, Sinn Féin will have speaking time when it takes place.

This brings me to my second question, which I will continue to raise until we get a response. I was asked yesterday by the Leader to write to him and the Cathaoirleach in respect of the meeting of the Committee on Procedure and Privileges, CPP. I did so and I raised a number of issues of concern that we have. I hope they were addressed but it would seem from this meeting that at least one of the issues has not been addressed. I ask the Leader to respond to the concerns——

An Cathaoirleach: The CPP meeting is this evening.

Senator David Cullinane: I apologise but I want an acknowledgement that the letter was received and that those issues will be raised.

I welcome the statement by the Minister for Transport, Tourism and Sport that a review of the taxi industry will be commissioned. It is timely for us to have a discussion on the future of the industry. While the review will focus on unsavoury practices in the industry, which were highlighted in a recent “Prime Time Investigates” programme, issues of concern to taxi drivers across the State also need to be addressed. There are too many taxis on the road, particularly in County Waterford, and it is timely and proper for this House to be part of the discussion the Minister wants to have on the future of the industry.

I refer to the issue of housing. The recent CSO housing statistics highlighted a further 1% decrease in house prices in April. This points up the need to have a discussion on housing issues. There are major problems, which I am sure the Leader will accept, in respect of social housing because Part V of the Planning and Development Act 2000 is no longer available to local authorities, funding for new building has dried up and long-term leasing has not been as successful as hoped because landlords are not buying into the scheme while debt forgiveness and repossessions also need to be discussed. It is timely for the House to have a full and comprehensive discussion about the future of housing, especially social housing.

Senator Jimmy Harte: I am delighted that Fianna Fáil Senators have brought the issue of the economy to the fore. Perhaps that would have been a better exercise if it had been done over the past few years. I am sure they will clarify issues the country is waiting to hear about.

Senator Darragh O’Brien: We would be more than happy. I am only asking a question.

Senator Jimmy Harte: I am delighted the Senator asked it because we can follow it up at a future date.

Senator Crown raised the issue of the tax on pension funds. I was in business for many years and I have spoken to many retailers and small business owners throughout the country. They are not concerned about whether the tax is 0.6%, 0.8% or 0.1% on their pension fund but about whether they can afford to put money in. Many of them have stopped contributing to their pensions because they cannot afford it. It is a shame because they are not making profits and cannot pay into their pension schemes for their retirement. Certain occupations are not affected by the recession and those engaged in them feel aggrieved by the tax but if a small business owner is asked whether he or she would rather have his or her pension fund taxed at 0.6% to bring jobs on stream or have no tax on, they would prefer to have pension schemes contribute to stimulating job creation. Unless jobs come on stream, the small business man will go out of business and, therefore, it will be irrelevant to him whether he has a pension fund. It must be recognised that taking money out of pension funds may affect the pockets of some people but, in the overall scheme of things, if it generates jobs and brings people back into shops, hotels and other businesses, it is a good idea.

There is major demand for passports, particularly at this time of year. It might be an idea to stagger the renewal periods for passports. If my passport is issued today, it will be up for renewal this day five years or ten years. The renewal date should be deferred to October or November rather than having a glut of renewals in June and July when people are going on holidays. Will the Minister for Foreign Affairs and Trade consider the staggering of passport renewals?

Senator Labhrás Ó Murchú: It is generally accepted that in times of war and social unrest those who provide medical services to the victims of hostilities should not be subjected to harassment or oppressive practices. This a humane principle to which all civilised admini-

strations subscribe. Senator Crown raised an important issue in this regard because there is no doubt that medical staff in Bahrain are being subjected to oppressive practices. No democrat would accept that it is correct for any administration to use the caring professions in the context of a political agenda. We should not under-estimate the importance of this House giving a voice to such people when they do not have a voice of their own.

Ireland, in particular, because it does not have international historical baggage is generally listened to much more carefully than states with baggage. Perhaps Senator Crown will consider tabling an agreed motion. We have used this mechanism in the past and we should use it much more often when we are all agreed on an issue. I compliment the Senator for raising the issue. I suggest that, with the permission of the Whips, we might come forward tomorrow with an agreed motion on this issue.

Senator Paul Bradford: Yesterday, the Leader made an excellent suggestion on organising in the coming months a series of debates on the individual components of the programme for Government. Will he use that opportunity at an early date to debate political reform? The programme contains a commitment to set up a commission to examine our system of politics, including electoral reform.

I support Senator Crown's comments on what we call politics. We have a political system and, in particular, an electoral system, which will always ensure constituency comes before country and nobody should be surprised that our economy is in its current dreadful position because we do not have a working political system. It is only lazy politics and lazy journalism which would somehow believe that the Seanad alone is the problem. We have a problem with the Dáil, local government and this House.

Senator Mary M. White: Hear, hear.

Senator Paul Bradford: A broad debate on urgent reform is needed. We are engaged in a great deal of introspection in this House but we need to consider the broader political picture, including local government, the Dáil and, in particular, the electoral system. We have to recognise that our electoral system, which may have been fit for purpose in the Ireland of the 1920s, 1930s and 1940s, is no longer fit to produce the governance and decision-making processes the country requires. I look forward at the earliest opportunity to a debate on political reform. The problems we have and improvements we can make in this House are minuscule in comparison to the problems in the broader political system.

Senator Mary M. White: Hear, hear.

Senator Feargal Quinn: While offering best wishes to those doing their examinations, I remind the House that the leaving certificate applied examinations are also taking place today. I mention this because a number of State bodies do not recognise this curriculum and there is a necessity to debate this issue.

Every Member received a copy of the Order Paper in an envelope in his or her pigeon hole. I do not understand this. I have raised previously the volume of paper used by the House for no purpose. The envelope was sealed, addressed and placed in my pigeon hole. We could make significant savings in this regard.

Senator Norris raised the threat to a number of regional airports. One issue was raised in the very good debate we had on tourism last week. The people of the island of Kyushu in Japan — businessmen, bureaucrats and academics — got together, not to subsidise the airport but to subsidise the passengers. They went to towns in China, Taiwan, Korea and elsewhere to encourage people to fly to Kyushu. They were offering for sale a €1,000 voucher that could be

[Senator Feargal Quinn.]

used in shops, hotels or medical services on the island which has eight airports. The initiative has been a great success. The reason I raise it is because it was not the Government that did it. Some people say the Government should subsidise the airports but it was the people themselves, those in business who said they would encourage tourism by offering people the chance to buy a €1,000 voucher. That is the kind of thinking we need here. Let us stop saying the Government should do this or that. Perhaps it is time for us to get up and do something ourselves. This is a very good opportunity to do so.

I support Senator Crown's point about Bahrain and the doctors there. I was horrified to hear what is taking place. Senator Ó Murchú agreed entirely with the point. He said the Seanad is the place where we can draw attention to what is happening there. The situation has been described very well. It is a tradition that those who give aid to those who have been injured in any sort of conflict are not criticised or put in prison for it. This House can do something about that. I support Senator Crown.

Senator Fidelma Healy Eames: It would be remiss of me not to mention Galway Airport. I am grateful that the Cabinet has made a decision to fund the airport for this year but it provides us with a major challenge because to attract new airlines one must offer a three-year contract. I accept what was said about creative solutions. I listened carefully to what Senator Feargal Quinn said, that Galway Airport could be on its last legs. The airport contributes €31 million to the broader economy. The medical device sector in Galway attracts doctors from all over the world. They said that they would not have come were it not for the direct flights into the region. Last year alone one of those medical devices companies said it brought in 450 doctors to look at its new equipment. The medical devices sector is an injection into the arm of this country when it comes to exports. I encourage the Government to keep an open mind on Galway Airport. Locally, we will do everything to look at the issue.

I support what my colleague, Senator Bradford, said about the need for a rolling debate in the Chamber on electoral reform.

Senator Mary M. White: Hear, hear.

Senator Fidelma Healy Eames: There is a commitment in the programme for Government that we look at the electoral system as a whole not just Seanad reform. I accept that Seanad reform is important but in and of itself it is just an easy target. It will not solve any of the problems of this country. The debate should begin on the electoral system as a whole. Will the Leader consider a rolling debate, be it one day a week for X amount of time until everyone in this House has had a chance to make a contribution? At the end of those contributions we could collate them into a report. The debate should be about how our electoral system should serve this country, not the Members of this House or the other House. We are at a watershed. A referendum is due in the next year or two. Let us offer something real. At the end of the process it would be great if, in addition to the report I propose, some of those contributions could be covered by the broadcasting unit and RTE. The people need to be truly informed to make the decision.

Senator Trevor Ó Clochartaigh: Ba mhaith liom dhá cheist a ardú le Ceannaire an Tí a bhaineann le cúrsaí tuaithe go bunúsach. Maidir leis an clár taistil tuaithe, nó rural transport programme, tá ráflaí sa timpealleacht go mb'fhéidir go mbeidh deireadh á chur leis an glár sin. Tá sin ag cur an-ímní ar mhuintir na tuaithe mar gheall ar an tseirbhís iontach a thugann an clár sin. Bheadh sé thar cionn dá dtiocfadh an tAire Iompair isteach sa Teach le ceisteanna a fhreagairt agus le todhchaí an chláir sin a dheimhniú dúinn.

Will the Leader of the House ask the Minister for Transport to come to the House to discuss the rural transport programme because rural people are very worried about the possibility that it might be axed in the coming months?

Chomh maith le sin, ba mhaith liom tacú leis na moltaí a rinne na Seanadóirí romham maidir le Aerfort na Gaillimhe. One of the interesting aspects about Galway Airport which seems to be overlooked is that 80% of the traffic is international so the argument that we now have roads that will get people here and there in a fast time does not count for the 80% of people travelling internationally.

Senator David Norris: Hear, hear.

Senator Trevor Ó Clochartaigh: Tréaslaím leis an Aire as ucht an cinneadh a rinne sé inné dul siar ar an gearradh siar a bhí déanta ag an Rialtas roimhe. I commend the Minister on reversing the cut introduced by the previous Government to funding for regional airports. If the Minister were to come to the House we could put the case for Galway Airport in a vehement fashion so that he might help it to come to a position of sustainability and viability within the next two or three years.

Tá go leor daoine ag guimhe deaghuí ar na daltaí atá ag déanamh scrúduithe agus ba mhaith liomsa an rud chéanna a dhéanamh. We also need to remember that there are 17,615 pupils in two-teacher schools around the country. The future of those schools is in jeopardy. The pupils attending them will do their junior certificates and leaving certificates in the future. We have great expertise in this House. I would like the Minister for Education and Skills to come to the House to debate the future of those schools so that it does not become merely an academic exercise, as such, in an office in Dublin where the number of pupils in a school is the only reason taken on board when we look at its future viability. Those schools have a vital role to play in their communities. Tá sé an-tábhachtach do phobal na tuaithe go mbeadh na scoileanna ann, ach tá gearradh siar á dhéanamh ar sheirbhísí faoin dtuath. Mar sin, ba mhaith liom go dtiocfadh an tAire isteach le go gcuirfeadh muid ár dtuairimí in iúl faoin tábhacht a bhaineann leis na scoileanna beaga tuaithe ar fud an iarthair agus ar fud na tíre.

Senator Mary M. White: Yesterday in the Dáil another light was cast on the dark issue of suicide. I thank Deputy John Lyons of Dublin North-West, who asked the Minister for Justice and Equality about suicide among asylum seekers. A total of 49 asylum seekers died here in the past ten years while they were under the jurisdiction of the Reception and Integration Agency which is responsible for their care. Those who died did not die in the asylum centres but in hospitals and other locations. Eight asylum seekers died by suicide in the two years, 2003 and 2008. We must ask why.

Asylum seekers spend up to seven years waiting for a decision from the Government on whether they are to be allowed to stay. They have nothing to do all day and they have no social welfare payments. An adult gets a personal allowance of €19 per week. Because they are bored, with nothing to do but wait in vain, they get physically, mentally and psychologically sick. As a consequence, 49 asylum seekers have died. That has been brought to light just yesterday. I am sure nobody in this Chamber knew that asylum seekers were dying by suicide. I call on the Minister for Justice and Equality to urgently work with the Reception and Integration Agency to speed up decision making on whether people are to be allowed to stay here.

On the Arab spring and what is happening in many places, I commend the moral courage of the people in those countries. The Royal College of Surgeons of Ireland, which trains many of these doctors in Ireland as well as in its medical establishment in Bahrain, should show its moral courage and speak out on behalf of the 47 doctors who, in keeping with their Hippocratic oath, are giving humanitarian aid to patients.

Senator Rónán Mullen: Bhí áthas orm Seanadóirí eile a chloisteáil ag labhairt faoi aerphort na Gaillimhe agus aerphort Shligigh. The Government is being very short-sighted on this issue. The focus should not be on the number of passengers but the nature of the passengers and the importance of regional airports, Galway and Sligo in particular, to the national spatial strategy and to the cause of balanced regional investment. A senior manager with Boston Scientific visiting a plant in Galway which has several thousand workers will think in terms of travelling by plane. I think this is short-sighted and the proposal to pull the plug on the subsidy and funding to this airport is ill considered.

In congratulating students sitting the leaving certificate and leaving certificate applied examinations today, may I ask if it would be appropriate to have a debate on the school syllabus at primary and secondary level. That is the key to our ability to resolve our problems in the future. Perhaps we can discuss this at the leaders' meeting.

I have a question for the Deputy Leader. Senator Bacik received deserved plaudits last week when she brought forward on behalf of the Labour Party legislation to prohibit female genital mutilation. I was astonished to read at the weekend, however, that Senator Bacik, at a World Atheist Convention, was reported as being approving of an Irish ban on what she called male genital mutilation. MGM has a musical ring to it, but I am not sure that it is an appropriate characterisation of circumcision and whether that is what she meant. We have medical expertise in the House and we can debate in due course whether there is a medical case for such a ban, but I did not hear that in what Senator Bacik said. Has Senator Bacik considered that such a proposal could be deeply insensitive towards the Jewish and Muslim communities? Has the Senator contacted the Department of Justice and Equality to determine its view on the question and will she consider if this is an example of some equality advocates losing their sense of perspective and proportionality in the blind notion of equality?

Senator Ivana Bacik: That is a long question, Senator.

Senator Rónán Mullen: We are all concerned about the impact of cuts, but this is one cut the Senator should leave well enough alone.

Senator Ivana Bacik: I do not think it is appropriate to make a joke about it, Senator Mullen.

Senator Maurice Cummins: I join the Leader of the Opposition, Senator O'Brien, in wishing well all pupils taking the junior and leaving certificate examinations today and I wish them every success for the future.

A number of Members requested debates on finance, the economy and the EU-IMF bailout. The Minister for Finance or the Minister of State at his Department will come to the House next week. The time for the Second Stage debate has been extended to three hours, which is unprecedented. There will be an opportunity to raise many of the topics and questions that were raised.

Senator Bacik requested a further debate on child protection. The Minister for Children and Youth Affairs, Deputy Frances Fitzgerald, yesterday agreed to come to the House for a further debate when the recommendations are considered and implemented.

A number of Senators, including Senators Crown, Bradford and Healy Eames among others, raised the issue of constitutional and political reform. Members will be aware the Government is committed to constitutional reform and we can arrange to have a debate on the subject.

Senators Crown, Ó Murchú, Quinn and White raised the suffering endured by doctors and nurses in Bahrain. We are in favour of a motion on the issue and would be prepared to facilitate such an all-party motion if it could be of help.

Senator Crown raised the question of the Taoiseach abolishing the Seanad. Let me remind him that the Taoiseach cannot abolish the Seanad. The people of Ireland will decide on its abolition.

On the issue of the pension levy, which can be raised in the debate on the Finance Bill next week, it is ironic that the pension industry prior to the election recommended a 0.5% levy. When the Minister introduced a 0.6% levy, all hell seemed to break out. That is a matter than can be raised. Perhaps the companies and the fund managers could take the opportunity to absorb some of the costs in order that they are not passed on the people to whom Senator Crown referred.

Senator Sheahan requested a debate on fisheries, and a number of other Senators also requested such a debate. Fisheries provide great potential to create jobs and I will facilitate a debate on the issue at an early course.

Senator Thomas Byrne raised issues relating to the Finance Bill. I assure him that if we do not have sufficient time to debate the Finance Bill, I will arrange time for further debates on specific areas of the economy and topics such as NAMA. The Senator also called for debates on various aspects of health services. I advised Members that both Ministers of State at the Department of Health will come to the House next week to deal with primary care and the fair deal.

Looking back at last week's business, I note that the Minister for Health, Deputy Reilly, the Minister for Finance, Deputy Noonan, and the Minister for Social Protection, Deputy Burton, came to the House. The senior Ministers have spent time in the Seanad and I hope that will continue.

Senator Whelan raised the issue of the shortage of junior doctors. That is a matter that must be addressed and it could be raised with either of the Ministers of State at the Department of Health when they come to the House next week.

Senators Norris, Healy Eames, Ó Clochartaigh, Mullen and Quinn raised the issue of regional airports, Galway Airport in particular. It is a problem. I know from experience of Waterford regional airport, which is the only regional airport that does not have public service funding, that there is a difficulty. When Members speak about the volume of business, we must create a situation where regional airports are financially viable as well. There is a need for Government funding, the Minister has reversed his decision in respect of Galway and perhaps he will come to the House at a future date to deal with the wider area of aviation policy in respect of regional, national and international airports.

Senator Norris raised issues relating to those who were in Bethany House. I agree that these people deserve the same redress as envisaged will be provided for those who were in Magdalene homes. The recommendations arising from the report into this issue will be discussed by Cabinet and I hope the debate in the Seanad will be just after that.

Senator Michael D'Arcy raised the question of social welfare fraud and the development of the black economy. The social welfare Bill will come to the House in two weeks time and that will afford the Senator an opportunity to raise with the Minister questions about social welfare fraud.

I assure Senator Cullinane that the matter he raised will be considered by the Committee on Procedure and Privileges. I did not receive his letter but the matter will be dealt with. I have emphasised the point that the Members concerned are not a group and therefore cannot be afforded the opportunities provided for group membership, but we will try to facilitate the party as much as possible.

[Senator Maurice Cummins.]

Senator Harte raised the questions of the pension funds and passports. We can raise the issue of passports with the Tánaiste and Minister for Foreign Affairs and Trade.

Senator Feargal Quinn mentioned the practice of placing the Order Paper in an envelope. This matter has been raised on several occasions and was discussed by the Committee on Procedure and Privileges. I see no reason every Senator should be given each day's Order Paper in a big brown envelope which is probably thrown in a bin. There are savings to be made in this regard. I note the Senator's Japanese experience of regional airports and business people subsidising other passengers. This is something we should consider in this country.

Senator Trevor Ó Clochartaigh also mentioned rural transport, which is something we can deal with at a later stage. Senator Mary White referred to the suicide rate among asylum seekers. The previous Seanad held a debate on suicide, to which the Senator contributed. It is a subject to which we can come back. I am sure every Senator has received representations relating to the delays in processing asylum applications. This issue needs to be addressed in the Department of Justice and Equality. I am sure the Minister is working to expedite the matter. This is something we would all welcome.

Senator Rónán Mullen referred to the school syllabus. The Minister for Education and Skills will be in the House next week for statements on special educational needs and other aspects of education. The Senator may raise this matter on that occasion. Male genital mutilation is a matter he can discuss with Senator Ivana Bacik at a later stage. I am sure she will be well able to answer his question.

Order of Business agreed to.

Sitting suspended at 11.35 a.m. and resumed at 11.55 a.m.

Jobs Initiative and Competitiveness: Statements

Minister of State at the Department of Jobs, Enterprise and Innovation (Deputy John Perry):

On the occasion of my first attendance in the Seanad since my appointment as Minister of State with responsibility for small business, I congratulate the Leas-Chathaoirleach, Senator Denis O'Donovan, on his appointment and wish him well. I congratulate Senator Paddy Burke on his election as Cathaoirleach and wish him well in his very important role. I congratulate Senator Maurice Cummins on his appointment as Leader of the Seanad and Senator Darragh O'Brien on his appointment as Leader of the Opposition.

This is a very important debate on job creation and the role of small businesses. The Government will be concerned about and will have respect for their role. It acknowledges the critical role of the domestic economy in this regard. Job creation is central to our economic recovery and at the core of the programme for Government. That is why the Government regarded the jobs initiative as a key priority within its first 100 days in office.

Small businesses are the backbone of the economy. There are some 250,000 such small businesses, employing approximately 700,000 workers. By appointing a Minister of State with specific responsibility for small business, the Government is clearly signalling to the business community and the public at large that small businesses are and will continue to be central to economic recovery.

The role of my Department is to ensure we have the right policies in place to support and grow our enterprise base to facilitate both job creation and job retention. It is only by creating the right environment for businesses to expand that we will see new jobs coming on stream.

We must champion the cause of businesses, particularly small businesses which can create good jobs in sustainable activities.

The jobs initiative is part of a strategy of the Government to kick-start domestic economic activity. We have noted considerable foreign direct investment in Ireland, which is very welcome, and acknowledge the role of Enterprise Ireland. Given that the domestic economy employs 700,000 people, the real job of the Government is to offer encouragement in this sector. The intention of the proposed measures is to target our limited resources at key sectors of the economy that can assist in getting people back to work, provide opportunities for those who have lost their jobs to re-skill and build the confidence that will encourage consumers to spend. In particular, the jobs initiative focuses on measures that offer the greatest potential for expansion and employment creation in the domestic economy. It focuses on labour-intensive areas that will generate jobs quickly.

One of the key issues that impacts on the ability of viable small businesses to create jobs is access to credit. This is a challenge the Government is determined to address. The recently announced plans to restructure and recapitalise the banking system are the principal response to this challenge. The plans are designed to secure an adequate flow of credit into the economy to support economic recovery, even as the banking system is downsized. The banking system must provide for substantial new lending into the economy. The business plans submitted by the pillar banks provide for over €30 billion in new lending in the next three years across their core business areas. Up to €20 billion of this figure will go to small and medium-sized businesses. The financial authorities will be rigorously monitoring the banks' activities to ensure credit is available to borrowers who meet reasonable credit standard requirements. Mr. John Trethowan in the Credit Review Office will have a benchmarking role in this regard. It is very important that viable businesses obtain the necessary working capital to ensure they can sustain jobs.

As part of the jobs initiative and in accordance with the commitment given in the programme for Government, we will be initiating a tendering process for the development of a temporary partial credit guarantee scheme, which I very much welcome.

This will be a targeted scheme aimed at commercially viable businesses that can demonstrate repayment capacity for the additional credit facilities but which cannot secure credit facilities due to insufficient collateral for the additional facilities or because they are growth or expansionary companies which, due to their sectors, markets or business model are failing to get support under the banks current commercial lending decision making. It is important that we deal with those vital emerging markets in the economy.

The design of this scheme will draw on international experience to support new lending that would not otherwise have been extended by the banks. In this way, the scheme will complement, rather than be a substitute for, existing lending activities by the main financial institutions. It will be designed to encourage banks to lend to new or expanding commercially viable SMEs to allow them grow their company, develop new products and expand into new markets.

The Government's commitment will be for an initial period of one year. Specific performance criteria will be set down that will allow for review and revision of the scheme at the end of that initial period before committing to a roll-over of the scheme for subsequent years.

There will be a modest level of exposure to the taxpayer when the scheme is launched, but there will also be a significant positive knock-on benefit to the economy in terms of job creation, welfare savings and returns to the Exchequer by way of tax revenue generated.

Together with my colleague, the Minister for Enterprise, Jobs and Innovation, Deputy Richard Bruton, we will work with the Minister for Finance in developing this proposal further with a view to having a targeted scheme in place by the autumn.

[Deputy John Perry.]

An equally important fund is the micro-finance start-up fund. The Government also recognises the importance of supporting business start-ups if we are to encourage entrepreneurship and create more jobs. We acknowledge the difficulties which can be experienced by micro-enterprises in getting access to finance at such an early stage of business development. That is a critical area of Government to encourage enterprise at the local level. Coming from a business background I am aware that getting working capital is critical for start-up businesses.

The Government is committed, therefore, to developing a suitable micro-finance fund for the micro-enterprise sector. Arrangements for the establishment and operation of such a fund will be developed in consultation with the relevant stakeholders, with a view to formalising proposals for this year's budget. This commitment on a micro-finance fund is the Government's contribution to filling this gap in the area of financing enterprise.

Equally, we are delighted with the 15 day prompt payment across the public sector. Cashflow and working capital requirements have also been an issue of major concern to small businesses in recent times.

To improve the cash flow of businesses, and particularly small businesses trading domestically, the Government now requires the Health Service Executive, the local authorities and all other public sector bodies, excluding commercial semi-State bodies, to pay suppliers within 15 days of receipt of a valid invoice. This measure is applicable from 1 July 2011.

The initiative is an extension of the arrangement that currently applies to payments made to suppliers by Departments. Public sector bodies covered by the new arrangement will be required to publish quarterly reports on their websites outlining their performance in meeting the new requirements. In addition, all Ministers will be responsible for publishing reports on the performance of all bodies for which they have responsibility. This will ensure that any payment difficulties being experienced should be addressed to the bodies concerned.

These new arrangements will directly assist SMEs by improving their cashflow. The State has shown its commitment to helping the SME sector. There is a need now for the private sector to improve its payments record and to respond more quickly in making payments to suppliers. Increased cashflow will help improve our economic recovery.

SME procurement is important also. In Ireland it is worth approximately €15 billion per annum and is an important source of business for SMEs. The Government will build on existing initiatives to promote greater access to procurement opportunities for SMEs, including through identifying and overcoming barriers to their participation in the procurement process.

We will also seek to foster greater SME engagement in developing innovative products and services to meet the needs of public bodies within the framework of EU law and will explore similar schemes in other EU countries in that regard.

Every 1% increase in public procurement contracts won by small and medium-sized firms would deliver €150 million extra in business for this crucial sector. Greater access to procurement opportunities for SMEs, within the parameters of EU public procurement rules, can therefore generate increased business for those companies and help maintain jobs. As well as being an important source of income, winning public sector contracts here can have a very positive impact when companies are looking to win contracts abroad.

The Government has undertaken in the jobs initiative to build on existing initiatives to promote greater access to procurement opportunities for SMEs. Specific actions will include the provision of training to procurement officers in Departments and Government agencies to ensure that their approach to public tendering does not inhibit access by small companies; being open to consortia bids from SMEs; splitting tenders into lots, which might stimulate more

involvement by SMEs; and removing any cultural obstacles in the system which prevent SMEs winning tenders, such as dealing with existing large service providers and familiarity with large companies.

Enterprise Ireland will assist its client companies to build capability in responding to tenders, connecting them with public sector buyers, and building an understanding of future needs of purchasers on the one hand and competences within firms on the other.

We will also seek to foster greater SME engagement in developing innovative products and services to meet the needs of public bodies and will explore similar schemes along the lines of the small business innovation research programme in the US, and schemes in other EU countries that help to provide partnering and networking opportunities for small businesses, and provide the impetus to start projects that otherwise would not have got off the ground.

Employers' PRSI is important also. One way to help job creation and improve our labour cost competitiveness is to ease the costs on employers of taking on new employees. Accordingly, and in line with the commitment given in the programme for Government, there will be a halving of the lower rate of PRSI until 2013 on jobs that pay up to €356 per week. This measure will take effect from 1 July next and will reduce employers' costs by 4% and offset the restoration of the national minimum wage committed to in the programme for Government.

The existing employer job PRSI incentive scheme will remain in place until the end of this year to ensure that enterprises and businesses that had planned to take on staff under this scheme in that period may continue to do so.

On reducing business costs, which is important also, the Government is committed to keeping all costs which impact on business as low as possible to enable them to benefit fully from the stimulus provided by the jobs initiative. This will require a joined-up effort across all Departments. In this context, I will work with my ministerial colleagues to explore options for further reducing costs to business, particularly those that are set by Government or at local authority level. Work to further reduce the administrative burden on business and to tackle costs in sheltered sectors will also continue across Departments.

In addition, my Department has measured administrative burdens arising for business in three key areas of regulation: company law, employment law and health and safety law. It was found that the burdens across these three areas amounted to €831 million per annum for business. The Government's target to reduce these burdens by 25% dictates that €208 million must be cut from these costs for business.

At this stage, 90% of the €208 million has already been targeted, and this amounts to almost €187 million in savings this year. The savings can be realised by, for example, submitting returns to the Companies Registration Office electronically, taking up the available audit exemptions, using the Health and Safety Authority's on-line tools to assist with risk assessment and safety statements, and using the simplified on-line procedures and forms for redundancy rebates. Details of the practical areas in which savings can be realised by companies are available on the business regulation section of my Department's website.

Regarding improvements in cost competitiveness, the loss of competitiveness in the Irish economy during the boom years, coupled with the global economic downturn, has had a profound impact on the bottom line for many Irish companies. This has had a drastic knock-on effect for employment, with many employers having to lay off staff, and reduce hours for those employees remaining.

Addressing the issue of competitiveness in the economy has been one of our top priorities since taking office. There have been some recent improvements where the Irish economy has

[Deputy John Perry.]

regained some of its cost competitiveness. This has included, for example, reductions in electricity and gas prices for businesses, and the reduction or freezing of local authority rates.

The cost of water services to business also compares favourably with that in our main trading partners, while the cost of broadband services compares favourably with the EU average.

Measured by the harmonised index of consumer prices, the rate of inflation fell continuously in Ireland between March 2009 and December 2010. Even with the moderate growth in prices for the first four months of 2011, we continue to have the lowest growth rate in inflation across the European Union. As a result, our prices have continued to come closer to those of our main trading partners. Despite this progress, the National Competitiveness Council cautions that further improvement in cost competitiveness is essential.

The Government is committed to doing more to reduce the cost base for business. The programme for Government centres strongly on enabling growth in the domestic economy, while continuing to maintain a strategic focus on exports and investment. As part of these efforts aimed at economic recovery, we will explore initiatives that will assist Irish business, as well as tackling costs in the so-called sheltered sectors for professional services.

There has been an overall decrease in labour costs in the economy, coupled with improvements in productivity. EUROSTAT data for unit labour costs across the European Union show that costs in Ireland fell by over 7.6% between the fourth quarter of 2009 and the fourth quarter of 2010, compared with an EU average rise of 1% in the same period. The recently published report on the independent review of employment regulation orders and registered employment agreement wage setting mechanisms examines how to implement meaningful and overdue reforms in wage-setting mechanisms which affect key sectors of the economy in order to protect existing jobs and encourage employment growth. The review of employment regulation orders and joint labour committees will be crucial to the bottom line of many small and medium businesses. The Minister for Jobs, Enterprise and Innovation intends to finalise consultations with relevant stakeholders this week, ahead of submitting a final action plan to the Cabinet before the end of June. The review of employment regulation orders and joint labour committees, together with the job creation initiatives and incentives announced last month, will facilitate both job creation and job retention.

Rental costs are an important factor for the competitiveness of businesses in the economy. In recent years upward-only rent reviews kept rents for many businesses at an artificially high level, despite the fall in property values and open market rental trends. While upward-only rent reviews have been banned in new leases signed since 28 February 2010, the programme for Government expresses our intention to legislate to end upward-only rent reviews in existing leases. The Minister for Justice and Equality and the Attorney General are exploring the legal options in this area.

Other areas of the jobs initiative I want to highlight include the following. An additional 20,900 places are being made available on specific education and skills training courses, including places on back to education initiative, post-leaving certificate courses, under the third level springboard programme and the new national internship scheme. Approximately 1,000 jobs will be created by the rehabilitation of local and national roads, with the implementation of smarter travel and management schemes. An additional €19 million in Exchequer funding has been allocated to the retrofit scheme which will create approximately 850 direct and almost 400 indirect jobs.

It is likely that the impact of the jobs initiative on employment will be most visible from 2012, as economic activity picks up in response to the initiative and other Government measures. The stability programme update, published on 29 April, foresees net creation of 100,000 jobs

between 2012 and 2015. As signalled at the launch of the jobs initiative, there will be further announcements which will lead to additional job creation in areas where the economy can gain a competitive advantage such as health care, the life sciences, cloud computing and the green economy. Only yesterday Dell announced the creation of 150 new jobs in Limerick and in its first cloud research and development centre in Dublin. That is very welcome news.

As Minister of State with responsibility for small business, I will ensure the concerns of small business will continue to be at the forefront of Government initiatives in order to harness the growth and job creation potential of this critical sector. Next week, with the Taoiseach, I will be launching the small business advisory group which I will chair. The group will be made up of small business representatives and will focus on issues of immediate concern to the sector. Arising from its work, I will bring appropriate proposals to the Government for action on an ongoing basis.

In accordance with the further implementation of the recommendations in the EU Small Business Act, I have been appointed as Ireland's SME envoy. I will be ensuring the interests of SMEs continue to be given priority in the European Union and that the principles in the Act are more fully embedded across the Administration.

The jobs initiative represents the first steps of the new Government on the road to improving the economy's international competitiveness and promoting job creation. More initiatives will be implemented in the coming months. For my part, I will ensure SMEs have a voice in this Administration and that pro-business policies are followed. I am delighted to speak on this very important issue.

An Leas-Chathaoirleach: I thank the Minister of State for his kind remarks. I wish him a long tenure and the best of luck.

Senator Mary M. White: I welcome the Minister of State, Deputy John Perry, to the Seanad and congratulate him on his appointment as Minister of State with responsibility for small business. He is well qualified for the position, given his first-hand experience of running a number of enterprises in Sligo and Ballymote. He is a politician who is not just given to rhetoric. Like me and a small number of other Members, he has proven experience of the day-to-day realities facing any business, particularly small businesses. I wish him well in his new post.

I was elected to the Seanad as the nominated representative of the Irish Exporters Association, based on my experience as the co-founder of a successful exporting company — Lir Chocolates — which today employs up to 250 people. I have the experience of co-founding a business in a kitchen, progressing it step by step to create a sustainable business. We started Lir Chocolates during the last recession in the 1980s and there was a great thrill in seeing an unemployed person get a job, his or her confidence and physique restored and enjoying the social intercourse that came with it. People forget that somebody who is unemployed misses the company of others. We have to challenge more people to start up businesses in order that we prevent growth in the number of long-term unemployed. I cannot think of anything worse to befall a person than long-term unemployment.

I welcome, as does the Irish Exporters Association, the many positive measures included in the jobs initiative announced in May to boost job creation and economic activity. I will focus on two topics covered by the plan, namely, tourism development and finance for small business.

The measures to boost tourism are most timely, namely, the reduction in the VAT rate from 13% to 9%, the offer to suspend the air travel tax — I do not know why a Fianna Fáil Minister could not have done this — and the innovative acceptance of UK visas for visitors from 14 countries. In 2007 there were 8 million overseas visitors to Ireland. Last year the number was just over 6 million, a catastrophic drop of almost 2 million visitors. Visitors bring new spending

[Senator Mary M. White.]

to every county. A recovery in tourism numbers is probably the fastest way of injecting much needed spending into all parts of Ireland via shops, restaurants, bed and breakfast establishments and hotels. I commend the Government for the joined up thinking shown in the package of tourism related measures. There is no doubt that the visits of Queen Elizabeth and President Obama will further encourage people from the United Kingdom and the United States to visit Ireland. I regard the recognition of UK visas by visitors from 14 countries as particularly significant and innovative. The new scheme will benefit visitors from the immensely important countries of Russia, India and China. Until now, visitors from these 14 countries had to file for separate visas for Ireland and the UK, await the decision and pay a fee of €60 per person. Recently, the Minister for Justice and Equality, Deputy Alan Shatter, cited the example of an Indian family of four who wanted to travel to Ireland as part of a trip to London who would have had to have paid €240, or €60 per person, to come here. Now, that family will not pay visa fees for their visit to Ireland. I looked at the list when the announcement was made, and it is a miracle that last year 30,000 people came from the 14 countries. If the new visa waiver scheme is properly marketed and publicised, I suspect there will be a dramatic increase in the number of visitors from these countries.

The visa waiver will also bring additional benefits to Irish exporters, who have struggled to get business clients from the key new markets of Russia, India and China to visit their premises in Ireland. Now, when such clients are in the UK they can be encouraged to hop across. It is a tourism initiative which will have collateral benefits for business and for Irish producers.

It is also encouraging to note a report in *The Irish Times* yesterday on a recent Fáilte Ireland survey, which points to much greater optimism by tourism operators in Ireland, with more than 50% believing that conditions for the industry will be better this year, compared with only 7% expressing such a belief at the same time in 2009.

Many of us in the Fianna Fáil parliamentary party encouraged our Ministers to abolish the travel tax but we did not achieve it which was a pity. I support the measure and I commend it. I understand from media reports that Ryanair has submitted proposals to Government which would deliver up to 5 million additional passengers at Dublin, Cork and Shannon Airports over a five year period.

It is important that the Minister of State keeps us updated on how this initiative is delivering. Sometimes in the past after Ministers and Ministers of State have come before the House they forget what they have said and we do not hear from them for another year. Everybody in Ireland grasped that the travel tax was preventing people from coming. As Senator Barrett stated in the Chamber, people on the continent can go from one country to another. This is the only European country where a travel tax had to be paid.

An Leas-Chathaoirleach: I advise the Senator she has one minute remaining.

Senator Mary M. White: I hope the Leas-Chathaoirleach will bear with me because I wish to speak about finance for small businesses, which is most important.

As bank credit has plummeted from an annual expansion of 30% in the boom years to zero in recent times, cash and liquidity have dried up. Businesses, particularly larger firms, are increasingly stretching out the days' credit they expect from suppliers, especially SME companies. Many firms are caught in this pincer movement as banks restrict or will not increase overdraft facilities, while at the same time big customers expect more days' credit from SMEs. The net result is that many firms have collapsed or are in jeopardy.

The jobs initiative makes a commitment that €20 billion of new lending will be available from AIB and Bank of Ireland over the next three years to the SME sector, that is, €10 billion

per bank or just over €3 billion each year. So far, the business sector has seen little evidence of the commitment made by the banks to the Government to increase lending being reflected in their dealings with their local branch. The plan commits the Department to working out in a transparent way how this new lending will work and I ask the Minister of State to ensure a true picture emerges which is credible to the business community.

The Minister of State is not just given to rhetoric and has first-hand experience of being an entrepreneur. He knows what it is like to keep customers happy every day. I believe 95% of Oireachtas Members do not understand that a business person must keep customers happy and ensure margins to keep the business going. Very few people who speak about business in the Houses have the experience which the Minister of State has. I wish him the best of luck and I look forward to continued dialogue with him.

Senator Imelda Henry: I welcome my constituency colleague, the Minister of State, Deputy Perry, to the Seanad.

We all agree that job creation is essential for our economic recovery and we are very fortunate that the Taoiseach, Deputy Enda Kenny, has appointed a Minister of State with specific responsibility for small businesses. This shows the Government is aware of just how important small businesses are to our economic recovery.

The objectives of the jobs initiative are to get people back to work, kick start economic activity and provide opportunities for those who have lost their jobs to reskill and rebuild confidence, which will encourage consumers to start to spend again. I welcome these measures, as a person with a business background who has run a small business and because time and time again I hear stories from people trying to keep their heads above water in these very difficult and economically challenging times.

I welcome the fact that the Government is tackling the issue of access to credit. The lack of credit and the attitude of the banks are causing serious problems for small businesses and have forced many businesses to close. I am pleased the Department is working closely with the Department of Finance to flesh out the lending targets of the two pillar banks. I sincerely hope this will address failures in the provision of credit for viable businesses.

The Government has shown it is committed to keeping low the costs which impact on businesses, and while I accept this will take a joined-up effort across all Departments I am confident the Minister of State, Deputy Perry, will work with his ministerial colleagues to explore options to reduce costs and, above all, reduce red tape for businesses.

I welcome the fact that from 1 July the Government will require the HSE, local authorities and all other public sector bodies, excluding commercial semi-State bodies, to pay suppliers within 15 days of receipt of invoice. This will greatly assist businesses which are finding it so difficult to get paid and should improve their cash flow. We have limited resources and we must focus them on the measures that offer the greatest potential for expansion and employment creation in our domestic economy. The jobs initiative does so. It focuses on labour intensive areas which will generate jobs quickly.

The jobs initiative will help to support renewed economic growth. It will do so by boosting morale and helping to inject confidence back into the economy by encouraging people, particularly those with savings, to start spending again. I am confident that all the measures in this package, particularly the reduction of PRSI and of VAT on services, will, when taken together, play their part in addressing the problems facing our economy.

As a publican, I was honoured to get the VFI nomination for the Seanad and I am aware of the many difficulties and potential in our trade. I support the proposals of the Minister, Deputy Bruton to deal with JLCs. Several thousand jobs were lost in 2010 in the pub sector alone and

[Senator Imelda Henry.]

many of the remaining 50,000 jobs in our sector are under threat. There will be no reduction in pay, unless by agreement, for those currently employed as they already have contracts of employment. Any changes made now would affect people entering the sector rather than those already in it. A sizeable number of pubs and restaurants have stopped serving food on Sundays, which means there are fewer options for consumers and tourists. Part-time work, particularly for students and those whom it suits to work on Sunday, has disappeared. As somebody living in a Border county, I know that hospitality trade staff are paid a higher rate of between 25% and 50%. It is easier to preserve jobs than create them so we need help to preserve jobs in the pub, catering and hospitality sectors.

Senator Rónán Mullen: Cuirim fáilte roimh an Aire Stáit. I echo the words of welcome to the Minister of State and wish him well in his appointment. He is a very good fit for the job and very approachable. He will work in a very important area. I was not in the Chamber when he made his speech but I have read through it. We must acknowledge that many different initiatives are being taken. They are welcome. They include the partial credit guarantee scheme, the initiatives to try to ensure micro finance for small start-up enterprises to encourage entrepreneurship, easing access to public procurement for small and medium-sized enterprises and trying to minimise costs for business, all of which are essential.

Central Statistics Office figures show that the unemployment rate rose from 14.7% to 14.8% last month. The number of people signing on has increased to 443,400, the largest monthly increase since August. This debate is being held against a backdrop where our unemployment rate continues to edge towards 15%. While recent initiatives focusing on improving job creation, such as those I described, are welcome, they must not create an illusion that Ireland's unemployment crisis will be resolved in the near future. The continued deflation of the domestic economy is starkly reflected in the figures. When one considers that the number of housing starts last year was around 10,000, down from close to 80,000 at the height of the Celtic tiger, one can see how the knock-on effect in construction and related industries has inflated the total number on the live register.

The nature and scale of our economic collapse and the resulting unemployment increases, which have disproportionately affected the construction sector, give rise to concerns that Ireland will see, and is already seeing, a long-term structural unemployment problem. This structural unemployment occurs when a labour market is unable to provide jobs for everyone who wants one because there is a mismatch between the skills of the unemployed workers and the skills needed for the available jobs.

The demand-side stimulus proposed by the Minister in these so-called "job activation" measures may not work to easily abolish this type of unemployment. The key problem with the sort of structural unemployment we see in the figures is the number of persons who are long-term unemployed. Some 43% of those who are unemployed are now classified in that category compared with 21.7% a year earlier.

This long-term structural unemployment is encouraged to rise by persistent cyclical unemployment. If an economy suffers from long-lasting low aggregate demand in certain sectors, for example, construction, it means that many of the unemployed become disheartened while their skills, including job-searching skills, become rusty and obsolete.

When we begin to see economic recovery, we risk entering so-called "jobless recovery" where an economy experiences growth while maintaining or decreasing its level of employment. Depressions and jobless recoveries were common in many economies after the Great Depression where unemployment remained high for years after GDP had returned to growth. We can see this in the latest figures for job creation in the United States. Persistently high

unemployment — 10% or more for decades — occurred in many countries throughout the 20th century with devastating social consequences. Unemployment is now at a level comparable with that recorded in 1994 when the unemployment rate was 14.7%.

I now turn to some of the key measures. I refer to the levy on private pension funds, intended to raise €470 million a year. The Minister announced that this levy will apply to the capital value of assets under management in pension funds established in the State. It appears that the market value will be determined on 1 January 2011, suggesting that the same absolute amount will be paid in each of the four years. In justifying the levy, it was stated that alternatives for increases in taxation elsewhere in the economy would be more damaging.

Practical difficulties will arise as to how this new levy will be paid and, in many instances, questions will arise as to who will bear the cost of the levy. For example, in a defined benefit scheme, will the cost of the levy be a cost for the employer or will it be passed on, in some way, to the employee through reduced benefits? This is unclear. While it is clear the new levy will apply to occupational pension schemes, for example, defined benefit and defined contribution schemes, and personal pension plans, it is unclear whether people in receipt of pensions or holding approved retirement funds will also be affected. The Minister has committed to consulting the pensions industry in regard to the introduction of this levy but it is important that clarity is brought to this area as soon as possible in order that people can assess the impact and appropriately plan for their retirement.

I refer to tourism-related measures. There is the proposal to reduce the air travel tax to zero. This is conditional on airlines opening new routes and boosting passenger numbers. There is also a cut in the lower rate of VAT. Our tourism product has been widely praised and there is much talk about the Irish brand. I heard one aspirant for the presidency talk a great deal about the Irish brand and what he might do to strengthen it abroad by bringing large numbers of people to Ireland. I thought it a novel, although not unwelcome, initiative to be taken by the presidency.

This brand is widely praised even at a time when there are so many negative international headlines about the country. Yesterday, Ireland was voted the holiday destination with the highest satisfaction rate among US travellers. The Wave awards, run by US travel magazine *TravelAge West*, asked travel operators and readers to vote for the winners. Ireland came out on top in the highest client satisfaction category in Europe.

This is in conjunction with new CSO figures which show a 12% increase in tourist numbers from North America. The Minister is clearly aware of the importance of the tourism sector and the large reduction in VAT to 9% for certain goods and services, mainly related to tourism, will apply primarily to restaurant and catering services, hotel and holiday accommodation and various entertainment services, such as admissions to cinemas, theatres, museums, fairgrounds, amusement parks and the use of sporting facilities. In addition, hairdressing and printed matter, such as newspapers, maps and programmes, will be charged at the new rate. This is a welcome development which I hope will stimulate the sector further.

I am glad the Minister and the Government have seen fit to reverse the cut in the minimum wage and that they have committed to restoring the minimum wage to €8.65 per hour from 1 July 2011. The last Government's supply side economic rationale for the minimum wage cut was that any measure which kept minimum wages from falling prevented real job creation. It argued that too many people want to sell their labour at the going price but cannot thus a fall in the minimum wage would stimulate job creation growth. This assumes perfect competition exists in the labour market. Advocates of wage cut policies believe these policies can solve the supply problem by making the labour market more flexible.

[Senator Rónán Mullen.]

However, the predicted negative impact on the live register figures is based on incoherent and simplistic logic that ignores mitigating factors, such as non-minimum wage labour markets, registered employment agreements, sectoral agreements and so on. That is not even to mention the real social cost of condemning individual workers to attempt to support themselves on an hourly rate which, considering that the cost of living has not fallen that significantly, is derisory. I am glad the Government has taken the step to reverse that cut.

Leis an méid sin ráite agam, ba bhreá liom mo chuid dea ghuí a chur in iúl don Aire Stáit. Tá súil agam go n-éireoidh leis san obair íontach tábhachtach atá ar siúl aige. Tá sé tábhachtach dúinn uilig go n-éireoidh leis ina chuid dualgas.

Senator Jimmy Harte: I wish share my time with Senator John Kelly.

An Leas-Chathaoirleach: Is that agreed? Agreed.

Senator Jimmy Harte: I welcome the Minister of State, Deputy Perry, who comes from a business background so he is an ideal person to speak about small business. Like Senator Mary White, I have been in business since my early 20s when in setting up a business one did not have the support structures in place today. Many people went into business fairly blind. We just got into the water, kept swimming, got to the other side and perhaps had to start to swim back again.

Currently, it is difficult for any small business to survive and I am aware of the difficulties. A large number of people, approximately 250,000, work in the retail and services sectors. They are the people who drive the economy and keep it ticking over but currently they are being hammered on all fronts.

I am delighted to learn that upward only rent reviews will be scrapped because many of these rents are paid to institutional investors who are getting considerable rents on high streets throughout the country. Upward only rent reviews must be abolished because they are strangling the people who are expected to invest these companies. Access to credit is a burning issue for small businesses. I welcomed the establishment of the Credit Review Office, but perhaps the Minister of State might consider the idea of small businesses approaching the office before they approach their bank. When a small business goes to its bank and is refused finance, its head goes to the ground. It just does not have the energy or confidence to go to the Credit Review Office and back again to the bank. The office has already stated it is not very busy; perhaps, therefore, some businesses could talk to it in advance of approaching a bank. They could perhaps have their plans approved by it and then approach their bank. It would give them confidence going to the bank to have a plan that has been given the thumbs up by the Credit Review Office. That would be an important development.

I welcome the partial credit guarantee scheme. It will be important for small businesses to even get overdraft facilities to maintain their businesses and retain employees. In addition, the internship programme will be an important asset. It is a well thought out strategy because when somebody starts a job, he or she can make the job his or her own. The problem for an employer is taking the risk of investing in a new employee; therefore, the internship programme will be a boost for many small businesses and even larger ones.

I welcome the establishment of the small business advisory group which the Minister of State said will meet next week. I urge him to include substantial representation from the Border areas on the group. Anybody who manages to maintain a business in a Border area should receive an award. If one has a business in Cork, Galway or Dublin, one does not realise how the swings in the value of sterling can affect one's business. A business in a Border area can

approach a bank with a good business plan, but the bank can query how it will be affected by the value of sterling rising or dropping, which can knock the plan out of kilter. The small business advisory group must place great emphasis on trade along the Border from Dundalk to Donegal and Derry. I hope that will be part of its brief.

Tourism has been mentioned by other Members. Donegal, like other counties in the west, is highly dependent on tourism. It has a product to sell; I doubt that anybody would dispute the fact that it is probably the most beautiful county in Ireland. It gets its fair share of tourists, but it could attract more if it marketed its economy and attractions through better promotion by the tourism bodies, better marketing and with better infrastructure such as Internet access. This is important for people travelling in the west. They might be on a leisure holiday, but they still tend to do business in the evenings from their holiday home or hotel. It is important that we provide good broadband infrastructure to attract such people.

The country got a good bounce from the visits of Queen Elizabeth and President Obama. Between the two visits we hosted the Europa Cup final in the Aviva Stadium. It was unfortunate for the soccer fraternity that the Europa Cup did not get the stage it deserved. Perhaps FIFA or UEFA will return to Dublin to host a Champions League final. There were two Portuguese teams in the Europa Cup final and they brought 15,000 fans with them. Perhaps if it had been Manchester City, Liverpool or Chelsea—

Senator Paul Bradford: Finn Harps.

Senator Jimmy Harte: —or Finn Harps, there might have been a few hundred more. It would have been nice if a big European club had appeared in Dublin. What happened was unfortunate, but I commend the FAI for its initiative in securing a European football final for Dublin. It was a fantastic event, even if it was sandwiched between two bigger events which will generate a massive tourism boost for the country for many years to come.

I again welcome the Minister of State who has been involved in the small business sector for many years. I urge him to bear in mind that small business is the lifeblood of the economy. If it is not doing well, nobody else will.

Senator John Kelly: I also welcome the Minister of State, Deputy John Perry, who knows my native Ballaghaderreen in County Roscommon very well. On behalf of the people and small businesses of Ballaghaderreen, elsewhere in County Roscommon and County Leitrim, we must focus on sustaining existing jobs.

Commercial rates are a big stumbling block to many businesses remaining in business. They are putting many people on the dole. There is no reality in the way we are conducting our business because we are pulling from the same pot of money in this regard. Where a business cannot afford to pay €3,000 or €4,000 per year in commercial rates it will put people on the dole, each of whom costs the taxpayer €21,000 per year. Some mechanism must be put in place to alleviate that difficulty. I am aware of businesses in my native town which are considering putting up partitions in their shops in order they can cram everything into a smaller space. At the same time, their turnover and profit are gone.

Some years ago a new hotel opened in Ballaghaderreen and employed approximately 60 people. Its rates bill each year was €40,000, while its water rates bill every week was €600. It could not sustain these figures and closed down. I am aware that county councils need commercial rates to maintain their viability, but would they not be better off with no rates and a business running and employing people instead of squeezing the lifeblood out of a business and shutting it down? A pilot scheme to review commercial rates was carried out in three areas in Dublin in the last two years. It resulted in a 35% reduction in commercial rates in the three

[Senator John Kelly.]

council areas. This scheme should be rolled out throughout the country as soon as possible because this problem is shutting down businesses.

The way commercial rates are assessed must be examined. It should not be just about the size of the business premises concerned. Consideration should also be given to the turnover in the business and certainly its profits. Otherwise, many more businesses will be shut down.

Senator Darragh O'Brien: I welcome the Minister of State and congratulate him on his appointment. I thank him for his kind words. This is an extremely important portfolio and I am glad the Government established a separate portfolio for the SME sector to facilitate a specific focus on it.

Many elements of the jobs initiative are welcome. I will not cover all of them as some of my colleagues have mentioned them. I would like to get more details about the partial loan guarantee scheme, although I am aware it has not been finalised. The Minister of State said it would involve minimum exposure for the taxpayer. Obviously, we will have to be careful about how it will be structured. The 15-day prompt payment plan is crucial and I wish the Minister well with it. I know how difficult it will be to attain that objective. There will probably have to be a diktat from the Minister and the Cabinet that it must happen because it is not happening at present. The previous Government endeavoured to attain it but without much success. I wish the Minister well with it.

With regard to public procurement and the SME sector, a report on public procurement was produced in late 2010 by me, former Deputy Bernard Allen and other members of the then Committee of Public Accounts. The Minister of State has correctly pointed out that public procurement is worth €15 billion per year. A minimum of 17% of our public procurement occurs outside the Republic. As the European average is 2%, we are way out of kilter. I welcome the Minister's initiative in this regard. However, the matter will have to be watched very closely because there is resistance within Departments to it. The unbundling of tenders is also crucial. I welcome that initiative because it could create many jobs and support the SME sector.

The strategic investment bank was not mentioned, although it was a cornerstone of Fine Gael's policy prior to the general election. The Government has decided to take the two pillar banks approach. I will offer a word of caution about this from experience. The Government is allocating €10 billion per year to Bank of Ireland and AIB in the next three years to lend to the business sector, with €20 billion of this sum to go to the SME sector. Targets were set for these banks previously and while they showed us how they had met them, one could not see or feel it on the ground. Perhaps I could receive an update from Mr. John Trethowan of the Credit Review Office through the Minister's office. Has there been an increase in the number going to that office? We will have to watch the two banks very closely to ensure they are lending money and that it is new lending.

I turn to how the scheme is being funded. I have a fundamental issue with the levy on private pension plans. The average growth in private pension schemes over ten years has been 1.5% in total because returns in the past four years have been very negative, particularly in equity and bond markets. To fund this programme we will take half of that growth from pension funds. The major problem with this is that it is only happening to private pension funds. I am fundamentally opposed to it being funded in this way. We are penalising those who are doing what all previous Governments have asked them to do — make provision for their own retirement. In a situation where only the private sector is picking up the tab, and when the longest serving members of pension schemes will be penalised more, we are saying that those who decided in their early 20s to provide for retirement who are now in their 50s will have significant

funds taken from them. A medium-sized company pension scheme with 100 employers will have average assets in the fund of €50 million. The pension fund trustees, because the schemes are not owned by the company, will have to come with an average of €250,000. These funds are under ferocious pressure as it is.

The Government is also under pressure to find funding for many of the welcome measures in this strategy but if we are to levy pension schemes, approved retirement funds and annuities cannot be left out. The idea that these funds are not pension products, as the Taoiseach claimed, is simply splitting hairs. The funds are derived from pension funds. If the Government must levy pensions, a levy should be applied to the tax-free lump sums of both private and public pensions, regardless of the fund being from self-employment and an approved retirement fund, public sector or private sector. That would be a much more equitable way to do this because this singles out private sector pensions but not proprietary directors, who are the only people who will be able to save for large approved retirement funds. The PAYE worker can only fund a small amount for approved retirement funds.

We are going after the wrong people and I would like to see more equity. I welcome much that is in the jobs initiative and I wish the Minister of State the best of luck in his portfolio but the Government did not consult the Pensions Board, the statutory body for pension funds, prior to the announcement of the decision. The Government must go back and talk to the industry because this could have catastrophic effects. Companies might not be able to employ people because they might have to increase pension fund contributions to pay the levy.

Senator Paul Bradford: I also welcome the Minister of State to the House. His background and expertise in business has been mentioned and I am sure he will bring his experience to his position. It is welcome that more and more people with a business background are becoming actively involved in public life and being elected to Dáil Éireann. We had a brief discussion on the Order of Business this morning on the electoral system. If we look at the background of most Members of the Dáil and Seanad over the past 50 years, business people have been at the lower end of the percentage scale. That is maybe one of the reasons certain political and economic decisions were taken in the Oireachtas; there was not sufficient business experience or understanding of the impact of regulation on business and job creation. I hope the arrival in Government of people like the Minister will help redress the balance because more business people are needed in politics, with more business thinking and more support for enterprise.

Our country is an economic wasteland. That did not happen overnight but there is no point going on and on about the faults of the previous Government, it is up to this Government to tackle the problem and there must be new thinking brought to bear. If we believe we will solve our problems by simply repeating the politics and thinking of the past 20 years, we will fail. Dynamic and radical new thinking is required.

I am glad, therefore, that the Minister of State works alongside the Minister for Enterprise, Jobs and Innovation because any student of Irish politics over the past 20 years who reads the records of the debates in the Dáil would recognise that Deputy Richard Bruton is second to none when it comes to the idea of reform, be it in politics or business. Such reform is now urgently required. There was a great deal of debate recently when the Minister brought the terms of the programme for Government into the public arena and his thinking on the employment regulations orders and wages agreements has been the cause of debate. We would all prefer if this proposal was not required but we must live in the real world, not in cloud cuckoo land, recognising that 450,000 are out of work and that it is now virtually impossible for employers to create jobs but to keep those they have already provided. We must put maintenance of existing jobs and creation of new jobs at the top of our list, taking whatever steps, no

[Senator Paul Bradford.]

matter how difficult, to ensure that happens. We cannot afford to see the 450,000 become 500,000.

More than 14% of the workforce is now idle. This is a huge economic drain on the State and is unsustainable. We talk about the banking crisis and the national debt but we cannot sustain 450,000 being out of work. We have arrived at a situation where there are no more sacred cows, where every decision must be questioned and every option must be debated. We are now spending in excess of €20 billion per year on social welfare. A significant proportion of that goes on old age pensions and disability services but a huge amount is paid on a weekly basis, and rightly so, to those who are unemployed. We must look at this budget of billions of euro and ask how some of it could be used to assist in job creation. Perhaps people could work for five or ten hours per week, changing the culture of their lives and giving them an incentive to go back to work. There is a fine balance we must strike to give people an incentive to go back to work. It is wrong that for many being out of work is as financially secure as being at work and the Minister of State and his Government colleagues must address that.

I support the remarks of my colleagues on the tourism industry. These are not dramatic new ideas but tourism can genuinely create jobs in the short-term. We have had the recent visits of Queen Elizabeth and President Obama and Ireland's international reputation has been enhanced by those visits. We must build on that.

I agree with the remarks made this morning on the regional airports. I hope I do not fall out politically with my friend and colleague, the Minister for Transport, Tourism and Sport, but we must look at airports with a medium and long-term focus. We must give all possible assistance to the airports in Galway, Sligo and Waterford. These airports generate and keep jobs and raise a region's profile. We must do all that is possible to keep these airports open.

Senator Sean D. Barrett: I thank the Minister of State for his speech. There are many fine items in it, as noted by Members on all sides. From 1 July we need to create a completely different kind of banking system than the one we had to rescue. The data show that between 1996 and September 2008, when the banking system had to be rescued, total lending went from €42 billion to €391 billion. Of the extra €350 billion, only €9 billion was spent on agriculture or manufacturing. The banking system was designed for construction, financial intermediation and real estate. No wonder the average house price increased fourfold in that period. We cannot have a banking system that ignores the productive sectors of the economy, as the Minister of State seeks to remedy in his speech. It cannot be entirely based on property development. I wonder whether banks have sufficient expertise to recognise good projects, given that they neglected manufacturing and agriculture for so long while focusing on the property sector. Do the banks have directors alert to this?

I recall a Bloxham report on banking in Ireland, which showed that banks outside the State were much more inclined to lend to manufacturing businesses than the banks we rescued. We must have a completely different kind of bank when restructured on 1 July.

My second point concerns procurement. The point made by the Minister of State is important but sometimes the watchdogs who look after the interests of small business do not bark. A notable case was the Public Transport Regulation Act two years ago, where the screening regulatory impact analysis says that all Departments had either approved or did not reply to the request from the Department of Transport for their observations. As 79% of buses are owned by people in the small business sector someone should have replied on their behalf because the purpose of the legislation was to guarantee every penny of subsidy to one company and to guarantee its entire network against new entrants. That is a small business up and down

the country that could do much in terms of rural transport and in competitive tendering for the large subsidies we give to public transport. On that occasion, the vigilance to promote small business was not in operation. It must be at least as good as the vigilance of those who promote monopolies when they bring legislation to this House.

Senator John Gilroy: I welcome the Minister of State to the Chamber. I have noticed that many of the Opposition speakers in this House and virtually all of them in the other House begin their contributions by quoting long lists of negative statistics about the country. While we do not want to delude ourselves about the difficulties facing small and medium-sized enterprises and we want to recognise that these difficulties are substantial, it is important that the House tries to project some form of confidence in the economy. Some €110 billion of Irish people's money is in the Irish retail banks and the only way we can start creating jobs in small and medium-sized enterprises, which are the lifeblood of this economy, is to start generating confidence so that people spend their money in the local economy.

My main point concerns competition law. It is important to prioritise the enforcement of competition law in the State. Competition law in the State is 20 years old yet enforcement is not always as we would like it to be. There are well-established rules, particularly against cartels and concerted practices but actions are few and infrequent. Taking a case through the criminal process is complex and not enough resources are provided to ensure the correct enforcement of competition law. It is said that collusive behaviour is widespread in Ireland and there is some evidence of it. It concerns not only price-fixing but also bid rigging. For far too long, cosy cartels have not been challenged at enormous cost to the economy. Anti-competitive behaviour costs the retail sector and business in Ireland more than it should, making their costs higher. We also lose in other ways because anti-competitive behaviour deters would-be entrants to the market. This was highlighted in the IMF memorandum of understanding.

I call for a radical overhaul of competition prioritisation and competition in Ireland. I welcome the decision to advertise for four full-time posts in the Competition Authority last week. The Competition Authority had previously been staffed by temporary appointees. We live in interesting times and we find ourselves cutting budgets across all headings. Cutting funding to the Competition Authority is not an option we can afford. I want to see increased resources made available to the authority and these should be targeted at hard-core cartels. In a recent court case concerning cartel activity in car dealerships, *DPP v Duffy*, Mr. Justice McKechnie was hard-hitting in his assessment, describing cartels as odious practice and as offensive and abhorrent. It is hoped that this may signal a change in how we view this activity.

If the Government is serious about our need to address this area, it would be no harm to see resources made available and those involved in cartels taken before the criminal courts and spending a few months in jail. That would send a strong message and it would encourage individuals with knowledge of cartel activity to seek immunity under the leniency programme operated by the Competition Authority. In other jurisdictions, leniency programmes are successful in providing this evidence, which is hard to obtain, so that it results in successful prosecutions.

I cannot overstate the importance of taking on those who operate cartels. We must provide resources to the Competition Authority and we must amend existing legislation to provide for more punitive civil remedies. We must also send out the message that if one fixes prices, divides up markets or rigs bid for contracts, one will be caught and will suffer the consequences.

Senator Brian Ó Domhnaill: I propose to share time with Senator Marc MacSharry. I welcome the Minister of State and I am delighted the Government has taken the initiative to appoint a Minister of State with responsibility for the small business sector. The Minister of

[Senator Brian Ó Domhnaill.]

State outlined that there are 250,000 small businesses here, employing approximately 700,000 people. It is vitally important to the Irish economy and is the lifeblood of the economy. Senator Kelly referred to a number of issues that affect small businesses. I agree with him on the point about commercial rates. This must be tackled.

The other matter is the business finance available to small businesses in each of the sectors of the economy. This includes farming. The farming section of one of the national newspapers suggests that farming business loans will increase by 2%, which will have a draconian effect on the farming sector and on small businesses in the agri-food sector.

Another anomaly concerns the social welfare code and its prohibitive effect on people entering or setting up small businesses. Someone who wants to start a small business may decide not to go down that road because if the business fails, the person is not entitled to social welfare payments as a self-employed person. Employees who worked for the person are entitled to social welfare benefits and this is an anomaly that must be tackled. Otherwise, people will not take the initiative to establish small businesses.

The jobs initiative programme was announced by the Government recently. It was a departure from the pre-election hype surrounding the NewERA document and the announcement by the Taoiseach in the Dáil on 9 March of a jobs budget within 100 days in office. There appears to be no target on the number of jobs to be created under the jobs initiative. There was reference to 20,900 places in the training aspect of the initiative, so perhaps the Minister of State could clarify the number of jobs we are looking at. The Taoiseach outlined in the Dáil last week that the jobs initiative may have a limited impact on the live register. What impact will the jobs initiative have in tackling the problem of 440,000 remaining unemployed?

Some aspects of the jobs initiative seem to rehash the capital side of funding for the 2011 budget from the previous Government. Approximately 70% of the €135 million in capital funding allocated in the jobs initiative was already allocated to Departments by the previous Government. On the training scheme side, although there are 20,900 additional training places, only 10,000 are new. The Government internship programme for unemployed graduates was announced in the last budget and the jobs initiative has made the same announcement while cutting the allocation available to graduates from €100 in addition to social welfare entitlements to €50 in addition to the social welfare entitlement. I know many graduates who are annoyed with that cut.

Senator Marc MacSharry: I join others in welcoming the Minister of State to the House. As a constituency colleague it would be remiss of me not to congratulate him wholeheartedly and say that the people from all parties in our region are very proud that we have a Minister of State responsible for the very important portfolio of dealing with small business. I wish him and his good offices every success on all our behalf in the years ahead.

I am pleased that he has alluded to the possibility of a guarantee scheme for business and I look forward to getting more detail on that important issue. Even with the office of Mr. John Trethowan and the Credit Review Office, significant problems remain. There are viable businesses with good ideas and if it were not for the draconian criteria currently being adopted by certain financial institutions, they could be up and running and creating employment. Public procurement in this country does not box as clever as in Germany, for example. There, a public servant drives no car other than a Volkswagen or Mercedes, so although we are bound under EU rules, we could be more targeted and clever about how we award contracts while adhering to rules.

I am not sure whether the Minister of State mentioned a strategic investment bank, which is in the programme for Government. The Government should consider using funds from the

National Pensions Reserve Fund or elsewhere and making €1 billion or €2 billion or a similarly large sum of money available, not so much as a grant scheme to support industry but for the State to take equity in the small and medium-sized enterprise sector. That would produce dividends for the State in the form of a good return on investment and it would also give a real and quick bounce to that sector.

Acting Chairman (Senator Paul Coghlan): The Senator's time is up.

Senator Marc MacSharry: I know the Acting Chairman will indulge me. When he sat where I am now, he often had to break the rules. I will need just a brief moment or two.

Acting Chairman (Senator Paul Coghlan): I never broke the rules in my life.

Senator Marc MacSharry: My colleague, Senator Paul Bradford, mentioned the airport issue and I know it is a topic close to the Minister of State's heart. I appreciate funding is finite but following the Minister for Transport, Tourism and Sport's short-sighted announcement yesterday on funding, especially relating to Galway and Sligo airports, I called in the press for the establishment of a task force. I am sure the Minister of State agrees with me and could manage the task force from his Department and take in the Departments linked to transport and enterprise, Fáilte Ireland, IDA Ireland and Enterprise Ireland. The full mechanisms within all those agencies could come to bear in helping both Galway and Sligo airports ensure a continuity of commuter services that will help enterprise, the market ability of the region and tourism.

Acting Chairman (Senator Paul Coghlan): The Senator must wind up now.

Senator Marc MacSharry: Such action would guarantee their viability and I call on the Minister of State to pursue that goal. I wish him every success in his good offices and I am sure we will look forward to other exchanges in the future.

Senator Martin Conway: I congratulate the Minister of State wholeheartedly on his appointment. I have worked with him before and his contributions were most impressive. If ever a portfolio was tailor-made for an individual, this one seems to be it for the Minister of State, Deputy Perry. People in Opposition should take note of the way he performed when in Opposition as he has transformed his home town of Ballymote as a result of his business initiatives and has built up significant links with Taiwan through international work. He has merely moved the work he did in opposition into his Government position. As a businessman he knows the red tape involved and how difficult and overly regulated business in this country can be.

I will begin on a positive note. The announcement of 150 jobs in Dell will have an impact on my part of the country and is a significant move. The confidence provided by the jobs initiative will be realised by people and although some see it as a drop in the ocean, it will have a significant ripple effect throughout the country. If there are enough drops in ocean, we will create significant waves.

There was another jobs announcement in Clare today with a SuperValu store in Miltown Malbay getting the green light from An Bord Pleanála. There will be 40 or 50 jobs in construction in the short term and the bones of 100 permanent jobs in future. It took five years for the project to get to that stage in a classic example of what is wrong in the promotion of business in this country. The project was approved by the local authority approximately three years ago and that decision was appealed to An Bord Pleanála by an individual who delayed it for six to 12 months. An Bord Pleanála overturned the council's decision and the matter reverted to the council, which took another year. The same individual appealed the decision to An Bord

[Senator Martin Conway.]

Pleanála again, although I am thankful the board saw the error of its ways and granted permission for the project.

It is a symptom of what is wrong that a project that would provide much needed employment can be delayed by up to five years. We are looking to review all kinds of processes and procedures but there should be a root and branch review of projects which could create benefits and employment. They should be fast tracked. This country is open for business but it is not business as usual. We must prioritise any projects with the potential to create employment, and people with such plans must be given a VIP pass in getting projects through planning and tendering processes.

I am glad to see facets within the jobs initiative dealing with tendering, which can be onerous and most difficult. The Minister of State is sending out the right signals in that regard, and he mentioned the notion of a 15 day turnaround. People have often said that a Government project or selling products to a Government agency is like money in the bank, but in this day and age the money is no good unless it is physically in the bank. Many businesses have been very frustrated with the long delays in securing payments from Departments, so this is a welcome initiative generated by logic and common sense. Having experience in the outside world and seeing how State and private business interacts has been of benefit to the Minister of State in putting structures in place to make a difference in eliminating red tape.

The hazards and critical control points issue in food safety in the hospitality industry is above and beyond what is required. We are all good Europeans. What is the difference between a restaurant in Killarney and one in Italy? We are all members of the European Union but even though Italy is completely unregulated it has some of the best food in the world. In Ireland the best people prepare the best food in the world but they are over-regulated.

The debate on the JLC structure is most welcome. Coming from a business background and having employed people, I am aware there are thousands of people who would love to work for reasonable rates of pay. Nobody is suggesting that people should work for nothing but there will be a meeting of minds by the parties concerned and the deliberations in which the Minister, Deputy Bruton, and the Minister of State, Deputy Perry, are engaged will bear fruit by making it attractive for small businesses to employ people. The critical objective for this Government is job creation and nothing else.

Senator Paschal Mooney: I welcome the Minister of State as a friend and constituency colleague from Sligo-North Leitrim and congratulate him on his appointment. Senator Conway is absolutely correct. Despite the perception that we are a regulation free and liberal economy which is conducive to starting businesses, the evidence is mounting to indicate that the opposite is the case. Anybody who listened to yesterday's "Liveline" would have learned about a gentleman in Dublin who has been thwarted by regulation. I was astonished to learn that Dublin City Council, which sees itself as a development agency, is so hidebound that a gentleman who turned a business that had previously failed into a café near Liffey Street could not put out the *al fresco* chairs and tables that are commonplace across Europe because of regulations. He also made a point which will resonate with those of us who have experience of local government and officials, although it should not be construed as blanket criticism. When he tried to contact the relevant official in Dublin City Council he found the individual was on sick leave. The gentleman — I presume it was a gentleman — was perfectly entitled to sick leave and I hope he has fully recovered but the problem is that there was no plan B and nobody else in the section was able to deal with this simple issue. I presume that one of the Minister of State's priorities will be to investigate the red tape that surrounds business in this country. Like empire

building, any bureaucracy which is allowed to continue unregulated and unwatched builds itself to the point where everybody justifies his or her position but nobody takes a decision.

As chairman of the Ireland-Taiwan Parliamentary Friendship Society, the Minister of State highlighted the importance of the Asian market and used the Taiwanese context to bring on board suggestions that were of benefit to this country. I look forward to the establishment of an industry in his home town which will be sourced from Taiwan as a direct result of the wonderful efforts he made as chairman of the society. He also discussed the establishment of a bank which would be similar to an institution that operates in Taiwan. It would not necessarily be a lender of last resort but would guarantee loans to businesses. Members on all sides of the House have noted that the problem businesses face in Ireland is the near impossibility of getting credit. Banks are now scared to issue loans unless the risks are minimal. The need exists for some sort of financial institution that will act as a venture capital bank. Perhaps the Minister of State will elaborate on that issue in his conclusion.

I share the views expressed by Senator Conway and others in regard to a rates burden which is becoming increasingly difficult to sustain. I understand a re-evaluation of the rates base commenced several years ago in a number of counties. However, the process still has a long way to go before it is complete. It appears the rates applied in Dublin are more relevant to the valuations that have been reassessed than is the case for local authorities elsewhere in the country. Senator Harte will probably attest to the fact that Donegal's hotels and well developed tourism sector are being crippled by high rates which are not in keeping with the current level of rateable valuations. I understand the re-evaluation process is not yet complete but I suggest the rates burden will be reduced as a result of it. Coming from a business background, the Minister of State will be aware of this issue.

To end on a positive note, the decision by the Government to reduce VAT to 9% across certain services related to the tourism industry is going to yield good results. During our debate on tourism, I spoke about a small local business in Carrick-on-Shannon in County Leitrim which was started by a group of young guys who I do not want to embarrass by identifying directly. This business employs five or six people and it expects that the VAT reduction, combined with the initiative on PRSI reduction, will allow it to save €60,000 per year. That is the beginning of a direct intervention in the market which will bring significant benefits in terms of maintaining and increasing jobs.

I wish the Minister of State well. He is the right person in the right place and he has the full support of all sides of this House.

Senator Deirdre Clune: I welcome the opportunity to speak on the jobs initiative and I am aware that small business is a subject close to the heart of the Minister of State. The initiative focuses on tangible areas where improvements can be measured, with an emphasis on the tourism sector. I welcome the reductions in VAT and employer's PRSI and the discussion over the reform of JLC and REA structures. The reduced VAT rate will be implemented from 1 July but I ask the Minister of State to be conscious of the need for the services and tourism sectors to pass the reduction on to consumers because there may be a temptation to absorb the savings among the numerous businesses that are experiencing difficulties in terms of their ability to bring in cash.

The value of tourism has been highlighted over the past two weeks. Initiatives such as the one we are currently discussing will facilitate employers in taking on additional employees and protect existing jobs, which is needed if we are to address the current unemployment rate of almost 15%.

[Senator Deirdre Clune.]

I refer to the proposals for the construction sector. For every €1 million spent in this sector, it is estimated that between eight and 12 jobs will be created directly. This year the Government plans to spend €4.6 billion on capital projects. Investment in the retrofit scheme and the roads programme are tangible measures that will create employment. For every individual taken off the live register and placed in employment, the State saves €20,000, which is important, not to mention the social implications for the individual concerned and his or her family. These areas have been targeted in the initiative.

We will have a separate debate on the reform of the JLCs and registered employment agreements. The issue of Sunday pay needs to be addressed. Those who work on Sundays will not be targeted. They will still be protected by the Working Time Act 1997 which provides for premium pay on Sunday or time off in lieu. The national minimum wage has been restored to €8.65 a hour. There has been a great deal of hysteria about the proposed reforms, but they are important because the current terms and conditions are costing jobs in many sectors. Bars, restaurants and hotels are closed on Sundays because it is not viable to operate. I welcome these changes which I am sure we will debate again.

The jobs initiative refers to encouraging entrepreneurs and recognising they have a role to play and can contribute to economic recovery. They had not received the attention they deserved and the Minister for Finance and the Minister of State have stated they will focus on microfinance. SMEs encounter barriers in procurement which the Minister is committed to addressing.

I welcome the initiative and look forward to the implementation of its measures, many of which will be in place from 1 July. A short, sharp and targeted approach will provide the stimulus the economy needs.

Senator Terry Leyden: I welcome the Minister of State and wish him well in his Ministry. He has great experience as a businessman who has created jobs in his own county. He is aware of the difficulties in small business and his experience will be of benefit to small businesses. I am delighted he is establishing a committee of business people and hope small businesses in the regions will be well represented on it.

A total of 700,000 workers are employed by small businesses which comprise an important sector of the economy. It is being given the right focus. I recall being a member of an Oireachtas committee on small business chaired by Ivan Yates many years ago and subsequently being a member of a sub-committee of that committee which investigated the impact of insurance costs on small business chaired by former Senator Donie Cassidy. The sub-committee's report resulted in major changes in insurance costs for small businesses. At the time the most significant issue was the inability to obtain insurance, but we changed the concept by setting up the Personal Injuries Assessment Board. Therefore, initiatives were taken by Members of this House in conjunction with civil servants.

The issues addressed by the jobs initiative are relevant. Rates are becoming a major issue. I accept local authorities are under pressure and finding it difficult to raise funds and collect rates. As a result, they are laying off workers. A balance must be struck between fair rates and the need to support local authorities through the collection process .

The decision regarding Galway and Sligo regional airports is a source of grave concern for the Minister of State. Now that he is in government, he is realising the responsibilities that land on one's shoulders when one is in office. It was probably a bombshell for him that State funding for Sligo Airport would be withdrawn from 2012, while Galway Airport is under pressure also. Fortunately, the airport at Knock will escape the cutbacks. It will have to survive because it is

vital. The fact that Galway, for example, has an airport means that not only is employment provided by it but inward investment is also attracted. Multinational companies provide significant employment in Galway and they require air access to the area. It is the most convenient way to get to their plants. The same applies to Sligo Airport, although I acknowledge regular flights are not scheduled to and from there. At one stage, there were scheduled flights and the airport was used by jets, but perhaps some of them belonged to business people who visited Sligo. I have been in the vicinity. It is a nice small airport and I hope the Government will review its decision.

As a former Minister of State with responsibility for trade and marketing, I stress that it is vital that the Government increases the number of trade missions abroad and the number of inward buying missions which were a feature in the past. Enterprise Ireland officials should utilise the talent available in both Houses of the Oireachtas. Senators with expertise in a particular field should be asked to take part on trade missions and assist the Minister for Foreign Affairs and Trade because there are numerous people to meet and events to attend on these trips. Some of the expertise available in both Houses could be used with no additional cost to the State because Members would not charge for their services. There is a role in this regard for them. Every Senator has a speciality. I accompanied the former Minister of State, Michael Ahern, to Milan a number of years ago on a trade mission. I met Italian business people and worked the room with the Minister of State. I welcomed such support when I served as Minister of State because when one travels abroad, one must attend many meetings and events.

On the banking issue, the Foir Teoranta model would be useful. It was an agency of last resort to support small business and retain jobs throughout the country. For some unknown reason, it was disbanded, a move with which I disagreed strongly at the time. ACCBank was also established by the State. Alternative banking models were used in the past and should be examined again. I wish the Minister of State every success.

Business of Seanad

Senator Maurice Cummins: I wish to amend the Order of Business. It is proposed that the debate be resumed on a future date and that progress be reported at 1.45 p.m.

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

Jobs Initiative and Competitiveness: Statements (Resumed)

Senator Michael Comiskey: I welcome my constituency colleague, the Minister of State. I also welcome his contribution and, in particular, the proposal regarding the HSE and other agencies. I welcome all the detail he has in the document, in particular the stipulation that local authorities, the HSE and other bodies will pay people within 15 days of receipt of an invoice. Like many previous speakers, I, too, run a small business and I know there is serious pressure on cash flow. Another major problem is credit from banks, which I hope will be freed up.

A number of other issues arise, in particular tourism. I wish to highlight a number of tourism projects that can work in the west and north west, especially in Sligo-North Leitrim. I received a telephone call on my way to the House this morning saying that bus loads of tourists are now visiting "The Rainbow" every day. Senator Mooney will know exactly what I am talking about. There is a great opportunity for the development of Seán MacDiarmada's house given the proximity of the 100th anniversary of the Easter Rising. We could take many people into areas in north Leitrim such as Glencar waterfall and Parkes Castle. They are areas on which we can work. I look forward to working with the Minister.

[Senator Michael Comiskey.]

One problem has come to light in recent months. Contractors from outside the jurisdiction were carrying out works in Border counties, employing subcontractors and not paying them. The issue has been raised at council level in Sligo and Leitrim.

Senator Kathryn Reilly: I echo the comments of other speakers. I welcome the Minister and also the establishment of the Ministry for small business. It is crucial. While I welcome the focus on improving job creation and job retention in this State, we cannot allow the illusion to be created that it will solve the unemployment crisis.

The jobs initiative was, in the words of the Taoiseach, Deputy Enda Kenny, a down payment on commitments made in the programme for Government, but it was obvious that the people of this State were short-changed. It is a far cry from the election promises of Fine Gael to create 100,000 jobs in five years, invest €7 billion in water services, infrastructure and energy, and provide 45,000 new employment and training places to target youth unemployment, which is an issue close to my heart. The same is true of the Labour Party proposal for a €500 million jobs fund, a strategic investment bank with €2 billion from the National Pensions Reserve Fund, or the provision of 60,000 training, education and work experience places. They are the promises on which the Government secured its so-called secure and stable mandate. They are the words of the Minister for Finance, Deputy Noonan.

In the programme for Government, those weighty commitments were downgraded to a jobs fund. The proposal has been diluted further and is now a revenue neutral jobs initiative. As other speakers indicated, the spending commitments are gone and the job targets and training places have been slashed. Making our economy more competitive and promoting economic growth will not be achieved by a short-term reduction in costs and wages. It is not a race to the bottom to attract low paid, low skilled and low value jobs. Competitiveness can only be achieved by investment in education, infrastructure, technology and research and development. That means capitalising on indigenous industries. I fully support the investment in the tourism industry but I am disappointed there has not been a similar interest in the agrifood industry given that it is a catalyst for future economic development.

Last week the Taoiseach identified that the greatest resource of our nation was the people. He was correct to say that it will be the people who will rebuild the economy, yet the policies of this Government and the previous Government, which cannot escape blame, are forcing our greatest asset — young people — to emigrate to Australia, America and New Zealand. We need investment proportionate to the scale of the economic crisis we face. Instead of investing in our economy to increase competitiveness, billions are being spent on failed banks and servicing unsustainable debt. The meagre €40 million of additional investment spent on the jobs initiative stands in stark contrast to the €200 million in senior unsecured bonds paid by the State-owned Anglo Irish Bank less than two weeks ago which will see investors who bought the bonds back in December earning 13% on them. So much for Albert Einstein's dictum, "Learn from yesterday, live for today, hope for tomorrow", which is espoused in the programme for Government. The Government is repeating the mistakes of the past and paying for the reckless gambling that went on.

Sitting suspended at 1.45 p.m. and resumed at 2.30 p.m.

Biological Weapons Bill 2010: Second Stage

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

An Cathaoirleach: I welcome the Minister of State, Deputy Jan O'Sullivan to the House. I know it is not her first time in this House and I congratulate her and wish her well in her portfolio.

Minister of State at the Department of Foreign Affairs and Trade (Deputy Jan O’Sullivan):

I am very pleased to be back in the Seanad after several years.

The principal purpose of this Bill is to make further provision in domestic law for the State’s obligations under the 1925 Geneva Protocol and the 1972 Biological and Toxin Weapons Convention, BTWC, as well as relevant elements of UN Security Council Resolution 1540 of 2004. The Geneva Protocol, to which Ireland acceded in 1930, banned the use in war of poisonous gases, as well as bacteriological methods of war. The Protocol was supplemented in much greater detail by the 1972 BTWC and the 1993 Chemical Weapons Convention. Most poisonous gases are what today are referred to as chemical weapons and their development, production, stockpiling and use are prohibited by the Chemical Weapons Convention, which also requires the destruction of any existing weapons.

The BTWC prohibits the use, production, development, stockpiling and transfer of biological weapons. Its scope extends to weapons directed against animals and plants as well as humans. It was signed and ratified by Ireland in 1972 and entered into force in 1975. Resolution 1540 was adopted by the United Nations Security Council in the aftermath of the 9/11 attacks in the United States in 2001 with the primary aim of preventing weapons of mass destruction, including biological weapons, falling into the hands of terrorist organisations and other non-state actors. The Biological Weapons Bill is designed to fill possible gaps in our legislative framework by creating specific offences relating to the use, production and possession of biological weapons.

The use of poisonous and asphyxiating substances as weapons has been prohibited since before World War I. In 1925, the Geneva Protocol reasserted this prohibition and extended it to the use of bacteriological methods of warfare. However, the 1925 protocol only prohibited the use of gases and bacteriological methods of warfare, and not their development, production or stockpiling. Also problematic was the fact that many states parties reserved the right to retaliate in kind if attacked with prohibited weapons.

During the Cold War, an increasing number of countries, notably the US and Soviet Union, developed biological warfare research programmes. Anthrax, smallpox and plague were among the diseases researched for use as weapons. In the late 1960s attempts commenced to control biological weapons and in 1969, the US announced the unilateral dismantlement of its programme.

Subsequent negotiations on a new global instrument to supplement the 1925 Geneva Protocol resulted in 1972 in the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons, and on their Destruction, otherwise known as the Biological and Toxin Weapons Convention — BTWC for short.

Today no state acknowledges that it possesses biological weapons or has a programme to develop them. Their prohibition, and the stigma attached, have been strong deterrents. While this has not completely allayed concerns of bio-weapons development by states, there are reasons the greatest threat today may come from terrorists or other non-state actors. Since the 1980s there have been huge advances in civilian genetics and biotechnology. Biological agents are relatively cheap to develop and produce, although they are much more difficult to weaponise and deploy. Facilities for researching and producing them are easier to hide than the facilities for producing other weapons of mass destruction, making detection more difficult. Furthermore, the equipment involved would have many legitimate civilian uses.

Fortunately there have been very few instances of biological weapons use by non-state actors, the most notorious — and recent — being the anthrax attacks in Washington in 2001. Letters containing anthrax spores were posted to the offices of several news media and two members of the US Senate. Five people were killed and 17 others infected. Widespread fear and panic

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crippled the postal service and forced the evacuation of federal buildings, including Senate offices and the Supreme Court. The principal suspect later died and no one was ever brought to justice for these offences.

The BTWC is a hybrid instrument of international humanitarian law and disarmament and non-proliferation, and was the first multilateral treaty banning the production and use of an entire category of weapons. It bans the development, production, stockpiling, acquisition and retention of microbial or other biological agents or toxins, in types and in quantities that ‘have no justification for prophylactic, protective or other peaceful purposes.’ It also bans weapons, equipment or means of delivery designed to use such agents or toxins for hostile purposes or in armed conflict. The disarmament element of the Convention requires states that possess biological weapons or weapons programmes to destroy them or divert them to peaceful uses.

The Convention currently has 163 states parties and 13 signatories. The most noteworthy non-states parties are Israel, Egypt and Syria, although the latter two have signed and are therefore obliged to refrain from acts that would defeat the object and purpose of the Convention. The use of biological weapons is in any event now prohibited under customary international law, a prohibition binding on all states. Fortunately biological weapons have only rarely been used. A biological weapon works by delivering to its target a biological agent which causes infection or allergy or the toxic product of a biological agent, called a ‘toxin’, which causes poisoning. Biological agents are usually either bacterial or viral. Examples of bacterial agents are anthrax, cholera and plague, such as bubonic plague. Smallpox and yellow fever are viral agents. Biological agents are capable of self-replication and it is this quality of being able to multiply within a host that makes them so potentially aggressive.

As the term suggests, most biological agents occur in nature and are ubiquitous in the natural environment, being found in water, soil, plants and animals. The negotiators of the convention faced a number of difficulties in framing its central prohibitions. Accordingly they prohibited the production and use of biological agents by reference to the purpose or intent of the producer or user. The prohibition laid down therefore extends to all biological agents and toxins unless they are intended for peaceful purposes, and unless their types and quantities are consistent with such purposes.

Resolution 1540 was adopted by the Security Council in 2004 under Chapter VII of the charter and is binding on all UN member states. The resolution affirms that the proliferation of nuclear, chemical and biological weapons, as well as their means of delivery, constitutes a threat to international peace and security. Its purpose is to supplement the Nuclear Non-Proliferation Treaty and the Biological and Chemical Weapons Conventions and it focuses specifically on the risk posed by non-state actors, including terrorists, acquiring and using nuclear, chemical and biological weapons, their means of delivery and related materials. The Council also established the 1540 Committee, to which states are required to make regular reports on implementation of the resolution. Ireland has submitted a number of national reports in the period since 2004.

The resolution requires states to adopt appropriate effective laws that prohibit any non-state actor to manufacture, acquire, possess, develop, transport, transfer or use nuclear, chemical or biological weapons and their means of delivery, in particular for terrorist purposes, as well as attempts to engage in such activities, participate in them as an accomplice, assist or finance them. The Biological Weapons Bill will demonstrate Ireland’s continuing commitment to implementation of the resolution.

To strengthen implementation of our international obligations, the Government established the interdepartmental committee on non-proliferation of weapons of mass destruction in

January 2010. The committee is responsible for co-ordinating implementation of the State's obligations under international conventions, United Nations Security Council resolutions, European Union law and various policy frameworks of which Ireland is a member, to prevent the proliferation of nuclear, chemical and biological weapons. The committee also addresses other issues in the non-proliferation area, as necessary.

The committee is chaired by a senior official in the Department of Foreign Affairs and Trade and, in the case of matters relating to export control regimes falling under its remit, by an official of the Department of Jobs, Enterprise and Innovation. All relevant Departments and agencies are represented and the committee has discretion to invite other individuals or bodies to join or to attend meetings. The committee has been consulted closely on this Bill.

Ireland ratified the Biological and Toxin Weapons Convention, BTWC, in 1972. At that time the view was taken that the obligations assumed were adequately provided for under existing domestic law, principally the Firearms Acts. However, following a review of implementation of our non-proliferation commitments, particularly Resolution 1540, it has been decided to create specific biological weapons offences. This will remove any doubt about the feasibility of future prosecution of persons for activities involving biological weapons. Senators will be aware that there is already extensive provision in law relating to chemical weapons and nuclear materials, in particular the 1997 Chemical Weapons Act, the Radiological Protection Acts and the Containment of Nuclear Weapons Act 2003.

Biological agents occur widely in the natural environment and are therefore found in many places of work such as hospitals, food production plants and agricultural facilities. Many are harmless but others have the potential to cause ill health. There are workplaces, such as laboratories, where work involving biological agents is carried on intentionally and for perfectly legitimate purposes, such as the production of vaccines.

There is already a considerable body of law that sets down minimum requirements for the protection of workers from the health risks associated with biological agents in the workplace. This is to be found in EU biosafety law, the Safety, Health and Welfare at Work Act 2005 and the Health, Safety and Welfare at Work (Biological Agents) Regulations 1994, as amended. The requirements set out in this body of law must be applied to any activity where workers are actually or potentially exposed to biological agents as a result of their work.

Section 1 of the Bill defines a number of key terms, in particular the terms "hostile purpose" and "prohibited weapon". Section 2 makes it an offence to develop, produce or use a biological agent or toxin for a hostile purpose, or to stockpile, acquire, possess, retain or transfer to another person a biological agent or toxin for a hostile purpose. It makes it an offence to develop, produce, use, stockpile, acquire, possess, retain or transfer to another person a prohibited weapon. It will also be an offence to attempt to do any of these things.

Section 3 creates offences of prohibited acts when committed outside the State in specific circumstances, that is, when committed on ships and aircraft registered in Ireland, or by members of the Defence Forces, citizens of Ireland or an Irish body corporate. Section 4 sets out the penalties to which a person guilty of an offence under sections 2 or 3 will be liable. The maximum penalty, on summary conviction, will be imprisonment for 12 months and a Class A fine or both. For conviction on indictment the maximum penalty is life imprisonment, a fine or both, a potentially very severe penalty that reflects the seriousness of the offence.

Section 5 is a standard provision dealing with evidence of an accused person's Irish citizenship. Section 6 is also a standard provision that prevents a person being prosecuted in Ireland in respect of an offence for which they have already been tried in another country.

Sections 7 and 8 provide that where a person develops, produces, uses, stockpiles, acquires, possesses, retains or transfers to another person a microbial or other biological agent, or toxin,

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in prescribed circumstances there is a presumption that he or she has intended to do so for a purpose prohibited by the convention unless there is a reasonable doubt. Section 9 is a standard provision to ensure that bodies corporate do not avoid responsibility for conduct prohibited to individuals.

Section 10 provides that anything seized and retained in relation to a conviction under the Act may be forfeited to the State and shall be disposed of as the Minister may direct. Section 11 sets out the procedure for forfeiture of any biological agent or toxin whether or not a conviction has been secured in a given case. Section 12 provides for forfeiture of related fixtures, such as buildings used for the purposes of producing a biological weapon. Section 13 references changes made to the Bail Act 1997 to include offences relating to biological weapons and Section 14 is a standard provision relating to expenses incurred under the Bill.

The Government will propose a number of minor amendments on Committee Stage in the Seanad. The amendments will simply reflect the changes in titles of Ministers affected by recent changes of responsibility in Government.

Since the 1950s, Ireland has played a leading role in efforts to promote nuclear disarmament and non-proliferation and, more recently, to prohibit anti-personnel land mines and cluster munitions. It is important that where we have international commitments, we ensure that adequate provision is made for them in domestic law. When possible gaps are identified, such as in the present case, it is important that we move to fill them. For this reason I commend the Bill to the House.

Senator Jim Walsh: Ba mhaith liom fáilte a chur roimh an Aire Stáit go dtí an Teach. Go n-éirí go mór léi san obair thábhachtach atá le déanamh aici ar son ár dtíre. I welcome the Minister of State, Deputy Jan O’Sullivan, to the House. From serving with her on other bodies in the House, I know she will bring a great deal of diligence to the job. I wish her well in her position.

The Bill, like much of the legislation we will see enacted in the coming months, was in preparation during the lifetime of the previous Government. It was introduced in the Dáil as long ago as last July. Technical amendments will come before the House but the Bill is, by and large, as published at that time.

The purpose of the Biological Weapons Bill 2010 is to ban the production, transportation or use of biological weapons. As the Minister of State has said, the Bill is specific to biological weapons. It forms part of a fabric of legislation dealing with nuclear and other weapons of mass destruction that have, all too often, been used against innocent citizens in various areas of conflict. I was watching a documentary some evenings ago — on RTE Two, I believe — in which there was a reference to the iconic image of a young girl of nine or ten years running down the road naked after her clothes had been burned from her body through the use of napalm in the Vietnam war. I understand napalm is an incendiary weapon rather than a weapon of mass destruction, but it brings home to us that there is much indiscriminate activity in areas of conflict. It is imperative that there be legislative backup, both domestic and international, to deal with this.

Recently we have noted that individuals who were involved in genocide in the Balkans conflict have, belatedly but thankfully, been brought to account for the war crimes they committed. We need to be much more diligent in this regard. Some notable countries have not signed up to making themselves subject to international justice when their soldiers or agencies are involved in atrocities. We should be critical of this. Some of the countries involved are major international players. They should bring themselves within the remit of the international courts

to ensure those who engage in conflict bear in mind they might be held to account some day for their criminal activities.

I welcome all the provisions of the Bill, particularly the one dealing with extraterritorial application. This is important because terrorist activities and crime generally, by their nature, cross geographical and state frontiers. The perpetrators have no respect or regard for boundaries. The legislation will extend the remit of our laws to Irish ships and aeroplanes should they be used in criminal activities of the kind in question.

I welcome the fact that one can be prosecuted for all offences associated with biological weapons. Being in possession of biological weapons will in itself constitute sufficient evidence to bring one to account under the legislation. This is to be welcomed. While this is a move away from the general test of prosecution law, it makes a great deal of sense in this instance because the consequences of biological weapon offences are horrendous for innocent people. I acknowledge biological agents can be used for legal purposes.

I question the low fine for ordinary offences which has been set at €5,000. Obviously, a term of life imprisonment can be imposed for indictable offences. In practice, how could an ordinary offence be committed? If one is in possession of or transporting biological weapons, or meets any of the criteria associated with the test in law, how could this be regarded as a minor infringement of the provisions? Given the potential consequences of using biological weapons, I would have believed any infringement

would be of such seriousness that the perpetrator should not escape with a relatively minor fine or period of imprisonment. Perhaps the Minister of State will comment on this. If one is in possession of a biological agent for hostile purposes – one cannot be prosecuted unless there is hostile intent – the offence should at least be one of attempted murder, if not mass murder.

The Minister of State has said legislative instruments in this area date back about 86 years to the Geneva Protocol of 1925 and the Biological and Toxin Weapons Convention, BTWC, of 1972. We should all support strongly and subscribe to safeguarding the interests of the public in circumstances of conflict or terrorism. In that regard, the Minister of State mentioned UN Resolution 1540 which came about in the aftermath of the events of 11 September 2001 which constituted an horrendous attack on innocent people who were going about their daily work. One has great sympathy for the United States in this regard. The primary aim of the resolution is to prevent the use of weapons of mass destruction.

The BTWC established a fundamental international norm that the hostile use of diseases was repugnant to mankind. I firmly believe a few basic principles to guide society and our actions, be they in the international arena or areas of conflict, are essential and should be the benchmark when breaches take place. Ireland has been very much at the front in this regard. It signed the BTWC in 1972. I am surprised there are only approximately 15 signatory states to the convention. If my information is correct, this seems low. I am concerned that certain states in the Middle East, particularly Israel, are not party to it. Article IV of the convention requires that each state must take “any necessary measures to prohibit and prevent the development, production, stockpiling, acquisition, or retention of the agents, toxins, weapons, equipment and means of delivery specified in article I of the Convention, within the territory of such State, under its jurisdiction or under its control anywhere”. It is on foot of this article that we are considering this additional legislation.

As the Minister of State said, it is not just states which are responsible for the use of biological weapons, although notable activities in this regard have been engaged in by states. Libya is very much in the news at present. The activities of Colonel Gaddafi during his term as leader of Libya have been highly questionable on occasion. One need only consider a serious air crash that took place on the neighbouring island. It is extraordinary that no international action was

3 o'clock

[Senator Jim Walsh.]

taken at the time of the crash as a consequence. Now that there is movement towards change in many countries in the Middle East and given that Tripoli and other parts of Libya are being bombed, one must question the motivation of international action. Perhaps a moral compass is lacking at times in political and international affairs.

The final document that emerged from the sixth review conference in Geneva is interesting in that it is designed to improve criminal law pertaining to biological weapons and their proliferation. The Minister of State has rightly said it is not just a question of states' activities. In this regard, she mentioned anthrax. Society is very vulnerable to the nefarious use of such agents.

It is imperative that not just Ireland but other states globally embrace the provisions of these conventions and similar legislation.

It struck me from what we heard today about this issue that there should be a role for Ireland. We are a neutral country and in most areas of the globe Ireland's activities as a neutral country are respected, acknowledged and supported. There must be an opportunity for Ireland to place itself as a centre of excellence for the non-proliferation of weapons, be they biological or nuclear, which lead to killing innocent citizens. As a result of the peace process in Northern Ireland, many areas of conflict now look to us as a country where the pattern of events and the agreements which led to the peace process could be a blueprint for them to follow.

I note that some of these conventions were signed in Geneva. Switzerland has been particularly adept at positioning itself in certain areas which has benefited it economically, certainly in banking and other areas, including watch-making. That did not happen by accident. It targeted areas in which it felt there were opportunities. We may well have an opportunity which we could exploit, not just to our own economic advantage but to the advantage of citizens across the world, in that we could use our good Christian values to underpin values we can export to other areas of conflict and where we could usefully play a constructive role. I leave that thought with the Minister as one that might be explored at some point in the foreign affairs area.

Senator Ivana Bacik: I welcome the Minister of State, Deputy O'Sullivan, on her first visit to the House as Minister and congratulate her on her portfolio of trade development at which I know she will be excellent. I am very pleased she has that portfolio.

I welcome the opportunity to debate this Bill which started life as a Bill introduced by the previous Government but which, when it came before the Dáil in October and November, had cross-party support. Speakers from Labour and Fine Gael welcomed and supported it at that stage. It is a Bill on which there is genuine consensus.

The Bill is designed to give effect to international conventions on poisonous gases and biological weapons. It is a third strand in legislation required to give effect to our obligations under conventions banning nuclear, chemical and biological weapons and is best understood as part of that troika of weapons regulations.

The Minister referred to Resolution 1540 adopted by the United Nations Security Council in 2004 which refers to all three types of weapons — nuclear, chemical and biological — all of which it regards as a threat to international peace and security. Given that we have legislation already, particularly on chemical weapons, this was a clear gap to fill to create specific offences here relating to biological weapons.

Of the offences created, notable is an aspect Senator Walsh picked up on, namely, the extra territorial effect we have seen in an extensive range of legislation including the Bill we debated in this House last Thursday on female genital mutilation. That is to be welcomed.

The definition of “prohibited weapon” contained in section 1 means any weapon, equipment or means of delivery designed to use a microbial or other biological agent or toxin for a hostile purpose or an armed conflict. A theme the Minister picked up on, as did other speakers in the Dáil, is the idea that these are agents which can be used for purposes other than hostile purposes. They have been used to develop vaccines and for other beneficial purposes, and the Bill must allow for the use of such substances where necessary. Deputy Upton, in the Second Stage debate in the Dáil, pointed out that there is potential for good while we are recognising in this Bill the horrendous potential for abuse of these substances.

We must also recognise, and it is acknowledged implicitly in the Bill, that the very nature of these biological agents makes it difficult to legislate against them. They have an in-built capacity for mutation and can be produced simply. The UN resolution of 2004 recognised that perhaps the biggest threat now is from non-state agents, persons acting in an individual capacity, as in the 2001 Anthrax attacks in New York, for example. Because biological weapons are relatively simple to produce and have this capacity for mutation, like synthetically produced drugs they can be difficult to legislate against. The terms of the prohibition, therefore, must be carefully framed to be sufficiently broad to capture mutations but sufficiently specific to ensure that only those mutations for hostile purpose are criminalised.

I very much welcome the provisions of the Bill but it is worth examining briefly the context of the Bill and the reasons it is before the House. The American Medical Association is a useful reference guide to biological weapons which sets out some of the appalling harm they can cause. The Minister referred to anthrax but brucellosis, inhalational tularemia, pneumonic plague, smallpox and viral encephalitis are all diseases that can be spread through what the American Medical Association describes as bioterrorism agents. As a hypochondriac, I feel some of the symptoms described could apply to a wide range of illnesses. On reading them one can feel one is developing non-specific ‘flu-like symptoms such as fever, headache, profound weakness, fatigue and so on. That is all spread by bioterrorism agents that spread brucellosis.

Fortunately, the use of biological weapons and biological warfare has been relatively limited. Senator Walsh and others speakers in the Dáil referred to the use of chemical weapons, which perhaps have had more horrific effects, but serious harm can be caused through the relatively small use of biological warfare we have seen. We should remember that it was during the First World War that the German army developed anthrax, cholera and other diseases specifically for use as biological weapons. Some historians write of their use in spreading plague in Russia and among the horses of the French cavalry. That development led us to the Geneva Protocol of 1925, to which the Minister referred as the first multilateral agreement prohibiting both chemical and biological agents. It is a relatively new 20th century variation of warfare.

Later in the 20th century the United States and the Soviet Union in particular developed capacity for biological weapons and tested biological weapons during the 1950s and 1960s. Senator Walsh referred to the iconic image of the child in Vietnam running covered in napalm. I have been to Vietnam and seen in some of its museums the horrific photographs equivalent to that photograph of the devastation caused to children and civilians through the use of chemical warfare through the Vietnam war. It is an appalling indictment and not perhaps sufficiently well known about here because it was not just Vietnam but also in Cambodia and Laos that we saw chemical weapons used at immense human cost and causing consequences that are felt in those countries to this day. We are much more familiar with the horrendous damage caused by nuclear weapons but chemical weapons, and biological weapons, have serious capacity to cause that level of human suffering and harm.

Senator Jim Walsh: Hiroshima.

Senator Ivana Bacik: Precisely, Hiroshima and Nagasaki. We are more familiar with that because that was on such a bigger scale.

That is not something that has been entirely left behind. The Minister pointed out that no state admits to having or developing biological weapons. No state acknowledges it possesses such weapons or that it has a programme to develop them. There is no doubt that the international conventions have acted as a strong deterrent but it is a matter of concern that three states which are noteworthy are not party to the convention, namely, Israel, Egypt and Syria. At a time when we see Syria using dreadful force against its own citizens that is a matter of real concern.

There is also concern that Israel has used weapons in Gaza recently which are in breach of the convention. There have been concerns about Russia using such weapons in Chechnya, and we are aware of Saddam Hussein's use of chemical weapons against the Kurds in Iraq. There have certainly been relatively recent instances of states at least being suspected of using biological and chemical weapons, often against their own citizens.

This Bill and the international convention are not just directed at states but also at individual users of biological weapons owing to the growing fear of what is called bio-terrorism. The Minister of State referred to the 2001 incident in the US where a number of people were killed by the delivery of anthrax by mail. There was an immense public scare about that at the time. In 1994, a small cult from Japan released anthrax in Tokyo, and there have been periodic scares over the past two decades about further individual threats to use biological weapons to spread anthrax and other kinds of disease. There was a notable arrest in Manchester in 2002 of a number of people suspected of using an apartment as a ricin laboratory to produce toxins.

These periodic scares and incidents where biological weapons have been developed for the suspected purposes of bio-terrorism are cause for concern. They give us a practical reason for having legislation in place. If we see arrests in an apartment in Manchester or if we hear of anthrax being delivered through the post, clearly a matter of concern for states is that small-scale production is going on with the potential to cause immense harm and public scares.

Senator Walsh asked whether these offences should be capable of being prosecuted through summary procedure. Section 4, which deals with penalties, refers to summary convictions where the maximum penalty can only be a class A fine or imprisonment for a term not exceeding 12 months. It seems somewhat hard to think of an offence under this Bill that would be capable of summary prosecution. In other words, such an offence would be regarded as minor, and I struggled with that concept. I was trying to think of someone who perhaps was very peripherally involved, living in an apartment where someone else was developing these weapons, yet who had sufficient knowledge about it that he or she could be prosecuted in a summary fashion. That is the only situation I can think of, but it seems more likely that this would be an indictable offence if someone were ever to be prosecuted. We hope that will not be the case and that this Bill will serve as a deterrent and fill a gap in our legislation.

Ireland has had a strong and proud record in promoting nuclear non-proliferation and the need to legislate at international level against weapons of mass destruction. I see this Bill as another step in our panoply of regulatory prohibitions against weapons capable of causing mass destruction. We have well-documented laws and conventions on chemical and nuclear weapons, and it seems very reasonable that we now pass this Bill on biological weapons. We all hope it will not be put into operation in any real way and that it will serve instead as a deterrent and will fulfil our international obligations. I welcome this Bill and I thank the Minister of State for her speech.

Senator David Cullinane: I welcome the Minister of State to the House. It is her first time here in her capacity as Minister of State, and I sincerely wish her the best of luck in her new job.

I agree with what was said by Senator Bacik. This Bill has cross-party support, which is very important for issues such as this one. I welcome that the Bill brings Ireland into line with its obligations under the biological weapons convention, to which we are a signatory. Under this convention, we are committed to working against non-proliferation in whatever way we can, and we are also required to take the necessary measures to prohibit and prevent the development, production, stockpiling, acquisition or retention of the agents, toxins or weapons which are prohibited under Article 1 of the convention.

Following on from the sixth review of the convention in 2006, Ireland committed to improving its legislative provisions to ensure non-proliferation and also to prevent the illegal production of materials for use in biological warfare. There is international consensus that the use of disease and biological weapons as instruments of war is barbarous and repugnant and, by its nature, inflicts the most harm upon innocent civilians. It is right and proper, therefore, that we construct legislative proposals that sanction the illegal production of such weapons or toxins.

It is also important for Ireland to set positive examples in this area. We purport to be a neutral state and other Senators have pointed out that we are very proud of the tradition of neutrality in this country. Despite our differences on the use of Shannon Airport by the US and on issues which people feel may have undermined our neutrality in recent years, we should be taking the lead on these issues, given the international respect Ireland has gained. For example, we played a significant role in the development of the landmines treaty. There is an opportunity for Ireland to take the lead on these issues.

We must put all this in a geopolitical context. It is important we are not seen to be hypocritical and are seen to be consistent. We heard examples of chemical weapons being used in East Timor, where almost one third of the population was wiped out by the Indonesian regime, and in Cambodia, Laos, Iraq and other countries. Many of these regimes were propped up, armed and financed by some of the more powerful states in the globe, including permanent members of the UN Security Council. While it is important we legislate in this area, we should also be conscious of our place in the UN and stand up to some of those more powerful states. Despite that we are a small state, we should call those large states on their failure in this respect. We must be seen to be consistent. We heard examples of what happened in Vietnam with the use of napalm. I watched a programme about a young girl who has gone on to tell her story and has improved her life since, but there are many victims of chemical and biological warfare, and not just in Vietnam. If we look to the origins of these regimes, how they came to power and how they were financially supported and armed, we find much that goes back to many western nations.

I would like to exercise some caution in respect of the burden of proof and to ensure the legislation is in line with Article 6.2 of the European Convention on Human Rights and Article 38 of our Constitution, both of which grant the right to a fair trial. This is a serious issue. We need to ensure the law is sufficiently robust in order that we can pursue people engaged in the production, stockpiling or transportation of biological weapons while also protecting a person's right to a fair trial.

We debated the Criminal Justice (Female Genital Mutilation) Bill 2011 in the House last week and the extraterritorial aspect was an important part of that Bill. As Senator Walsh pointed out, globalisation itself has served up many different opportunities for the world, but it has also given rise to problems in different areas. The criminal justice sector is one such problem, and we need to be mindful of these. I am pleased this is contained in the Bill.

[Senator David Cullinane.]

I welcome the Bill and I support the Minister of State and the Government in bringing it forward. I am sure we will have further discussion on Committee Stage. I ask the Minister of State to reflect on the need for this to be properly proofed against UN human rights legislation and international law so we are seen to be doing the right thing.

Senator Paul Bradford: I welcome Minister of State to the House. It is appropriate that as she has responsibility for development and, I presume, development co-operation, she is bringing forward legislation. Looking to the future with regard to international conflict and warfare, it will be trade rather than treaties and co-operation rather than confrontation on which we must focus. The history of mankind clearly shows that since time began people such as Adolf Hitler, Joseph Stalin, Mao Tse Tung and Saddam Hussein never felt particularly constrained by treaties. It is unusual and sadly amusing that we have treaties outlining what is allowable in warfare. In the so called “theatre of war” there are apparently rules regulating what one can and cannot do. There is no rule banning killing, murdering and maiming of people.

The great United States general, Douglas MacArthur, who was a colossus among United States generals in the 20th century gave a famous speech to the US House of Congress on his resignation after the Korean War. After 50 years in the army, he proclaimed he had formed the view that warfare was no longer an appropriate means of solving international disputes. This profound statement is something on which we can all reflect but we have not acted on it. This Bill and various treaties are very welcome but until such time as society and humanity move beyond the concept of warfare as a means of solving international disputes we will always live in a world of crisis, threat and fear of possible destruction.

I fully support the legislation and agree with everything the Minister of State has said. Her concluding paragraph was the most important because she spoke about Ireland’s leading role in the promotion of nuclear disarmament and non-proliferation and Ireland has a strong role to play. We are a small country. I will not get into the endless debate on neutrality because we have always managed to be neutral, but neutral on one side of the great political divide. I am glad we were on that side of the political divide and that we were able to remain neutral when the NATO shield protected us and the western world.

We have an international role at the UN in trying to spread and promote the concept of democracy and economic development. I admit various countries have differing concepts of what democracy means but empowering people and communities to have a reasonable degree of economic development and wealth is the long-term solution on a worldwide scale that we need. While starving countries remain there will always be the possibility of strife and warfare. We have to reflect upon this.

We must also recognise the new geopolitical challenges facing us which are a cause of concern. The very welcome growth of China and its economy also brings stresses and severe words are being exchanged between China and Vietnam, which one would not have expected 25 or 30 years ago. The ongoing difficulties between India and Pakistan and in the Middle East are pressure points where the possibility of conflict resulting in military disputes and war remains. We must be vigilant and support whatever the United Nations and the international community can do to reduce the stresses in these parts of the world.

If we are to move forward beyond the Bill and ensure it becomes irrelevant because there is no prospect, possibility or desire on anybody’s behalf to develop biological or nuclear weapons, the concepts of economic development, fair development, trade and international co-operation must be to the fore and this is where Ireland can be effective. Passing this legislation is a signal and of some small help but it will not make the world a far safer place. Notwithstand-

ing our small size, politically and geographically, we have played an important role at EU and UN levels and we must continue to do so.

Over the past ten or 15 years we have seen how dialogue, talks and compromise made a difference to a small conflict on the international scale, but the Irish peace process stemmed from debate, dialogue and concession and this is the strongest suit we can play internationally to spread these concepts of peace and co-operation.

With these few words, which perhaps were off the Bill itself, I welcome the legislation. It will be supported. Biological, nuclear and any weapons are prehistoric and of another era and should not be part of the future of mankind. We should be able to resolve disputes without resorting to weaponry or war. I might be looking for a panacea, and it might not be likely in the very near future but it is something towards which we must work. The Minister of State has advised that she will table technical amendments on Committee Stage, which I presume will be taken tomorrow, and we will support them and ensure the legislation is put in place.

Senator Colm Burke: Like my colleagues, I welcomed the Minister of State to the House and wish her well in her role. I welcome the Bill. It is important that we put in place conventions that have been passed at international level. I note that in January 2010 an interdepartmental committee was established, which is headed by an official from the Department of Foreign Affairs and Trade. This is also important.

The Bill is quite comprehensive and clearly sets out the definitions and offences. A person who stockpiles, acquires, possesses, retains or transfers to another person such a weapon commits an offence. Once a person becomes involved in any way an offence is committed. The Bill sets out the prosecution options open to the State and it is a serious offence because the number of people affected by the use of such a weapon is large. Sections 7, 8 and 9 establish that a person cannot hide behind being part of a corporate group or company name.

Some of my colleagues referred to damage that has been caused. One of the problems with this type of weapon is its long-term effect. There have been long-term effects in countries already mentioned such as Vietnam and Cambodia. There is no defence when this material is used. It is not aimed at one person but at large numbers. The place where there is evidence of its most recent use in 2009 is Gaza where white phosphorus was used. Israel denied it had used white phosphorus, but there was clear evidence that it had been used. More than 1,400 people died in that conflict. I am not saying they died as a result of the use of white phosphorus, but it generated fear among the population. I visited the area four weeks after hostilities had ceased and it was disturbing to witness the level of fear among the people because they did not know what was coming next. It was amazing no action had been taken following the use of white phosphorus. Ireland has preserved its neutrality, but it is important when something such as this occurs, that penalties are imposed on the state involved to ensure it does not recur. It was disappointing no action had been taken following the use of white phosphorus in 2009.

Colleagues have referred to Ireland's role as a neutral country. I visited a number of countries in which there was conflict and Ireland's role was seen in a totally different light from that of other countries. Ireland was seen as the protector, occupying neutral ground and not being on any one side other than of that of trying to bring about peace. It is important that we use that role to ensure these conventions are implemented throughout the world. It is important that we use whatever powers we have at European Union and UN level to ensure the conventions which have been carefully drafted and negotiated are used to protect people, particularly those not involved in conflict. One of the things about the use of these weapons is that usually those most affected are not involved in the conflict but innocent parties who are defenceless and unable to avoid getting caught up in it. It is important, therefore, that we put this legislation in place and continue to use our influence to we ensure other member states put the relevant

[Senator Colm Burke.]

legislation in place, that this type of weapon is not used, peace is restored and there will be no long-term repercussions, which has always been the case when this material has been used.

I thank the Minister of State for introducing the Bill and look forward to its enactment at an early date.

Minister of State at the Department of Foreign Affairs and Trade (Deputy Jan O’Sullivan):

I thank the Senators who participated in the debate for their support for the Bill. As Senator Jim Walsh said, it was drafted during the term of office of the previous Government and supported by the then Opposition. I very much welcome the fact there is again cross-party support for the legislation. There is no evidence to suggest there is terrorist activity of this kind, but it is important that we ensure our legislation is tight in order that we will have appropriate provisions in law to deal with such issues.

There were a number of common themes in the contributions, particularly concerning Ireland’s international role. Senator Colm Burke referred to the fact Ireland that had a very strong reputation internationally not only as a neutral state but generally because of the way it had acted during the years. It is right to state we are listened to on the international stage on these issues. It is important, therefore, that we play a leadership role and many Senators have referred to the fact that we can do so.

Senator Jim Walsh, among other Senators, has referred to the fact that there is an extra-territorial dimension. We are satisfied that it is included in the legislation. The Senator also referred to the fact that there were not too many signatories. One could only sign the convention before it came into effect. After that one simply had to accede to it. A significant number of states have now done so.

Senator Ivana Bacik asked the reason there was no list. I believe she answered her own question in that if we did have a list, we would have to add to it because the science is constantly changing and we might leave something out. Therefore, it would not be appropriate to have a list of specific items.

Questions were asked about the offences listed. Senator Jim Walsh, among other Senators, raised the level of offences. It seemed appropriate to keep non-indictable offences at that level because of the peripheral issue Senator Bacik raised about someone unknowingly being involved. It would not be appropriate to have a serious penalty in that regard.

Senator David Cullinane raised the question of the burden of proof and international rights obligations. The Bill is fully compatible with rights under the Constitution and the European Convention on Human Rights.

Senator Paul Bradford rightly raised broader issues about the root causes of conflict and the importance of having laws not only to punish those who produce, use or are involved in transporting biological and other weapons but to try to ensure people do not have a reason to develop these weapons in the cause of conflict. By and large, the legislation is aimed more at non-state actors. We do not have evidence that any state has biological weapons. The concern is that terrorists and other non-state actors might develop such weapons. The intention is to ensure states and others do not develop them. While we can hope states will want to avoid conflict, unfortunately, there are people in the world who might want to stir up conflict. Therefore, we must ensure we have appropriate legislation in place in that regard.

I again thank the Senators who participated in what has been a very positive debate. As Senators said, this meets one part of our international obligations, but we want to ensure we get everything absolutely right. As everyone said, Ireland has a very proud record in inter-

national affairs and we want to ensure we introduce whatever legislation is necessary and that we behave on the international stage in a way that will continue to reflect well on the country.

Question put and agreed to.

Committee Stage ordered for Thursday, 9 June 2011.

Sitting suspended at 3.40 p.m. and resumed at 5 p.m.

Water Charges: Motion

Senator Diarmuid Wilson: I move:

That Seanad Éireann rejects any proposal to introduce a flat rate household water charge and calls on the Government to:

- state clearly whether it will introduce a flat rate household charge in January 2012;
- recommit to the introduction of a fair system of metered water charges, with a free usage allowance of water per dwelling in the interests of water conservation and the environment; and
- ensure that the ability to pay principle is central to any new charge.

I welcome the Minister for the Environment, Community and Local Government, Deputy Phil Hogan. This is the first opportunity I have had to congratulate him publicly on his appointment. I wish him well in the years ahead.

Fianna Fáil has tabled this motion in an effort to do what the Government has not done, clarify its plans to establish a national water authority and to introduce charges for domestic water services. The Fine Gael and Labour Party programme for Government commits the Government to the establishment of a State company, Irish Water, which will take over responsibility for all water services from the 34 local authorities. This was to be accompanied by the fitting of meters to houses and apartments.

This aspect of the programme for Government has the support of the National Competitiveness Council, the Economic and Social Research Institute, ESRI, and the Organisation for Economic Co-operation and Development, OECD, which have been urging the reinstatement of water and property charges for some time. They maintain that in the present economic circumstances such charges represent vital sources of income for investment and for correcting the public finances. These same areas were identified during talks with the European Union and the International Monetary Fund, IMF, in which it was agreed by the Government that a site value tax would be introduced in 2012 and be completed by 2013. An interim fixed household charge of €100 per annum would be introduced in 2012 and a full value-based addition would be introduced in 2013, with the introduction of a scheme for the metering of water in the domestic sector with charging for domestic water by 2014.

In recent weeks we have heard the Minister, Deputy Hogan, as well as the Taoiseach and other Government spokespersons blame the last Government for the necessity to introduce an interim household utility charge. This is wrong. Yes, commitments were given in connection with the EU-IMF bailout that required the establishment of property and water charges, but Fine Gael's commitment to charges long predates this. In March 2010 Fine Gael called for the introduction of water metering and water charges. In fact, in its New Politics document, published in March 2010, it proposed a system of water charges whereby everybody would be allocated a water credit with water meters in every home. Householders would be charged for

[Senator Diarmuid Wilson.]

consumption in excess of the credit. Fine Gael has consistently supported the rolling out of water charges; therefore, blaming the last Government and the European Union and the IMF for tying us into these charges is disingenuous on the part of the Minister and his colleagues.

These issues are now the responsibility of the Minister and the current Government and as unpopular as these charges might be, they should be explained and defended by the Government, not used as a political tool in the popularity stakes. I am not saying the introduction of these charges will be welcome. They will be anything but welcome but we in Fianna Fáil believe the charges should be fair. When the economy went into recession there was general agreement that those in a financially better position should contribute a larger portion to our economic recovery and to the creation of employment opportunities. Implicit in this was the belief that those in less fortunate positions should pay at a lesser rate and in cases of severe hardship nothing at all.

In what would appear to be an acceptance of this principle, Fine Gael in the run-up to the general election stated it would not charge people for water until meters were installed. This commitment is repeated in the programme for Government but we are here today to discuss water charges because of the conflicting information coming from Government spokesmen who cannot seem to agree whether charges are to be implemented next year, or on the form these may take.

What is the Labour Party's position on proposed water charges or on the introduction of a flat-rate charge? Speaking to the *Irish Examiner* on the 28 June 2010, the Tánaiste, Deputy Eamon Gilmore, said he was totally against water charges, stating a flat household charge would be unfair because it does not discriminate between houses with five bathrooms and none. He said metering was unworkable. As recently as October 2010 he said it should be possible to phase in water charges on a metered basis but only as part of a broader reform of how we manage and deliver this vital environmental resource. In an interview with Newstalk on 26 January 2011, he said a flat rate water charge was not going to be introduced.

We now know, however, that the Government intends that two new charges will come our way; a household utility charge by 2012 and water charges by 2013. Nowhere in the programme for Government does it mention a household utility charge. What happened to fairness, what happened to looking after the less well-off in our society? Nothing we have heard from Government sources in the past week has served to allay the fears and concerns of many less well-off persons who fear the introduction of draconian taxes. Nor has the Government convinced us of its commitment to fairness. Instead of leadership and unity of command, we have seen confusion and disagreement in Government. Far from clarifying the Government's intentions on such important issues, Ministers have engaged in a blame game in an attempt to divert attention from Cabinet difficulties.

Today we need clarity and certainty, not confusion and doubt. Some weeks ago, when the Minister of State, Deputy Fergus O'Dowd, announced that water charges would be delayed until metering had been completed, the Minister for the Environment, Community and Local Government quickly indicated that a flat-rate water charge would pay for the cost of installing meters. Within days he changed his mind on the grounds that a decision had yet to be taken by Cabinet. Now he is suggesting a wider utility tax, to embrace both water and property. This obvious lack of cohesion within the Cabinet is dangerous and creates unnecessary tensions and instability at a time when stability and leadership is required. It is imperative that Fine Gael and the Labour Party learn the meaning of the phrase "joined-up Government" and work together as a unit to bring clarity and certainty to the matter.

Fianna Fáil in government outlined its plan to fund our water infrastructure in the years ahead. We outlined our plan to introduce domestic water charges for households in the next four years. This would be preceded by the roll-out of water meters which, as stated in the national recovery plan, would be funded from the National Pensions Reserve Fund. The installation of water meters will strengthen the capacity of local authorities to manage their water distribution networks, lead to greater incentives for households to conserve water and provide the necessary additional funding to improve the network.

Water metering will undoubtedly lead to a radical transformation in the way people use and view water. It will provide value for money for consumers and also provide a customer service focus in the management and provision of water services. The roll-out of water metering will result in much needed jobs in the construction sector. We estimate that it could create between 1,200 and 1,800 jobs between 2012 and 2014.

I call on the Minister to clarify these proposed charges.

Senator Brian Ó Domhnaill: Without going over the ground covered in Senator Diarmuid Wilson's concise presentation, I want to add to what he has said about the position being adopted by the Government. The Government parties seem to be acting in isolation, with the Labour Party expressing one view and Fine Gael expressing another. There is no coherence on the issues of water charges and the domestic utility charge.

This issue has caused huge discontent in the last ten days. People have contacted me about this because they are already in a precarious position when it comes to trying to balance the household budget, to pay the bills and the mortgage. The new Government, after less than three months in office, is coming up with a new charge, the utility charge, to be levied on people because they have a home. That home might be in negative equity, but that is not being taken into consideration. People who have invested in a home will face a charge for it.

Senator Wilson outlined how that was not the position taken by the Government ahead of the last general election. The Tánaiste, Deputy Eamon Gilmore, stated three weeks before the election that a flat rate charge would not be contemplated or introduced by the Labour Party. Fine Gael stated it would not introduce any charge other than one for water after the installation of water meters. The two parties went before the people on those positions but after receiving their votes, they changed their minds and we are now looking at the introduction of a utility charge in 2012.

The Government can blame the European Union and the IMF but their position seeks the introduction of water charges on a consumption basis. Fianna Fáil stood on that platform during the election and we were frank with people, saying we would introduce water charges but only after the installation of water meters and that people would only pay for the water they use. If a utility charge or rate on houses is introduced, the same charge is levied on an 85 year old woman living in poor and isolated conditions as on someone living in a €5 million mansion in Dublin 4. That is not equality. Is that what the Labour Party proclaims to be equality in the new Government? My party was sitting on the other side of the House three months ago and Fine Gael and the Labour Party were sitting on this side. Those parties made sure they proclaimed their view of equality and this is not what they proclaimed equality represented. Has the new Government lost its view of equality because it has captured power or is it that power is more comfortable than explaining equality? Fianna Fáil Members of this House have moved this motion tonight because we want to see clarity brought to this issue. We want to see the Government reflect on this matter. While there are difficulties with the public finances, equality in the restoration of public finances does not come about by charging the same amount to someone earning €180 per week as others. The charge is proclaimed in the newspapers as €170 per house. Does that mean that a person living on €150 or €170 a week in a small bungalow,

[Senator Brian Ó Domhnaill.]

struggling to get grants to fix their windows, must pay that amount while someone living in Dublin 4 in a €5 million mansion is asked to pay only the same amount? That is not fair. This should not be exploited to repair the public finances and meet the demands set under the EU-IMF bailout.

I am delighted my party has brought forward this motion. I hope the Minister can clarify the position of the Labour Party, Fine Gael and the Government. Will the roll-out of these charges commence in January? Fianna Fáil will not support that position. If charges are to be introduced for the provision of water, a number of measures are needed in the interim. Meters must be rolled out at a cost of €500 million. Fianna Fáil welcomes the roll-out of meters and the employment it will create. That is the party position. We also want to see the water network in each council area improved because there are so many leaks in the water system. Antiquated pipes in rural Ireland need to be replaced. There must be investment before the charges can commenced.

We are in a difficult financial situation but burdening people who cannot afford to pay is not the correct way to go about this. If the Government's proposed utility charges, stealth charges, domestic rates or whatever are to be introduced in January 2012, which Fianna Fáil vehemently opposes, perhaps the Minister will clarify the level of charge proposed or contemplated. Is it €100, €500 or something in between? We must be up-front with the people. People must be afforded the opportunity to plan for the burden the Government will throw their way in January. People do not have the money unless they plan financially. I support the motion tabled by Senator Wilson. Fianna Fáil will vehemently oppose any move towards a utility charge or domestic charge before the necessity to introduce such a charge under the EU-IMF facility. That will only happen if meters are introduced before that. That will probably occur in 2014 or 2015.

Acting Chairman (Senator Feargal Quinn): I welcome the Minister on his first visit to the new Seanad. I am glad to see him here.

Minister for the Environment, Community and Local Government (Deputy Phil Hogan): I am glad to be in Seanad Éireann, which I have not been in since 1989. I was a Member from 1987 to 1989 and I take this opportunity to congratulate all Members of the House on their recent election or appointment. I wish them well in their term of office. I thank the Senators from the Fianna Fáil Party for giving me this opportunity to speak on this motion and its amendment. I am glad to clarify the position of the Fianna Fáil Party and the Government. I remind the House what the previous Fianna Fáil-led Government agreed last December with the European Union and the IMF through the following direct quote from that agreement: "The government will have undertaken an independent assessment of the transfer of responsibility for water services provision from local authorities to a water utility, and prepare proposals for implementation, as appropriate with a view to start charging in 2012/2013." It is interesting that Senator Brian Ó Domhnaill opposes the introduction of a charge in 2012, even though his party agreed to it in December. The previous Fianna Fáil-led Government's ill-fated national recovery plan, published in November 2010, proposed the introduction of domestic water charges to achieve what the plan described as "significant" operational and capital savings. Given that these were commitments made by a Fianna Fáil-led Administration, I am amazed at the collective amnesia being demonstrated by my good friend Senator Diarmuid Wilson.

Senator Diarmuid Wilson: There has been a fair bit of that in the past ten days.

Deputy Phil Hogan: The reason Fianna Fáil was forced to agree additional property taxes and water charges was the ceding of our economic sovereignty arising from the disastrous

policies pursued by previous Fianna Fáil-led Governments. I am surprised two Members from Border counties do not understand the significance of this. Their party introduced the universal social charge.

Senator Brian Ó Domhnaill: The Minister should do away with it.

Deputy Phil Hogan: I do not know where equality or fairness comes into that charge. That will not be the case with water charges by metering or the household charge to be introduced in lieu of the property tax agreed in the same EU-IMF programme. The programme for Government agreed between Fine Gael and the Labour Party provides for progressive and considered structural reforms of the water services sector in Ireland and these reforms are important elements of the Government's strategy for restructuring the semi-State sector under the NewERA policy. Our intention is to have a modern, adequately resourced water services sector which will manage and deliver critical infrastructure to support economic recovery and employment creation. The Government position is that water charges will be introduced but only by metering. There will be no flat-rate water charge.

Senator Brian Ó Domhnaill: Will there be a utility charge or domestic rates?

Deputy Phil Hogan: It does not suit the Senator for me to say that and I know it is of great disappointment to him.

Senator Brian Ó Domhnaill: I would welcome the fact that there will be no charge until 2014.

Deputy Phil Hogan: I did not interrupt the embarrassed Senators. We need a more fundamental shift in the way water services are organised and funded in Ireland. I cannot be more clear in what I said. It is important to acknowledge the considerable efforts of the local authorities to improve services but last week we saw restrictions imposed by Dublin City Council and other Dublin local authorities on the water resource we have. People must understand water is a finite resource. It is not the Government's intention to discard the expertise and knowledge built up in the local authorities. On the contrary, we want to ensure that expertise and knowledge are being deployed strategically and efficiently to meet the significant challenges facing the sector. The adoption of river basin management plans last year marked an important step in the implementation of the EU water framework directive and provides the strategic direction for much of our future actions and investment in the sector. The move to a river basin catchment approach to water resource management will require greater co-ordination in the planning and delivery of all aspects of water services. The establishment of Irish Water, the new State-owned water company, is a priority for me and the transfer of functions from local authorities to the new company needs to be carefully managed. My Department is overseeing an independent assessment on the establishment of the new company, Irish Water, which will be completed this year. This will examine the optimum role of the new company and assist in defining the functions to be assigned to it. The assessment will also make recommendations on how specific areas of work are to be transferred from the local authorities to the new company. The independent assessment, which is to include detailed implementation issues, will be completed by the end of October this year. After that I will be able to bring proposals to the Government on the establishment of that new entity, Irish Water, before the end of 2011.

We have invested heavily in improving our water services and even in the current difficult economic position the Government is continuing to give priority to investment in this area. A provision of €435 million is being provided from the Exchequer this year, and this investment

[Deputy Phil Hogan.]

is required not only to expand infrastructural capacity but also to upgrade the water supply distribution network to tackle uneconomic levels of leakage and improve operational efficiency.

We have a very diverse water supply system, with over 950 public supplies producing some 1,600 million litres of water daily through a network of 25,000 km of pipes. The extent of burst water mains places a particular focus on the vulnerability of the Irish water distribution system, in particular given its age, the high levels of leakage in the system and the lack of investment historically in mains rehabilitation. The focus of Exchequer investment in water services in recent years has been on ensuring compliance with the European directives on both drinking water standards and urban waste water discharges, as well as improving water supply to keep pace with population and economic needs, with total investment exceeding €6 billion over the last decade.

The current water programme provides for increased investment in critical mains rehabilitation with contracts to the value of €320 million set to commence over the period of the programme. This represents more than double the investment of €130 million in the last programme period from 2003 to 2009. This investment is essential to address the unacceptable levels of leakage from our water mains, or so-called unaccounted water. We cannot continue to tolerate a position which allows such high volumes of water, treated to a high standard at great expense, to be unaccounted for.

The cost of providing water services in Ireland has increased significantly. Increased investment in new treatment plants for drinking water and wastewater has increased the operational costs for local authorities. More stringent environmental legislation and rising energy prices have also contributed to the increase in costs. It is clear that the previous policies of providing water free, with no incentive to manage usage, is not sustainable. The OECD published a report in 2010 that specifically highlighted the difficulties being caused by our failure to charge households for water based on usage. The OECD noted that Ireland's failure to install water meters gives households zero incentive to save water or to minimise waste in the form of leaking pipes, running taps and other wasteful uses such as the unnecessary use of garden hoses.

The OECD also advised that the failure to measure water use perpetuates the public's low awareness of consumption levels and the real cost of water services. The OECD went on to observe that water metering will also remove the inequity between households. A house with large gardens, for example, or even a swimming pool will pay significantly more than a smaller household with average consumption. The OECD concluded that the absence of water metering contributes to a lack of incentives in the planning system and in building regulations and practices to focus on the water economy, with rain water harvesting an example. I see the introduction of water charges through metering as an essential water conservation measure to deal with a finite resource and to help businesses and households have a good quality water supply. It will also ensure we have plentiful water to help in attracting inward investment to the country in the years ahead, and it will provide essential employment opportunities for our people.

We recognise there are weaknesses in the current funding model for water services. The programme for Government provides for the introduction of a fair funding model to deliver clean and reliable water. A new system of water charging for households on public water supplies will be introduced based on usage above a free domestic allowance from 2014.

International experience is clear in showing that water metering can achieve significant reductions in consumption. In Denmark, a reduction of 12.6% in household consumption was achieved in the period between 1996 and 2007 following the introduction of water meters, with the promotion of water saving devices. I recently attended a conference in Croke Park where

a speaker from Southern Water in the United Kingdom highlighted how universal water metering in the Isle of Wight had reduced consumption from 160 litres per person per day to 124 litres per person per day, a reduction of more than 20%. Research carried out by the Dublin local authorities estimates average customer side leakage at 65 litres per property per day and, in some locations, this could be significantly higher. Evidence from the National Federation of Group Water Schemes suggests much of the water lost from the group water scheme through leakage is on the customer side, where metering is helping to reduce leakage.

The installation of water meters will ensure leaks can be identified and fixed, and metering will therefore achieve significant reductions in the volume of water required to be treated every day and lead to savings in the operational costs of delivering water services and in deferred capital expenditure. Moreover, it will lead to other environmental benefits, such as reduced abstractions from our rivers and lakes and in reduced carbon emissions from lower energy consumption.

In line with any significant policy issue submitted to the Government, the potential impacts on low income households and other vulnerable groups will be taken into consideration. As set out in the programme for Government, all households will be provided with a free allowance of water, with charges only applying to usage above that allowance. My Department will also be developing a public awareness campaign to inform households of actions which can be taken to reduce their consumption and hence the cost of the water being used.

The creation of Irish Water and the introduction of a system of water charges based on usage will transform the provision of water services in Ireland. In these difficult times, we must deliver our services and use our resources more efficiently; by delivering on the commitments in the programme for Government, we can ensure this happens. To put it at its mildest, it is disingenuous for the Fianna Fáil group of Senators to table this motion and conveniently forget what they had previously, while part of the Government, committed us to doing. The new Government will implement its own proposals for water services reforms in a much more considered manner than our predecessors ever managed to. I ask the Fianna Fáil Senators to withdraw their motion and save themselves political embarrassment in doing so. This will ensure that the political honesty expected in the Upper House will be maintained.

Senator Brian Ó Domhnaill: On a point of order, the issue we raised in the motion has not been addressed at all. In November last year, before the last election, Fianna Fáil was up-front with the people about introducing a water charge only after meters were installed. The motion brought forward by Fianna Fáil Senators——

Acting Chairman (Senator Feargal Quinn): That is not a point of order. It is a point of debate.

Senator Brian Ó Domhnaill: The motion concerns a household utility charge, which was not in our election manifesto. There will be a household utility charge from January and there has been no clarification in the Minister's address.

Acting Chairman (Senator Feargal Quinn): That is not a point of order but the Senator will be able to make that point later. If there is no speaker from the group of Taoiseach's nominees or the university Independent group, the Senators from Sinn Féin may make their contribution. I believe the party will be moving an amendment.

Senator Diarmuid Wilson: Has the Government proposed an amendment?

Deputy Phil Hogan: I moved an amendment.

Senator Diarmuid Wilson: A Minister who is a Member of the Dáil cannot propose an amendment.

Senator Cáit Keane: I propose it.

Senator Trevor Ó Clochartaigh: I move amendment No. 2:

To delete all words after “January 2012” and substitute the following:

“— and believing that water is a valuable and precious natural resource which needs to be carefully conserved;

- believing also that there is a significant need for investment in water infrastructure as a matter of urgency;
- considers that the €500 million which will be spent on installing such meters would be better spent on improving our water supply system, given that as much as 58% of treated water across the country is wasted through broken pipes before it reaches dwellings;
- is opposed to the introduction of new stealth taxes such as water charges and a flat rate domestic charge, which will have no effect other than to reduce the spending power of those on low incomes, and take money out of the real economy;

and

- condemns the disproportionate affect a flat rate household charge will have on low to middle income families and is concerned that such a proposal will push many more families into poverty.

Beidh mise ag moladh leasú ar an rún. Ar dtús báire, ba mhaith liom míle fáilte a chur roimh an Aire. Guímis gach rath air ina chuid cúramaí nua mar Aire. Tá a fhios agam go bhfuil cúramaí móra air.

Bheinn buíoch dá bhféadfainn nóiméad a thógáil le buíochas faoi leith a ghabháil leis an Aire maidir le fógra a rinne sé inné a bhaineann le cúrsaí uisce, is é sin scéim réigiúnach uisce Chasla in gConamara. Táimid ag fanacht leis an scéim sin le beagnach 30 bliain. Is iomaí Rialtas a tháinig agus a d'imigh agus nár cheadaigh an scéim siúd. Throid muintir Chonamara go láidir le go mbeadh uisce glan againn agus le go bhféadfaimís ár gcuid páistí a ní, an t-uisce a ól agus ár gcuid gnóithí a dhéanamh i gceart. Is mór an lear go dtáinig an cinne inné, go bhfuil an scéim sin ceadaithe agus gur féidir dul chun cinn leis. Is é an trua gur thóg sé 30 bliain orainn teacht chomh fada leis seo.

I thank the Minister for his announcement yesterday relating to the Casla regional water scheme, which is pertinent to today's debate. We have been waiting for the scheme for 30 years. The Connemara communities in which we live have not been able to drink the water or use it to bathe our children for almost 30 years. The pressure to introduce the scheme arose because the State was not fulfilling its obligations under the EU water directive. I thank the Minister for rubber-stamping the scheme but it is indicative of the state of water in Ireland that people have to fight for a basic utility to which they have a right.

Sinn Féin moves the amendment to the motion because we reject the proposal to introduce household water charges. There is an obligation on the Government to clarify its intentions at the earliest opportunity, in which regard I welcome the Minister's statement. It needs to explain the nature of the charge and how the rates and allocations will be calculated for families and

households. We tabled the amendment because we believe other issues arise in addition to those outlined in the motion and we desire to bring them to the notice of the Seanad.

We fully understand the vital nature of water and water provision. Water is a valuable and precious natural resource which needs to be carefully conserved. We recognise that it can on occasion be a scarce resource and while we have had some difficulties in regard to water shortages in this country, its scarce nature is even more apparent abroad. There is no argument that we need to implement measures to ensure we do not waste this valuable resource but it is lazy and illogical to assume that this automatically validates the case for water charges. It is not sensible, fair or necessary to insist on making the citizens of this country pay twice for this essential service. We maintain that a more sensible and just remedy is available to us.

I ask Senators to consider two alternative scenarios. We could introduce water charges to domestic dwellings and spend €500 million on installing water meters in all Irish homes. We can thus double charge all the households in the country for a service that they have enjoyed, and ought to enjoy, as a right. We would thereby inflict further hardship upon families who are already struggling as a result of reduced wages and welfare payments, the appalling universal social charge and services which are falling apart. In short, we can push many more families over the brink to greater poverty. Alternatively, we could look at our water provision infrastructure. We could decide that our leaky water system is the problem given that 58% of our water supply is wasted through leaky and damaged pipes before it even reaches our homes. The €500 million cost of putting water meters in place in 1.1 million homes would be better spent on fixing this leaky infrastructure, without hitting the least well-off yet again.

Given the choice between these scenarios, it is clear that a sensible or community minded person would choose the latter. It is more equitable by far to fix the pipes than to introduce charges. Some will argue, bizarrely, this does not make sense and that a €500 million investment in water meters makes perfect sense. It is not solely our view that the economic sense of improving our water infrastructure is clear. The local government review group advises that active leak management is more than self-financing. It would offer additional benefits because an improved water infrastructure system would help to prevent the type of difficulties we faced in the recent cold winters or the public health problems that arose in Galway and elsewhere on foot of the cryptosporidium outbreak in 2007. Improving our water provision infrastructure is an investment that will stand to us for years to come. Water charges will do nothing except heap further misery on our citizens and create economic hardship, as my colleague Senator David Cullinane will explain. I ask Senators to consider this prospect and to support our amendment.

Cuir síoda ar ghabhar agus is gabhar i gcónaí é. This evening's debate highlights that seanfhocail. We have seen the before and after scenarios of the Government and its predecessor but the policies they have put forward are equally unfair to those on lower incomes and those who are struggling with the range of charges that have been introduced as a result of the EU-IMF bailout. If meter charges are to be accompanied by a free allocation, I ask the Minister to clarify how the allocation will be calculated on a fair and equitable basis, whether it will take into consideration unemployment levels, particularly in rural areas where the water infrastructure is of a lower standard than in urban areas, and how it will be affected by the universal social charge and the health levies that are hammering poor families. Sinn Féin opposes water fees, whether in the form of metering or a flat charge, because the people of the country have a right to basic services such as water regardless of their background or economic situation.

Senator David Cullinane: I second the amendment. I welcome the Minister's appointment as someone from the south east. My wife, who is a councillor in Kilkenny Borough Council,

[Senator David Cullinane.]

recently attended an event at which he was honoured but I hope he will look after Waterford as well as Kilkenny in his role as Minister.

I agree with him that Fianna Fáil Members have brass necks to set out their opposition to water charges or speak about fairness, justice and equality given what they have done to this country. They have introduced charges which have devastated working families and caused hundreds of thousands of people to lose their jobs. More than 100,000 young people have left our shores through forced emigration because of the last Government's surrender of our sovereignty.

Senator Brian Ó Domhnaill: What would Sinn Féin do?

Acting Chairman (Senator Feargal Quinn): No interruptions, please.

Senator David Cullinane: I will explain what Sinn Féin would do. No one interrupts the Fianna Fáil Senators but they have a habit of interrupting everybody else. If Senator Brian Ó Domhnaill gives me the opportunity, I will spell out exactly what Sinn Féin would do.

Senator Brian Ó Domhnaill: There must be a stash of money somewhere.

Senator David Cullinane: The Senator received his answer in the by-election and the general election.

Senator Brian Ó Domhnaill: I will always respect democracy.

Senator David Cullinane: I am glad to hear it.

Acting Chairman (Senator Feargal Quinn): Senators should address the Chair.

Senator David Cullinane: The Senator is addressing me. People voted for change and, in fairness to Fine Gael, it was upfront during the election campaign in regard to supporting water charges. However, the Labour Party was not as upfront or purposeful before the election. It campaigned against the universal social charge, which has devastated a considerable number of families, but it appears to be prepared to support a universal water charge which will impact on the same families. I am sure the Minister viewed the recent "Prime Time Investigates" programme which vividly described the impact of austerity measures, cuts in wages and benefits for low paid workers and those who lost their jobs through no fault of their own. Those of us who work in our communities are already familiar with the human face of suffering and I do not understand how further stealth taxes or water charges introduced under the guise of conservation can have a positive impact on these families. The Minister will be aware that approximately 58% of all water in the system is unaccounted for and lost. As Senator Trevor Ó Clochartaigh said, the Minister stated in response to parliamentary questions tabled by Sinn Féin that it would cost €500 million to install meters. Why not invest that amount in repairing the water infrastructure? That would be a much better way of spending the money rather than going after the same people over and over again.

Senator Brian Ó Domhnaill asked about Sinn Féin's alternative proposals. The water and utility charges are about collecting more taxes, not about water conservation. The genesis of the charges is the IMF-ECB deal. The Minister may smile, but he knows this is about collecting taxes. Before the general election campaign, the Labour Party, for example, supported Sinn Féin in calling for a 48% third rate of tax on all incomes in excess of €100,000, which would bring in €400 million. It abandoned that policy following the election. We also called for a 1% wealth tax on all assets valued in excess of €1 million and for all tax reliefs to be available at

the standard rate of tax because that would save €1 billion. The previous Government wasted so much money and did not deal with public service waste. For example, recently it was reported that the HSE paid people twice and three times for work they did even do. Such waste needs to be eliminated; that is what the Government should be focused on.

The Taoiseach said the general election was a political revolution. Political revolution means profound change. There is no change coming from the Government. It is slavishly implementing the previous Government's policies on water charges and stealth taxes and going after the same people who have been hit over and over again. As I stated recently in the context of the JLCs, the same agenda is being pursued by the Minister's party to cut and undermine the wages of low paid workers. Every €1 he takes from the pocket of low paid families, including in his own constituency, will be taken from the tills of local retailers. That is the reality.

Deputy Phil Hogan: We are raising the national minimum wage.

Senator David Cullinane: The Minister is taking money from the pockets of people who do not have it to give. He is giving with one hand and taking away with the other. Fine Gael is ready to do this and is supported by the Labour Party.

I call on Independent Members and those who advocate on behalf of all those who are marginalised in our society, who have been let down by the crowd who made a mess of the country in the first place and who will be let down by the current Government——

Senator Darragh O'Brien: At least we have a grouping.

Senator David Cullinane: ——to stand up and not just vote with the Government on these issues but to show some integrity and independence——

Senator Brian Ó Domhnaill: What about the cuts made 100 miles up the road?

Senator David Cullinane: ——and make sure that they defend the people who are being crucified.

Senator Brian Ó Domhnaill: They are being crucified in the North also where the Senator's party is in power.

Senator David Cullinane: We are borrowing hundreds of billions of euro to pay back speculators and gamblers, yet the Government is saying people have to pay more in stealth taxes. We are borrowing money to pay back the gambling debts. This process was begun by Fianna Fáil and is being continued by the Labour Party and Fine Gael. The same people who have been crucified and hurt so much in recent years should not be asked again in the next five years to shoulder the blame and responsibility. The Government should not take more money out of their pockets which they do not have to give in the first place. That is why Sinn Féin opposes the water charges Fine Gael and the Labour Party are proposing to bring in.

Acting Chairman (Senator Feargal Quinn): Unfortunately, because of a technicality, the Senator cannot move the amendment at this stage. It can only be moved after amendment No. 2 has been decided.

Senator Cáit Keane: Cuirim fáilte roimh an Aire agus gabhbaim buíochas as an méid atá ráite aige. Bhí mé ag éisteacht leis an Seanadóir Ó Clochartaigh ansin agus luaigh sé an gabhar agus an síoda. Níl an gabhar agus níl an síoda ar an taobh seo Tí ach tá na Seanadóirí ar nos an ghabhair dhail ar an taobh sin den Teach agus é ina luí.

[Senator Cáit Keane.]

I am delighted this debate is being held. Given that the Minister is present, we can throw much more light on the subject.

We have all listened to the speculation in the past few days and weeks about water charges.

Senator Thomas Byrne: The speculation engaged in by Fine Gael and Labour Party Ministers.

Senator Cáit Keane: If the Senator will allow me the courtesy of being able to say a few words, he can then tell me who engaged in the speculation. We all know who said what because the media have covered the issue. The Minister has responded loud and clear and given a good insight into what is proposed. The final decision has not been made, but we have been informed about the level of the free water allowance and the Minister referred clearly to the agreement with the European Union and the IMF.

It is clear there is much scepticism among householders who will pay this charge, but many of them are sensible about water and not as fearful. We should respect their intelligence, given that many environmentally friendly people will wonder what we are on about and whether we know water is a finite resource. It comes out of the sky, but it has to be treated, which is not cost free. Those who take this line of argument do not respect the intelligence of the public.

Introducing water meters carries a cost. If this issue had been grabbed by the horns years ago during the construction boom and developers had paid for the installation of water meters, none of us would have to pay anything now. That should have been done, but Fianna Fáil was afraid to do the right thing at the right time when it could have been done easily and developers would have paid for it. The party's Senators should not pretend to be sad about it now.

The Minister referred to the memorandum of understanding between Ireland and the European Union and the IMF which commits Ireland to introducing a domestic water charge no later than 2013. I would like those who oppose this to outline how can the issue can be addressed if funding is not available. A sum of €500 million could be well spent on the poor to provide them with additional facilities. However, I am pleased that funds raised from the charge will be ring-fenced for local government services. Those of us who have served in local government are calling for the ring-fencing of funding to be spent locally at the discretion of local authorities.

When the charge is introduced, households will be able to avoid paying it if they do not squander water. There are two ways of looking at this debate — is the glass half full or half empty? A number of Senators referred to the charge as a stealth tax. I am tired of listening to that assertion, given that this is a conservation and environmental matter and water treatment must be looked on in that light. We do not discuss electricity as if it were free coming out of the ground. We pay for it and the same principle should apply to water metering. The *status quo* cannot continue because it is costing the State more than €1 billion annually to supply water and provide wastewater services.

Luadh ansin an scéim nua ag Conamara i gCasla agus tá mise an-bhuíoch as an scéim sin. Chosnaigh an scéim sin €15.5 milliún. Cá bhfuair muid an t-airgead sin? That money did not drop out of the sky. It cost €15.5 million to install the new water scheme in Connemara. We have to ensure those who do not have access to treated water are facilitated. We cannot treat one cohort of the population as half citizens and leave them with poor quality water, while treating other citizens differently. Many households pay a water charge currently; therefore, the Minister's proposal is not a new concept for them. We would have more money for job creation and businesses if there was a level playing pitch when introducing charges. We are

talking about being pro-jobs and pro-business. We would have more money to put into creating jobs and helping businesses if there was a more fair and equal dividend.

The Minister has said there will be a set allocation. A different Minister, the Minister of State, Deputy O'Dowd, has now taken the Minister's place.

Minister of State at the Department of the Environment, Community and Local Government (Deputy Fergus O'Dowd): It is magic.

Senator Cáit Keane: Yes, it is. There would be a significant environmental benefit to the State in not having to treat as much water. That has been shown by a cost-benefit analysis and it has also been shown that there would be a carbon-saving element also. I refer to electricity, chlorination and other water treatments with which we are polluting the environment. We pay a great deal of money for that and savings could be made in that regard. The Government spends €1 billion on water treatment facilities and has plans to invest a further €1.5 billion on upgrading the water supply infrastructure.

An important part of the motion refers to leakage. I disagree with the motion but accept that leakage occurs. Statistics based on research carried out by South Dublin County Council indicate that the current average daily water consumption per person in this country is more than 148 litres. That is mad. We must educate people to reduce water consumption. Education is required on water harvesting and minimisation of use in addition to water treatment and leak reduction. It is not an either-or situation, that we must have one without the other. The Minister has said both approaches will be used in tandem — minimisation, treatment of leaks and charges. The statistics indicate that the highest percentage of leaks in a county is 58% and the lowest rate is 16%. I am proud to say South Dublin County Council is the lowest. I was reminded by the Dublin city manager recently that the pipe infrastructure in South Dublin is much newer than in Dublin city or other counties. All those points must be taken into consideration.

Every other country in the European Union has a water charge. Why should we be the exception to the rule in the Union? We must educate people. As a member of the European Union we must comply with its regulations. We do not wish to leave ourselves open to fines. I could say much more on the issue. I commend those who tabled the motion for discussion.

Senator John Crown: Long after Fianna Fáil and Fine Gael have been forgotten, long after the distinction between the Independents and the "Endependents" has been blurred, long after Béal na mBláth and Ballyseedy have been forgiven, our species will be dealing with the consequences of resource shortage. The key issue is not tax or current marginal use of wastage, it is nearly existential. We are the generation in the history of this species on this planet which will determine whether our species will survive. The major evils we are dealing with include an unsustainable level of overpopulation and shortages of critical resources which are necessary for our lives.

We have some experience in this country of intermittent paroxysms of apparent crisis over energy, typically when some international event or industrial relations dispute arises or some other, thankfully transient, event cuts off our supply of petrochemicals. We are not prepared for the real paroxysms that will occur in future generations as we go over the peak of hydrocarbon use and through our failure to address viable alternatives.

We have already seen food riots on our television screens. Thankfully, in this country we have not had systematic famine although I am not trivialising the hunger which I am sure many of our poorer citizens in this Republic have experienced during the years. We had an interesting little social experiment when the severe winter brought us to our knees. In truth, by the stan-

[Senator John Crown.]

dards of other western countries it would have been considered climatically a relatively mild one compared with areas in most of the United States, continental Europe or Canada. We are not talking about people who had a marginal water supply in some remote part of the country, perhaps depending on some ancient and infrequently maintained water facility. I live in leafy Dublin 4, across the street from St. Vincent's Hospital and approximately two miles from this House. Colleagues can check my allowance. I spent a large chunk of December, January and February on shortened water rations. The reason was not that people in my area were grotesquely abusing water but because the system could not cope with the shortages that occurred consequent to burst pipes.

Looking at the key question, which is water conservation, and the key priority, it seems that what we need to do before we do anything else is to fix the grid and ensure we are not wasting money. Through a process of responsible citizenship we must encourage citizens of the Republic to understand they need to pay attention to water use. Then, when we have the water grid fixed and when we know that the water supply is secure and structural waste has been eliminated, we can consider the appropriate levels of incentivisation of decreased water use.

I have a few concerns on the plan to spend €500 million on the installation of water meters. First, someone has done the arithmetic. If we are going to spend €500 million, we are going to make a great deal back in tax. I would like to know if there is some guarantee that the money which is collected will be used for the maintenance and upgrading of the water grid or, as my colleagues from Sinn Féin have just hypothesised and which is a compelling argument, whether it will just disappear into that general sink-hole of money that is funding our bailout.

In particular, I am very attracted by the notion of Roman Abramovich's yacht, which I presume probably uses more fresh water than the average small village in rural Ireland. I wonder how much of his investment in our banking system is going to be bailed out by the money which we are paying on water charges. For all of those reasons the priorities are to fix the grid, end structural waste, inform better citizenship in the use of water resources and, when we have done those things, try to think of a fair way to incentivise decreased use. I find myself saying something that my mother would not be really happy to say: I add my support to the Sinn Féin amendment.

Senator John Whelan: I am pleased to welcome the Minister, Deputy Hogan, and the Minister of State, Deputy O'Dowd, who have taken time out to clarify the confusion that has surrounded the issue in the media in recent weeks. It is not just important that water charges are introduced, it is imperative. Such a measure is long overdue and should be done on merit, regardless of any EU-IMF bailout criteria. Of course, water charges, when introduced — an issue the Minister has put to bed this evening — must be in accordance with Government policy on the basis of metered usage over and above a free and equitable allowance.

There was a baffling suggestion in the House yesterday that somehow or other the Labour Party would act as a drag on reform and the hard decisions to be made by Government. For me, that was rich coming from a party which failed to make any tough decisions in favour of political expediency for years on end and whose *laissez-faire* style allowed the country to sleep-walk into its woeful financial predicament. For years on end, despite repeated and potent warnings, the previous Government grossly underfunded local government which led to a deterioration in water services. When it came to putting the country first, the ordinary decent hard-working people of Ireland, ahead of bankers and speculators, the Fianna Fáil-Green Party-Progressive Democrats Government again bottled the hard decisions on the night of 29 September 2008, resulting in the ill-fated bank guarantee scheme. It continued in the same vein

of wishy-washy leadership and, while denying it in public, had already lifted the latch on the back door and invited in the IMF. The sell-out of our economic sovereignty was complete.

I have heard numerous history lessons in the House in the past fortnight, but far worse are the efforts to rewrite history. It is hard to put up with the hand-wringing and crocodile tears for the hard-pressed householder. Let me make it clear: the Labour Party will not wash its hands of the hard decisions such as the introduction of fair and transparent water charges. We will stand up for the introduction of fair and transparent water charges. I do not believe a person in a household would have a difficulty in paying for good quality water and a service that was reliable, safe and sustainable. Everything happens in a context. The historical political context to the urgent imperative to introduce water charges dates back to a previous power grasp by the Fianna Fáil Party when it was desperate to win an election and its then leader Jack Lynch infamously introduced the 14 point manifesto. The Fianna Fáil Party got its result, but in the process it sold out the country yet again and bankrupted local government. That reckless and unnecessary abolition of domestic rates and road tax is the genesis of where we are today, in requiring resources to fund vital services such as the provision of water. It is high time we put people before political profit and did not take the soft options. It is high time we put people before false prophets. There is no such thing as free water. Somebody must pay the price. If we do not introduce fair and transparent water charges to help finance the provision of the service and encourage conservation, we will pay a high price with wholesale rationing, disruption to business and the loss of foreign direct investment due to our inability to ensure the security and quality of our water supply.

As a journalist by profession, I can scarcely complain about the occasional exaggeration. I have been known to be given to the odd bit of hyperbole myself. However, in this House we cannot afford to speak out of both sides of our mouths and, on the one hand, agree in principle with the need to introduce water charges and, on the other, scaremonger with the warning that families will not be able to afford to bathe their children on a Saturday night. I come from a generation when more than one child was washed in the same bath water, but let us not throw out this baby with the bath water. I am not in the habit of buying bottled water, but as an exercise in research for this discussion and debate I found that the smallest bottle of water in the shops cost about €1. One will not wash too many children, prepare too many meals and have too many showers, much less a bath, with that drop of water, yet people gladly pay €1 a day for a bottle of water on their way to work or over lunch. It takes eight pints of water to brew a pint of beer; on average, an individual uses 155 litres of water a day and it takes 1,000 litres of water to produce a kilogramme of beef. We each use 22,000 litres of water every year just to flush the toilet. We do not expect a free pint or a free steak and we all know there is no such thing as a free lunch. How can we continue to expect to have free, clean and safe water in our home every day?

It is worth noting that whatever food source is at the end of the latest deadly E. coli outbreak in Germany, scientists now agree that the cause is probably contaminated water which kills more people worldwide each year than food shortages or starvation. To paraphrase what a Deputy said in the Dáil last week, we cannot pretend that we are all Manolos and pretend we know nothing. We know in our heart of hearts that it is not economically or environmentally possible or sustainable to pretend that we do not have to charge for a secure quality water supply and wastewater management system. We must encourage people to conserve water and, where possible, to turn to non-treated water supplies for such industrial, commercial, agricultural and domestic tasks as watering the garden or washing the family car, as appropriate. Fair and equitable charges will encourage this.

We have no water reserves and our supply levels are at the maximum. The supply-demand balance is on a continuous knife-edge. Even allowing for the best remedial actions and repair

[Senator John Whelan.]

works to an archaic pipeline system, we will reach a critical shortage of water to supply the greater Dublin area by 2016 or, in the best case scenario, by 2023, leading to wholesale rationing and water shortages. We have not built a reservoir in more than 50 years, not even at the height of the boom. This is yet another example of lack of vision and leadership. Bord na Mona, one of the country's most progressive and forward-looking organisations, has such a plan. It has a plan to build the Garryhinch Eco-park and water storage treatment facility on 1,500 acres of cutaway bog on the Laois-Offaly border. Its development is vital and would solve our water supply, water security and sustainability issues for decades to come as it would be capable of supplying water to Dublin and ten surrounding local authority areas. It would be State-owned and operated, avoiding problems encountered elsewhere when such a strategic asset was privatised. Furthermore, it would set aside the need to establish yet another unnecessary quango at a time when it is Government policy to reduce the plethora of such agencies, boards and bodies.

Senator Darragh O'Brien: One is being set up.

Senator John Whelan: No, Bord na Mona should be the agency involved. We already have enough chiefs and chief executives but not enough people working. This brilliantly conceived and visionary project would create 1,000 jobs at the construction stage alone and hundreds more thereafter in its operation and spin-offs in eco-tourism and leisure activities. The capital cost of €470 million would be borne by Bord na Mona which has a superb track record in large project management and delivery in consultation with local communities and in harmony with the environment. With such a facility, we could secure safe and sustainable water supplies for households, businesses and industry right across the eastern seaboard.

These are the important strategic decisions we should be taking, embracing them and not shying away from reasonable and fair water charges. "Water is a very valuable commodity. Minimising leakage and charging for use above a certain level are a vital part of its timely conservation." These were the words of the Minister for the Environment, Community and Local Government, Deputy Phil Hogan, on Monday last. Government policy is crystal clear. I call on the Minister to consider my proposal to incorporate Bord na Mona in the roll-out of the water authority and water utility company.

Senator Thomas Byrne: I am glad to speak to the motion. It is important to recall its genesis, the genesis of the Hogan tax. We have heard of the Tobin tax and now we have the Hogan tax. Metered water charges are mentioned in all the manifestos of the main political parties. The Labour Party held out for a long time against them, but the Tánaiste, Deputy Eamon Gilmore, reversed course from one statement in June 2010 to another in October 2010. On 6 May the Minister for the Environment, Community and Local Government, Deputy Phil Hogan, went on national television and spoke about a household utility charge to pay for water metering. That was the first time a household utility charge had been brought into play at any stage of the game. Then we had contradictory statements from the Minister himself, the Tánaiste and the Taoiseach. Tonight there is nothing about the household utility charge in the Minister's statement which conveniently is presented in very dense print. There is nothing also about the property tax. The reason there is nothing about the property tax or the household utility charge in this statement is that these are a function of the Department of Finance. When my colleagues and I lobbied to stop the household charge, I lobbied the Minister for Finance. When the Minister for the Environment, Community and Local Government came out and spoke about a flat-rate household utility charge, I was very concerned because I knew immediately that it was different from the household charge the Department of Finance would propose and which was included in the EU-IMF agreement. The Minister has rolled back somewhat

from that position, but not in the official speech provided for him by the Civil Service. Nothing in the statement presented tonight in the Seanad indicates that flat rate water charges will not apply and that there will not be a household utility charge, separate from the site value tax and the household charge, which I would have thought would be introduced by the Department of Finance. I do not know what the Minister for the Environment, Community and Local Government is doing dealing with a household charge, but in the previous Government the then Minister, former Deputy John Gormley, had nothing to do with it.

That is from where the confusion stems. We want to tell people that if they are against flat rate household charges, against which I have consistently been, as have many of my colleagues, particularly for water, they should support the motion. If they wish to allow the Minister to do his own thing and introduce a separate flat rate charge to pay for metering, then they should support the Fine Gael proposal. That is very clear. We are not saying people will not be able to afford to bathe their children or to afford to drink water. We are not scaremongering, but we are looking for direction and leadership. The Opposition should not be blamed for causing the confusion. Fianna Fáil's position was very clear; it supported metered water charges and a household charge. What is the reason for supporting a household charge? In the IMF document and our stated policy document it is not to fund water metering but to readjust the entire taxation system because the taxation policies of the previous Government, of which I was a representative, were found to be wanting. We reduced income tax rates too much and the property tax base was narrowed significantly. These policies were fully endorsed and supported by Fine Gael and the Labour Party throughout the years of the boom. That is why the Fine Gael-Labour Party Government is bringing in a site value tax now. It has nothing to do with water charges. Let us keep water charges as a separate issue. Metered water charges have their advantages. However, Fianna Fáil Senators want to know if there will be a separate household utility charge, separate from the household charge proposed by the Department of Finance. That is the key question and it has not been answered. The Minister for the Environment, Community and Local Government, for all his bluster about charges, has not addressed this key issue.

The other day Senator Sean Barrett spoke about local government efficiency. I support the introduction of a new water company. Provision of water is better done at a national level. The Minister also talks about retaining expertise in local government. That cannot work. We need to provide water as efficiently as possible and staff will be transferred from local government to the new water company. This could be done in the manner of the transfer of a business. Staff will be retained by local government, creating a big issue for the Government. If we have a water company as well as separate local government water services, water charges will be very expensive, even unaffordable. It is important that the supply and metering of water be done as efficiently as possible. Water metering must pay for itself and become a mechanism to ensure efficiency, reduced consumption and reduced cost to the State.

I share some of the concerns expressed by Sinn Féin about where the money will go. There is never a reserved pot of money from specific charges. Taxation income is never ring-fenced, no matter what anyone says. It all goes into the Central Fund. Senator John Crown is right to mention this.

For all his criticism of Fianna Fáil, the Minister praised the previous Government for the investment it made in water services. He has boasted about what the Department has done. It did this under a Green Party Minister in a Fianna Fáil-led Government. We are glad the Minister has acknowledged that significant improvements have occurred. However, the confusion remains. Everyone says we will have a metered water charge. It is said the Government has not made a decision on the household utility charge. The Minister tried to say the household utility charge was, in fact, the flat rate household charge mentioned in the IMF agreement.

[Senator Thomas Byrne.]

What does the Minister for the Environment, Community and Local Government have to do with the household charge? It is not his function. That is why I am not surprised he did not mention the flat rate charge, as it has nothing to do with his Department. Perhaps he might clarify the matter.

We have raised serious issues and I call on anyone opposed to flat rate water charges to support the Fianna Fáil motion. Those who are willing to go along with the confused position may support the Government. The confusion stems from the Government side, not the Opposition.

Senator Paul Bradford: I am glad to have an opportunity to comment on the Private Members' motion before us. I welcome the political discussion we are having. It would be preferable to have the discussion in the form of statements than a debate on a Private Members' motion. The attempted provocation by Fianna Fáil Senators is amusing. It must be difficult for the Fianna Fáil Party even to dream up a Private Members' motion. It was in government for the past 14 or 15 years and had numerous opportunities to deal with these issues.

Senator Thomas Byrne: The Minister is introducing a new tax. That is the point.

Senator Paul Bradford: Trying to reinvent history and give a nuanced presentation of politics is a difficult feat, particularly with regard to water charges or anything to do with local government. I heard my Government colleague, Senator John Whelan, speak about the 1977 Fianna Fáil manifesto. Some 34 years on local authorities are still trying to deal with the crisis caused by Fianna Fáil's first bankrupting of the economy in 1977 and 1978.

When I entered politics in the local elections of 1985, there was only one topic on the doorsteps — service charges. The Coalition Government had introduced service charges, with the intention that domestic consumers would pay for water and refuse services. The proposal was viciously opposed by Fianna Fáil and the electoral result of Fianna Fáil's commitment to abandon service charges was virtually every local authority was dominated by Fianna Fáil in 1985. Six months after the election the Fianna Fáil Party, in its local authority Estimates meetings, had an opportunity to put into practice what it had promised six months previously, to abolish service charges. It did not, of course, do so.

Senator Thomas Byrne: The Senator should be careful what he says. We are nearly at the figure of 100 days. Will the promises be kept?

Senator Paul Bradford: That is the history of Fianna Fáil on water charges, rates and service charges.

To use an awful phrase, we are where we are. It is time we had a balanced and mature debate on water charges and the broader question of local authority funding. Our system of local government is broken. Rather than a simplistic motion on water charges or household charges, the Seanad should debate the funding of local government which is a topic of serious concern. If this debate took the form of statements, it would be helpful.

I appreciate much of what has been said by Members on the other side of the House. The classic argument can be made against taxation in the form of a flat charge not based on ability to pay. Probably the most successful tax introduced by any Government in recent years is the €200 tax on second houses. It has not brought in a huge amount of money, but it has yielded what it was scheduled to bring in. From a classic taxation perspective, it is not entirely fair. It is not related to family wealth, the size of the second house or the use to which it is put. However, because the tax is minimal, clear cut and can be simply paid on-line, 95% of those

liable to pay have done so. In that regard, the concept of a low rate service charge is something we should not automatically rule out.

I did not hear the Minister's speech, but I read his script. He has reminded us of the commitment Ireland entered into as part of the bailout conditions. Charges are now on the agenda and we need a detailed and serious debate. Water is not free. Somebody, that is, the taxpayer, is paying for it. There is no free service. One of the great scandals is the amount of water being wasted throughout the country. Every local authority is to blame in this regard. The piping network in many towns, cities and villages is very old and urgently needs to be repaired. The Minister of State, Deputy Fergus O'Dowd, has come into the House and I know he has responsibility for the broader project of the NewERA document. That is the route we must travel. We need to replace our water system and the piping network both in town and country. I have read that as much as 70% of water is wasted. We must address this problem. Doing so will be expensive.

I do not have all the answers. I recognise that water services must be paid for and that local government is grossly underfunded. Income tax is at a penal level for most. People claim there are billions of euro to be collected in wealth tax. They make projections and statements for base political motives, but the figures do not stack up.

Senator David Cullinane: The Department of Finance provides the figures.

Senator Paul Bradford: The Department of Finance provides projections. I am glad of the interjection by Sinn Féin. Sinn Féin economics was practised, although not in this country. It was practised beyond the Berlin Wall throughout eastern Europe. Not only did it ruin half a continent, it also ruined people and families.

Senator David Cullinane: The Senator must never have read a Sinn Féin economic policy in his life, if that is what he thinks. That is nonsense.

Senator Paul Bradford: Seeing as Sinn Féin has tried to travel to the middle ground, it has had to change many of its policies, not just those on economics but also those on history and mayhem. I welcome its conversion from bullets to ballots but——

Senator Trevor Ó Clochartaigh: That is out of order.

Senator Paul Bradford: ——I want to try to bring this debate to reality.

Senator David Cullinane: What about Michael Collins?

Senator Paul Bradford: I welcome Sinn Féin's conversion from bullets to ballots and its recognition of this House and its presence herein. The Sinn Féin Senators' colleagues will tell them that, in the past ten to 15 years, I have had many fruitful discussions with Sinn Féin, North and South. I welcome people who have decided democracy is the way forward.

We are debating water charges. I reject the simplistic motion before us. We need to continue this debate in a mature fashion. Water must be paid for and local government must be funded. The Minister's contribution has been helpful and I look forward to further analysis of his proposals and those of the Minister of State who has been given the enormous task of introducing the NewERA policy and putting in place a base for water services.

Senator Feargal Quinn: I had the opportunity to visit Chile some years ago. Anyone who wants to know something about conservation should consider the history of Easter Island. Every Member should do so, if only on the Internet for ten or 15 minutes. The island is so interesting. It had a very established civilisation 500 years ago but the inhabitants did not

[Senator Feargal Quinn.]

understand conservation. They cut down its trees for various reasons, mainly, I believe, to build big statues, and when the last tree was cut the last of the population disappeared. There was no way they could live.

We must recognise that we must do something about the conservation of water. There is a limited supply and the amount of water we are using in the world is such that we will not be around in hundreds of years.

I am sure many of us regard fees for water as a consequence of the bailout. We must realise, however, that water is an extremely valuable commodity. We live in a changed world in which population increases have put massive pressure on resources and water supply. The world's 6.5 billion people use 990 trillion gallons of water every year. Trillions do not mean anything to me; I cannot quite figure them out. That said, water consumption has increased twofold in the past 25 years while the population has increased by only 1.5 times in the same period. We are, therefore, using far more water and there is a limited supply.

I have reservations about the introduction of a flat rate for water. Would anyone expect to pay a flat rate for unlimited food, petrol or diesel? The flat rate may be an interim measure and I gather from the Minister, Deputy Hogan, that it is. Metered charges seem to be much more efficient. The United Kingdom had a flat rate for water but the water regulator discovered that consumption typically declines by 5% to 10% in metered households.

I have a daughter living in France, where there is metered water. Bills show how much water one has used and give a report on the quality thereof. My daughter happens to live in an area with water of very good quality and people often visit her with empty drinking bottles to take water from her tap. I hope that when we introduce water metering, the bills will show not only the quantity of water used but also the quality.

The Minister is arguing that charging people for water is a conservation measure and not a matter of taxation. If he were so worried about conservation, he would be targeting farmers. Water is wasted in the main by farmers. According to research published in *The Economist*, agriculture uses three quarters of the world's water. Urban users use only a trivial amount. Most people drink two or three times per day on average, but 2,000 to 5,000 litres of water per head are used to make the food they eat. If the Government was truly interested in water conservation, it would be targeting farmers and getting them to conserve more water through taxation or even tradeable water rights. The EU-IMF deal leaves us with no choice but to implement the charges.

A rain harvest mechanism was recently pitched on "Dragon's Den". The concept of conserving water caught the imagination on the programme. Authorities in cities such as New York are now implementing measures to conserve rainwater. Last year New York unveiled an ambitious plan to clean up its waterways instead of spending billions on new tanks and pipes for grey water infrastructure which takes years to build and never quite addresses the problem. New York intends to invest in what is called green infrastructure, such as roofs covered with vegetation, porous pavements and kerbside gardens. The scheme involves a fundamental shift in approach as opposed to treating rainwater as waste to be whisked away as soon as possible. The Minister of State, Deputy O'Dowd, will know New York fairly well. I understand his relatives are to continue to stay there. The authorities in the city are trying to ensure water is being used for very definite reasons.

I was at the Bloom 2011 festival last week. A very interesting effort was being made there and the concept of rainwater conservation was being sold. There are so many things we can do. This debate begs the question as to whether we will have metered water charges. Metered water should be introduced as soon as possible. The Minister of State says the flat rate to be

introduced is not for water and that it is an overall charge. Regardless of circumstances, water must be metered. Water charges must be introduced at some point and this is the right direction to go. Let us ensure we introduce charging in a sensible way.

Senator Ivana Bacik: I wish to share my time Senator Michael Mullins.

Acting Chairman (Senator Paschal Mooney): Is that agreed? Agreed.

Senator Ivana Bacik: I welcome the Minister of State. This is his first time here. I am glad to have an opportunity to speak to the motion and to follow my colleague, Senator Diarmuid Whelan, who led for the Labour Party. He gave a very clear account of the need for a metered system of water charging.

As the Minister, Deputy Hogan, said, it is somewhat ironic to be lectured by Fianna Fáil about water charges. The Minister has pointed out there is a certain collective amnesia being demonstrated by Fianna Fáil Senators in tabling their motion given the commitment to introduce domestic water charges was made by a Fianna Fáil-led Administration.

Senator Darragh O'Brien: Did the Senator read the motion?

Senator Jim Walsh: That was the Deputy's former leader, Mr. Dick Spring.

Senator Ivana Bacik: The programme for Government states:

To achieve better quality water and environment we will introduce a fair funding model to deliver clean and reliable water. [We are all agreed on that need, certainly with the difficulties we have had.] We will first establish a new State owned water utility company [The Minister spoke about that.] to take over responsibility from the separate local authorities for Ireland's water infrastructure and to drive new investment. The objective is to install water meters in every household in Ireland and move to a charging system that is based on use above the free allowance.

That is a water conservation measure. Senator John Whelan has stated people will be given an allowance. The idea is that there would be a charging system based on usage above a free allowance. That is clearly outlined in the programme for Government. Our colleague in the Dáil, Deputy Ciarán Lynch, pointed out that the Labour Party welcomed the remarks made by the Minister, Deputy Hogan, to the effect that there would be no introduction of domestic water charges until a metering system was put in place. A flat rate water usage system does not provide the incentive to conserve water that a metered system provides.

That is the bottom line for all of us who are concerned about the protection of the environment and seeing a charge brought forward that would have as its objective the conservation of water and increased environmental sustainability.

Senator John Whelan outlined some interesting points, particularly in reference to whether there was a need for a new water utility governmental organisation or whether an existing body such as Bord na Mona could be used. I would be interested to hear the Minister's views on that matter.

We must be clear on the need for the Government to act to ensure the security, safety and sustainability of the water supply, as Senator John Whelan said. We are all aware of the prospect of water shortages. A headline in yesterday's farming supplement in the *Irish Independent* read: "Drought takes toll on crop growth and yield", and pointed out that the east of the country was suffering from drought, that is, in the month of June that has not been the driest or the sunniest we can recall, yet prolonged drought in eastern counties is causing crop losses

[Senator Ivana Bacik.]

and forcing livestock farmers to supplement scarce grass with silage and concentrate. I point out to Senator Feargal Quinn, regarding the use of water by farmers, that farmers currently pay for water.

The programme for Government outlines a system under which we will move to metered usage which clearly will take some time to introduce. We will then be able to charge for usage over and above the free and equitable allowance that will be provided for. That is essential. I accept the good will shown in the amendment tabled by the Sinn Féin group. None of us wants to see low income households suffer. We do not want to see people placed in even more severe poverty because they have to pay a new charge, but we must incentivise to avoid excessive usage and wastage of water.

Senator Michael Mullins: I join others in welcoming the Minister of State, Deputy Fergus O'Dowd, and thank the Minister for the Environment, Community and Local Government, Deputy Phil Hogan, for coming into the House to clarify the Government's position on water charges. Contrary to what has been reported in the media, we have seen that there is unanimity among the Government parties on the way to proceed on this matter.

I am amazed at Fianna Fáil Members in tabling the motion.

Senator Darragh O'Brien: I do not see why. We are trying to clarify the position after all the confusion caused.

Senator Michael Mullins: They have forgotten who was in government for the past 14 years. The motion is ill-timed because if we were to be honest with each other, we would agree that water charges need to be put in place because of the financial position in which the country finds itself.

I would like to be able to support Sinn Féin's line——

Senator Jim Walsh: The Labour Party will not let the Senator's party do that. It has gone into reverse. It is looking after the interests of the party, not the country.

Acting Chairman (Senator Paschal Mooney): Senator Michael Mullins to continue, without interruption.

Senator Michael Mullins: ——but we do not live in an ideal world. We are faced with a situation where the country is broke and we have to do something about it.

Senator David Cullinane: That is not what was said before the general election.

Senator Michael Mullins: There was much talk about fairness, but nobody has referred to the fact that thousands of families in households throughout the country are already paying water charges through group schemes, including in the farming and business communities. It was a major bone of contention and topic of debate at local authority meetings the length and breadth of the country when farmers were charged for water. It was put to all of us as local authority members at the time that it would be much fairer to have all households pay for water because, as previous speakers stated, it is a finite resource and something we must cherish. Those of us who are fortunate to live in urban areas have water and sewerage services for which we do not pay a charge, yet someone connected to a group scheme must pay for them. They must provide their own septic tank and pay for it. We will soon have a situation where septic tanks will have to be licensed. In that regard, payment for water by metering is fair and equitable.

It is hoped the introduction of the charges will enable us to reduce the cost to business in the years ahead. Reference was made to the need to put a scheme in place to help businesses. If we could reduce the cost to them, that would be welcome.

The Government faces a major challenge. After years of under-investment in infrastructure, the country is broke. We are in hock to the European Union, the IMF and the European Central Bank. We all want world class infrastructure that will drive investment. We want clean, safe water when we turn on our taps and, following a few days of warm weather, do not want to be concerned that we will face water charges as alluded to. However, water will have to be paid for. It is the Government's job to govern and it should get on with it. We should introduce a system that is fair and equitable. I know the Minister will take on board what has been said about people on low incomes and the vulnerable and that a proper waiver system will be put in place to deal with such circumstances. Installing water meters will lead to the creation of jobs.

I have every confidence that the Minister is a man of action who will take on the Department and give the country a system that is workable. We all know how difficult it has been to have water schemes in various counties. I welcome the investment made by the Minister in County Galway, to which Senator Trevor Ó Clochartaigh referred, in Clifden, Casla, Claregalway and Milltown.

Senator Darragh O'Brien: I would like to share my time with Senator Jim Walsh.

Acting Chairman (Senator Paschal Mooney): Is that agreed? Agreed.

Senator Darragh O'Brien: I welcome the Minister of State, Deputy Fergus O'Dowd, and congratulate him on his appointment.

Water is a necessity. I have always believed essential services such as a water supply should be delivered as a public service. A flat household charge would be unfair and would not discriminate between houses with five bathrooms or none. Metering is unworkable, as the leader of the Labour Party, Deputy Eamon Gilmore, stated in the *Irish Examiner* on 28 June 2010.

Having listened to Senator Ivana Bacik's contribution, she should have no difficulty in supporting Fianna Fáil's motion because I will be supportive of metered water charges when meters are installed. We all agree that water must be conserved, but what we are doing in tabling the motion is trying to get clarity, given the confusion caused in the past two weeks by what the Minister for the Environment, Community and Local Government, Deputy Phil Hogan, said before he was reined in by the Taoiseach, and by what the Tánaiste and some of Senator Ivana Bacik's Labour Party colleagues said compared to what some of the Fine Gael Senators said about the issue. The motion asks the Government to state clearly whether it will introduce a flat rate household water charge in January 2012. In his response the Minister said there were no answers to any of the questions asked. Therefore, I am none the wiser as to whether a flat household charge or water charge will be introduced in January 2012.

I am glad we are debating the issue. I was glad to hear Senators John Whelan and Ivana Bacik clarify their positions and say they supported metered water charges. I agree that is the right way forward and my grouping has no difficulty in supporting this. The motion was not tabled to make political points on the issue, but there is total confusion regarding the Government's stance on it. We gave an opportunity to the Minister and I was glad he addressed the House in an attempt to clarify the position, but it has not been clarified. He stated previously, as Senator Cáit Keane stated, that the household charge — we still do not know when it will be introduced — was not a water charge. He said we would not have water charges until meters were in place. That is welcome and that is what the motion states, but he stated the money from the flat household charge — we do not know how much it will be or when it will be

[Senator Darragh O'Brien.]

implemented — would be used to pay for water metering. If that is what I understand from this debate, it is a relatively new departure.

I do not agree with the Sinn Féin amendment. We cannot be in a position where necessities such as this precious resource are not paid for. That is not possible or feasible and the people are entitled to know where the Government stands on the issue. If I am correct in understanding what was said on the Government side, there will be no water charges until meters are in place. That is what I understand from what was said by a number of contributors to the debate, but that is not what I understand the Minister to have said because he did not say it in his statement. However, the implementation or otherwise of the household charge is still hanging over proceedings. The position is not clear. Will it be a flat charge? If it is, we will oppose it. The terms of the EU-IMF agreement do not set out a flat water charge. Senator John Whelan stated the previous Government had shirked its responsibility to make tough decisions. As somebody who supported that Government as a backbencher, I know that many extremely difficult and unpopular decisions were taken. If we cannot have clarity from Government Members on issues such as water charges or JLCs, God help them when they get to the budget.

Senator Jim Walsh: Tá mé buíoch don Seanadóir Ó Briain as ucht seans a thabhairt dom leabhairt ar an ábhar tábhachtach seo.

The former Tánaiste Dick Spring introduced water charges back in 1983 when he was Minister for the Environment. It was done on a flat rate basis and, as Senator Rónán Mullen pointed out, to address the fiscal difficulties of the time. I remember chairing the local authority in my own town when we had a majority on the council and we debated the issue because there were differences in Fianna Fáil about whether they should be supported. We came to a conclusion that the local authority needed the funding and that it was not unfair to apply water charges. I have not changed my mind since and I notice that Sinn Féin has not done so either. Shortly after we made the decision locally, Sinn Féin mounted a campaign against water charges. I remember attending one of its public meetings and when prevailed upon to make the case for the charges, I pointed out that the small cost involved — I think I said it would only cost the price of a glass of Smithwicks per week — was only a fraction of what we were charging for electricity. When I asked which utility people would choose in the event of an emergency where they had to do without one of them, most found it difficult to make the decision because they were both absolutely essential. I have not changed my mind since.

Water is a finite resource. It is not just a valuable resource; in fact, it is essential to sustaining human life. There is a need for conservation and to recognise, as many economists have pointed out, that it will be the oil of the future. We have a role to play in that respect.

Metering is a fairer way to charge for water. I was very disappointed with the contribution of the Minister for the Environment, Community and Local Government. He brought the contents of the EU-IMF agreement to our attention, but he did not go on to say whether the assessment required under the agreement had been undertaken. Has there been a cost benefit analysis of providing a meter system? According to one report, this will cost €500 million. What benefit will be derived from it? It would seem to have benefits, by way of encouraging people to conserve their water supply. However, no evidence has been advanced on whether any particular study has been conducted. In the situation in which we find ourselves we need to question any expenditure of that magnitude.

There has been no indication as to what the charge is likely to be. I note that Labour Party Members are seeking refuge in the fact that the Minister has stated that when the charge is introduced, it will be done on a metered basis. My prediction is that we will be faced with a household charge of some description on a flat rate basis which will be introduced from 1

January 2012. Whether it is in place as a water charge on an interim basis, or a property charge, or something else by another name, it will happen.

In the current climate we need to spread the tax base. My real view is that we must reduce public expenditure drastically. Fianna Fáil made an attempt to do this with some effect, but it did not go far enough. However, the attempt was not very popular with the public. I would be very concerned about the reaction of the Government to any unpopular measures in seeking to defend the interests of the parties, rather than the interests of the country.

What efficiencies have been identified by introducing a water company on a national basis? Will we end up with a semi-State body with average salaries of around €80,000 per annum and a chief executive paid in excess of €500,000, just like in the ESB? Will the cost escalate when compared with the cost of the local government operational system? How many redundancies will result at local government level? We need further debate on this issue. The Minister has skirted over the issues involved and there was no meat in what he had to say. We need to have a proper debate because the uncertainty is only going to cause resentment among consumers. Unless we develop consumer confidence and spending, the economy will stagnate for as long as that condition continues.

Senator Michael Comiskey: I would like to share my time with Senators Martin Conway and Rónán Mullen.

Acting Chairman (Senator Paschal Mooney): Is that agreed? Agreed.

Senator Michael Comiskey: I welcome the Minister of State.

Part of our current problem stems from the fact that we have gone for so many years without charging for these services. It would have been much better if we had been paying a little during the years. People in rural communities came together some years ago to put together group water schemes. The European Union carried out tests and found that the schemes were not up to standard. Therefore, we had to spend large amounts of Exchequer and EU funds to bring them up to standard.

Metering will lead to the creation of jobs which we need. There are many people who were employed in the construction sector and who would be well able to carry out these jobs. People will receive a generous allowance. The current allowance is 50,000 gallons and any household should be able to do with this amount. If such an allowance is put in place, it will alleviate any problems.

We should look at water harvesting, for which there are grants payable in the agriculture sector. It is nonsense to think we use expensive treated water to wash down machinery, milking parlours and farmyards.

There is a system across the European Union that is better for water management than our own. We will upgrade our schemes which will create jobs and ensure water is not lost into the ground. In particular, I welcome the establishment of a water company because when I worked with the IFA, we found that there were different charges across counties. If we had one national water company looking after the water supply, we would have a balanced cost across the country.

It is very important that we have good quality drinking water. It is a resource that we must look after and cherish.

Senator Martin Conway: I also welcome the Minister of State. I worked closely with his brother on the issue of the undocumented Irish in America.

[Senator Martin Conway.]

Water is a finite and precious resource. Good quality water is an even more precious resource and precious resources do not come cheap. I have always been an advocate of fair and equitable water charges and the proposals of the Minister and the Minister of State are exactly that. People in some parts of the country did not have any water last Christmas and they would have paid any amount of money to get it. The crisis made us realise that we took it for granted, that water was precious and that we needed to respect it. When I was a young lad, I heard an old saying that wilful waste could lead to woeful want. In recent decades there has been a complete waste of water, with no respect for the fact that at some stage somebody will have to pay for it. Ultimately, the taxpayer has ended up paying for it. Unfortunately, even in the good days, we did not have the resources to put in place the infrastructural measures necessary to ensure a supply of top quality water and throughout the country there are pockets where the water supply is particularly bad. With water charges, there must be an investment to upgrade water facilities throughout the country.

I hope the Minister and the Minister of State will consider households with children with disabilities as they use more water to bathe and care for them. I suggest cognisance be taken of this when the process is being framed and the quantity of free water allowed should be far more generous for families with children with severe disabilities.

I will give the rest of my time to Senator Rónán Mullen as I know he has a number of interesting points to make.

Acting Chairman (Senator Paschal Mooney): Senator Mullen's colleagues are being extremely generous with their time and he has approximately two minutes.

Senator Rónán Mullen: I thank Senators Comiskey and Conway. I hope I do not let down Senator Conway. I also wish the Minister, Deputy O'Dowd, well in his brief. As interested as I am in seeing how he discharges his brief I am also looking forward to seeing how he casts his vote for the Presidency nomination when the time comes.

Deputy Fergus O'Dowd: Blood is thicker than water.

Senator Rónán Mullen: May the best candidate win I suppose.

Acting Chairman (Senator Paschal Mooney): I remind the Senator that his floor play has cost him 30 seconds.

Senator Rónán Mullen: I am rather astonished at the lack of clarity on this issue given that the debate about water and water charges began many months ago under the previous Government. There still seems to be a considerable lack of certainty about it. One thing is sure, which is that it is naive to think water must not be paid for. There are two ways in which water is already paid for, which are through group water schemes in which many of us are involved or from which we benefit, and through the fact that it costs millions to have treated drinking water in our country.

While Senator Crown is right to emphasise the importance of conservation measures, we need to link these as much as possible with the metering of water by users and payment accordingly. A number of principles are important in this. We must have regard to the specific needs of families and Senator Conway was right to mention families with disabilities. If there is to be payment per usage, it must be done in a way that acknowledges the important role of the family and the importance of looking out for children in particular. Accordingly, there must be an adjustment of the pay per user system.

7 o'clock

As it stands, the idea of a flat tax is not acceptable. A water charge that is totally divorced from meter usage would simply be a tax masquerading as a conservation measure. Water leakages will continue unless there is an incentive for users not to waste water and for the State to put in place measures to prevent the massive wastage of water. The problem with having a State monopoly running the water supply is that it has no incentive to spend a genuinely scarce resource — capital — to save on a non-scarce resource, which is water. In the proposals hinted at by the Minister, the cost of subsidising a creaking and leaking system would simply shift from the State and ultimately it would be the taxpayer who would end up absolving the water supply network and the Government of any pressing need to spend money on repairing the system.

We need to be realistic about paying for water. It must be on the basis of metered usage. There must be a move to investment, and already there has been some investment, in curing the problem of massive leakage. Of course the money generated through metering water will contribute towards the cost of repairing our water system but there must be an acknowledgement of the importance of family life and of the specific needs of children in order that, as I stated last week, we do not get to the stage of it being Saturday night and not a child in the house washed.

Senator Diarmuid Wilson: I welcome the Minister of State, Deputy O'Dowd, to the House. This is my first opportunity to congratulate him officially on his appointment. I wish him well in the years ahead in his portfolio.

I thank colleagues on all sides of the House for their contributions. I ask my colleagues on the Committee on Procedure and Privileges to consider extending the time allocated for Private Members' business. We now have many groups in the House and many colleagues wish to contribute to debates and perhaps we should consider extending the time by half an hour. We can examine this in the coming weeks.

I welcome the conversion of the Labour Party on water charges.

Senator Ivana Bacik: Metered water charges.

Senator Diarmuid Wilson: I thank Senator Bacik for her commitment to this. It has been Fianna Fáil policy and in our manifesto we stated we agreed with water charges but only when meters had been installed in all houses and not before. We are totally opposed to a flat rate and we believe this is not fair.

I thank the Minister, Deputy Hogan, for his comprehensive speech, densely worded and all as it was——

Senator Michael Mullins: Saving the environment.

Senator Diarmuid Wilson: ——when it was handed out to us.

Legal colleagues, including Senator Bacik, would agree that one should always take a very close look at the small print and we have been attempting to do so over the past two hours. I hope the programme for Government is in slightly larger print or the Labour Party is in for an eye-opener.

Senator Ivana Bacik: It is. I have a copy of it here.

Senator Diarmuid Wilson: To summarise this very densely worded speech will not take very long. The Minister referred to my Fianna Fáil colleagues as having amnesia. He has the shortest short-term memory I know of because between starting and finishing his speech he changed

[Senator Diarmuid Wilson.]

his mind three or four times and began to confuse us even more. In summary, he stated water charges will be introduced only by meter and there is nothing wrong with this. He stated there will be no flat rate charge and there is nothing wrong with this either and it is Fianna Fáil policy. However, he then confirmed in a roundabout way that a utility charge which will incorporate a water charge and a property tax will be introduced from next year. The confusion continues.

Senator Ivana Bacik: Re-read the small print.

Senator Darragh O'Brien: I would not bother.

Acting Chairman (Senator Paschal Mooney): We will now deal with amendment No. 2.

Amendment put:

The Seanad divided: Tá, 4; Níl, 39.

Tá

Crown, John.
Cullinane, David.
Ó Clochartaigh, Trevor.

Reilly, Kathryn.

Níl

Bacik, Ivana.
Bradford, Paul.
Burke, Colm.
Byrne, Thomas.
Clune, Deirdre.
Coghlan, Paul.
Comiskey, Michael.
Conway, Martin.
Cummins, Maurice.
D'Arcy, Michael.
Harte, Jimmy.
Hayden, Aideen.
Healy Eames, Fidelma.
Henry, Imelda.
Higgins, Lorraine.
Keane, Cáit.
Kelly, John.
Landy, Denis.
Leyden, Terry.
MacSharry, Marc.

Moloney, Marie.
Mooney, Paschal.
Moran, Mary.
Mulcahy, Tony.
Mullen, Rónán.
Mullins, Michael.
Noone, Catherine.
Ó Domhnaill, Brian.
Ó Murchú, Labhrás.
O'Brien, Darragh.
O'Donovan, Denis.
O'Neill, Pat.
O'Sullivan, Ned.
Sheahan, Tom.
van Turnhout, Jillian.
Walsh, Jim.
Whelan, John.
White, Mary M.
Wilson, Diarmuid.

Tellers: Tá, Senators David Cullinane and Trevor Ó Clochartaigh; Níl, Senators Ned O'Sullivan and Diarmuid Wilson..

Amendment declared lost.

Senator Paul Coghlan: I move amendment No. 1:

To delete all words after "Seanad Éireann" and substitute the following:

"notes the commitments in the programme for Government to:

- introduce a fair funding model to deliver clean and reliable water, and
- establish a new State owned water utility company to take over responsibility from the separate local authorities for Ireland's water infrastructure and to drive new investment;

and recognises:

- the substantial investment in water services, including water conservation and mains rehabilitation, provided for in the water services investment programme, and
- the commitment in the agreement with the EU and the IMF to commence charging for metered water during the period of the agreement.”

Amendment put:

The Seanad divided: Tá, 26; Níl, 16.

Tá

Bacik, Ivana.
Bradford, Paul.
Burke, Colm.
Clune, Deirdre.
Coghlan, Paul.
Comiskey, Michael.
Conway, Martin.
Cummins, Maurice.
D’Arcy, Michael.
Harte, Jimmy.
Hayden, Aideen.
Healy Eames, Fidelma.
Henry, Imelda.

Higgins, Lorraine.
Keane, Cáit.
Kelly, John.
Landy, Denis.
Moloney, Marie.
Moran, Mary.
Mulcahy, Tony.
Mullins, Michael.
Noone, Catherine.
O’Neill, Pat.
Sheahan, Tom.
van Turnhout, Jillian.
Whelan, John.

Níl

Byrne, Thomas.
Cullinane, David.
Leyden, Terry.
MacSharry, Marc.
Mooney, Paschal.
Mullen, Rónán.
Ó Clochartaigh, Trevor.
Ó Domhnaill, Brian.

Ó Murchú, Labhrás.
O’Brien, Darragh.
O’Donovan, Denis.
O’Sullivan, Ned.
Reilly, Kathryn.
Walsh, Jim.
White, Mary M.
Wilson, Diarmuid.

Tellers: Tá, Senators Ivana Bacik and Paul Coghlan; Níl, Senators Ned O’Sullivan and Diarmuid Wilson..

Amendment declared carried.

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

The Seanad divided: Tá, 26; Níl, 17.

Tá

Bacik, Ivana.
Bradford, Paul.
Burke, Colm.
Clune, Deirdre.
Coghlan, Paul.
Comiskey, Michael.
Conway, Martin.
Cummins, Maurice.
D’Arcy, Michael.
Harte, Jimmy.

Hayden, Aideen.
Healy Eames, Fidelma.
Henry, Imelda.
Higgins, Lorraine.
Keane, Cáit.
Kelly, John.
Landy, Denis.
Moloney, Marie.
Moran, Mary.
Mulcahy, Tony.

Tá—*continued*

Mullins, Michael.
Noone, Catherine.
O'Neill, Pat.

Sheahan, Tom.
van Turnhout, Jillian.
Whelan, John.

Níl

Byrne, Thomas.
Crown, John.
Cullinane, David.
Leyden, Terry.
MacSharry, Marc.
Mooney, Paschal.
Mullen, Rónán.
Ó Clochartaigh, Trevor.
Ó Domhnaill, Brian.

Ó Murchú, Labhrás.
O'Brien, Darragh.
O'Donovan, Denis.
O'Sullivan, Ned.
Reilly, Kathryn.
Walsh, Jim.
White, Mary M.
Wilson, Diarmuid.

Tellers: Tá, Senators Ivana Bacik and Paul Coghlan; Níl, Senators Ned O'Sullivan and Diarmuid Wilson..

Question declared carried.

An Cathaoirleach: When is it proposed to sit again?

Senator Maurice Cummins: Ar 10.30 maidin amárach.

Adjournment Matters

Health Services

Senator Terry Leyden: I welcome and the Minister of State and thank the Cathaoirleach for allowing this matter to be raised on the Adjournment. Senators have been contacted by members of the public and particularly the group Diabetes Action. I requested that the Minister for Health, Deputy James Reilly, outline the access to treatment for children and adolescents with diabetes and the plans to reorganise diabetic paediatric services in the HSE west area and throughout the country.

Diabetes Action launched an advocacy campaign entitled, Half the Services, Half the Care, in September 2010. Other Members, namely, Senators Marc MacSharry and Brian Ó Domhnaill, asked to be associated with this request, as they have also been contacted by the organisation. The central message of the campaign is that people with diabetes have not been helped sufficiently by general health policy. Rather, various issues need to be addressed in a national diabetes strategy. If the Government implements strategic policies, we may improve dramatically the health of people with diabetes, while saving millions of euro through preventing health complications for such persons in the next decade.

In 2008 the report of the diabetes expert advisory group identified that service provision in this area was inadequate and proposed a comprehensive regional plan to improve the service provided. In the interests of balancing the available resources, it recommended that the majority of patients with type 1 diabetes requiring care, including all paediatric and adolescent diabetes cases, should be treated in hospital diabetes centres. Approximately 70 children and adolescents with type 1 diabetes are living in Roscommon-Leitrim South. While many are cared for locally, many others must travel to Dublin to access intensive treatment because the local paediatric diabetes team is under-resourced. Paediatric diabetes services in Dublin have been

inundated with referrals, while local services remain underdeveloped and underutilised. Children with diabetes should be seen four or five times a year in hospital to help to limit the damage high blood sugar levels can cause to the eyes, kidneys, nerves and smaller blood vessels in adulthood, but they are not seen as often as they should be.

Diabetes Action proposes a reorganisation of diabetes paediatric services with eight networks, one of which would serve 350 to 400 children with diabetes in counties Galway, Mayo and Roscommon in order that intensive therapies could be accessed locally. It also proposes a network to serve 200 children with diabetes in counties Sligo, Donegal and Leitrim. The campaign is well organised and the Minister of State is aware of it. I note the response sent to me by Mr. J. J. O'Rourke, PRO for the Leitrim branch of the Diabetes Federation of Ireland. He requested that I raise the matter in Seanad Éireann to highlight an important aspect, the incidence of which is increasing. We can take action to provide a service in the region in the most economic way possible.

I again thank the Minister of State for attending and the Cathaoirleach for allowing me to raise this matter.

Minister of State at the Department of Health (Deputy Kathleen Lynch): I congratulate the re-elected and newly-elected Senators. I also congratulate the Cathaoirleach on his election to his new position.

I thank Senator Terry Leyden for raising this matter on the Adjournment. In 2006 the then Department of Health and Children published a policy report on diabetes, *Diabetes: Prevention and a Model for Patient Care*. It set out a model of care based on shared care between primary care and acute services which would deliver quality diabetes care at the appropriate level. Many patients with a chronic condition such as diabetes do not require hospital admission but can be managed in primary and community care settings if the appropriate support is available and agreed protocols and pathways are followed. This also applies to self-management and support. It is important, in the current challenging economic climate, that patients receive the best treatment possible in the most cost-effective manner.

The HSE established an expert advisory group to take forward and implement the Department's policy recommendations on diabetes. Its report was launched in November 2008. The report made a series of recommendations relating to the changes required to raise the standards of diabetes care in Ireland to a level comparable to those currently attained in similar developed health care systems worldwide. These include specific recommendations on the provision of paediatric and adolescent diabetes care. A key element was the publication of integrated care guidelines which represented a new way of primary care and acute specialist services working together to reduce the burden of this condition.

The expert advisory group emphasised that real savings could be achieved in health care costs by preventing the complications of diabetes. These would be achieved through patient education and empowerment, primary care linked to specialist secondary care and special provisions for early detection and treatment of any complications that would develop. In this shared care model, roles and responsibilities are clearly understood and the model is supported by agreed protocols. This type of care has been shown to be particularly effective for the management of type 2 diabetes.

The HSE established a national clinical programme for diabetes within the clinical strategy and programmes directorate. A clinician was appointed to take the lead on the diabetes clinical programme and he has engaged with all stakeholders, including the Diabetes Federation of Ireland, clinicians and podiatrists to establish a multidisciplinary package for diabetic patients. A multidisciplinary working group, representing a number of nursing and allied health pro-

[Deputy Kathleen Lynch.]

professionals, podiatrists and general practitioners as well as the Diabetes Federation of Ireland, are working through a number of key projects. The key deliverables for the 2011 programme are the implementation of projects such as diabetes retinopathy screening and a multi-disciplinary foot care package for patients with diabetes.

It is planned that the diabetic retinopathy screening programme will be offered to all diabetics over the age of 12. The HSE has also established a national clinical programme for paediatrics, which will examine in detail the area of improved services for children and adolescents, and it will develop solutions to address the issues identified. Diabetes service implementation groups have been established throughout the country to progress the recommendations of the diabetes expert advisory group, including those which relate to paediatrics.

A diabetes service implementation group has been established for HSE west, and the group's regional work plan includes a focus on primary care, hospitals, children and adolescent support services, and linkages to the local diabetes implementation groups. The group is supported by three local diabetes services implementation groups, one covering the counties of the north west, another for those in the west and the third for the mid-west. With regard to access to treatments for children and adolescents with diabetes in HSE west, diabetes care is provided to this group at Letterkenny General Hospital, Sligo General Hospital, Mayo General Hospital, Roscommon hospital, Portlinculla Hospital, University Hospital Galway and mid-western regional hospitals. This care is provided by paediatricians with an interest in diabetes, as well as clinical nurse specialists.

In addition, the first paediatric endocrinologist in HSE west was appointed recently at the mid-western regional hospital in Limerick. There are transitional clinics in place across HSE west for children and adolescents who are transferring from paediatrics to adult services. Paediatric care is recognised as an important element of the diabetes programme required to maintain the health of the diabetic population. Regional diabetes services implementation groups are working to improve provision and access to services for paediatric patients with diabetes. I thank the Senator for raising the issue.

Senator Terry Leyden: I thank the Minister of State for her very comprehensive reply. Although I was at one stage Deputy Terry Leyden I am now a Senator. It is a while since I was there. I will convey the Minister of State's reply to the organisation and we will follow up any queries. I thank the Minister of State and her officials for putting so much work into the reply.

An Cathaoirleach: The Senator is glad to be here.

Senator Terry Leyden: I certainly am, and the Cathaoirleach is glad to be where he is. I am thankful for the opportunity to address the issue on the Adjournment, which is a very useful vehicle for getting responses from Departments.

Senator Imelda Henry: I thank the Cathaoirleach for providing the opportunity to speak to this issue on the Adjournment and the Minister of State for coming to the House. The removal of breast cancer surgery services from Sligo General Hospital almost two years ago was very disappointing for the women of the north west. It was an excellent service that worked very well and it is greatly missed. I know the Minister for Health is in discussions with the National Cancer Control Programme manager on the issue and I await the decision on the matter. I hope the Minister will be in a position to return the service for the women of the north west.

Mammography services ceased in Sligo General Hospital in October 2009 and with the transfer of the breast cancer treatment services, the plan was to ensure a surveillance mammog-

raphy service would be in place in Sligo General Hospital for patients with a previous diagnosis of breast cancer. Given the above, it would be necessary to ensure a service would be provided from University Hospital Galway as the cancer centre, and radiographers would travel from the hospital in Galway on an agreed basis.

To complete investigations for patients falling within the Sligo catchment area, the National Cancer Control Programme funded two radiographer positions. The successful candidates for the positions were subsequently promoted internally and these posts were then subject to the national moratorium, and as such they have remained unfilled to date. Patients have therefore been forced to continue to travel to Galway for post-cancer mammography until resolution of the issue. I ask the Minister to ensure radiographers are put in place as soon as possible.

In September 2008, the Friends of Sligo General Hospital received a national lottery grant of €170,000 in recognition of the need to purchase a bus and formalise a daily service between Sligo General Hospital and University Hospital Galway. At the time of the initial allocation when the Friends of Sligo General Hospital committee sought to purchase a bus service, the quotations received were in the region of €300,000, and it was impossible therefore to proceed with the purchase at that time.

To this end and in the context of the current economic climate, where the cost of the bus has decreased, the Friends of Sligo General Hospital committee purchased a bus in early 2011, with additional funding from Cancer Care West and the Sligo General Hospital oncology unit trust. This bus has been commissioned to the highest possible specification in consultation with patients and local groups and it is expected that the bus will be on the road within weeks. The facility will provide transport for patients from Sligo for breast clinic services, radiotherapy and oncology appointments where necessary, and it is a positive development for patients in the region. The revenue cost of this new bus service is estimated at between €90,000 and €100,000 per year. The HSE is reviewing its policy on eligibility for non-ambulance based transport services. I urge the Minister to expedite this review and make provision to fund the revenue costs for this very valuable and much needed service.

Deputy Kathleen Lynch: I am taking this on behalf of the Minister for Health, Deputy James Reilly, and I thank the Senator for bringing it to our attention. I welcome this opportunity to address the House on the issue of cancer services at Sligo and across the system. The burden of cancer continues to increase. This year, approximately 24,000 people will be diagnosed with invasive cancer and over the coming years, the numbers diagnosed will continue to rise owing to the ageing profile of our population. This provides a major challenge for cancer control.

The National Cancer Control Strategy addresses this challenge. It envisions a cancer control system that will reduce Ireland's cancer incidence, morbidity and mortality relative to other EU countries. Prevention, early detection and treatment are all core elements of such a system, and continued progress in these areas remains a high priority for the Minister. With regard to prevention and early detection, the programme for Government includes a commitment to extend BreastCheck to include women who are aged 65 to 69 years of age. At present BreastCheck is available nationwide to women aged 50 to 64. The HSE's National Cancer Control Programme is examining how it can extend the programme to those aged 65 to 69.

With regard to treatment, considerable work was done by the National Cancer Forum, which developed the cancer strategy, on how treatment services should be organised, especially in acute hospitals. The strategy set out the rationale for the restructuring of cancer services in our hospitals and recommended that cancer centres which each serve a minimum population of 500,000 should be designated by the HSE and that Ireland required approximately eight such centres. Accordingly, in 2007 the HSE designated eight hospitals as cancer centres and estab-

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lished the National Cancer Control Programme to implement changes in how treatment services were organised and delivered.

A key element of this is the centralisation of diagnosis and treatment for cancer in the eight centres.

This is in line with international evidence which shows that the best outcomes for patients are achieved by specialist teams in specialist settings with access to ongoing education, training, research and peer review. Sligo General Hospital is one of a number of hospitals from which breast cancer diagnosis and surgery was transferred in line with the HSE's cancer strategy. The transfer took place in August 2009 and women in the Sligo area are now provided with breast cancer diagnosis and surgery at Galway. It is important to note that 96% of women who attend the Galway unit do not have cancer and only one visit is normally necessary. For the small number diagnosed with breast cancer, 85% will require radiotherapy as well as surgery, which would involve treatment in Galway in any event.

Chemotherapy services continue to be provided in Sligo and are linked with the necessary multidisciplinary team in Galway. The Minister is pleased to confirm that recruitment of a second medical oncologist for Sligo is in train. There is also a specialist breast nurse in Sligo and detailed clinical pathways have been worked out for Sligo patients presenting with post-operative infection or other conditions so as to minimise the need to travel to Galway. Sligo also provides a significant range of other cancer services, including surgery for non-melanoma skin cancer and colorectal cancer. It has also been selected as one of the 15 candidate colonoscopy centres for the colorectal cancer screening programme to be launched next year.

The Minister intends to keep the current arrangements for cancer treatment at Sligo under review, particularly in relation to follow-up mammography services for women. These services are currently provided from Galway. The Minister shares the Senator's concerns and will keep the matter under review.

Third Level Fees

Senator Kathryn Reilly: I thank the Minister of State for taking my Adjournment matter on third level fees. Today 58,795 students across the State sat down to their leaving certificate and leaving certificate applied examinations. Six years ago I was one of those students. With my CAO form completed and submitted, I could prepare for college because the absence of third level fees opened up endless possibilities for me, just as it did for hundreds of thousands of students. I call on the Minister for Education and Skills, who last week refused to rule out the re-introduction of college fees, to honour the commitment he made to the thousands of students who are starting their exams today so that they can have confidence in their future. Prior to the election, he told students that he would oppose extra charges. On 17 February of this year he stated:

A knowledge economy begins with a knowledge society, not the other way around. Labour is committed to putting universal education, from the cradle to the grave, at the heart of the next Government.

On April 8 2008, the Tánaiste asked the following important question: "We should ask ourselves whether the third-level sector is under-funded because fees were abolished, or because the abolition of fees was successful, in part, in encouraging greater numbers into third level — numbers were not matched by appropriate levels of Government funding."

The re-introduction of fees will coincide with huge financial problems for families and prospective students. These are the families who are facing the universal social charge, the new levy on private pensions and reduced social welfare benefits. Some of them will be graduates who have already borne the brunt of cuts to their student grants. I hope the Government can at least provide young people with the possibility that comes from an education, having deprived them of so much else.

We need a well-educated and skilled workforce if we are to deliver economic growth. The Government recognised this when it committed in the programme for Government to increase the number of places in further education and to provide a range of initiatives to increase access to further and higher education for the unemployed. However, we now hear that the Government is considering the re-introduction of fees. The introduction of fees will be a disincentive for people to enter or return to higher and further education. For most young people it will offer only a choice between hardship in education and an uncertain future of the dole or emigration. That is not a choice to put before our young people. For many the choice will be simple and we will ultimately bear the cost.

We should not forget those who want to return to education to gain new skills. The recent report by the expert group on future skills needs found that jobseekers with third level qualifications coupled with work experience and foreign language skills were the most successful in finding employment, even during the recession.

What is needed now is an appropriate use of the resources we can afford to devote to third level, appropriate levels of pay, less duplication across institutions and a concentration on undergraduate provision in the subject areas that offer the prospect of delivering economic development. The Hunt report recognises that greater investment in higher education is required but suggests that it should come in the form of higher fees. Nowhere does it reveal an understanding of the impact that investment in higher education has on Government finance. The OECD document, *Education at a Glance*, highlighted not just the individual benefit from investment in third level education but also the benefit to the Exchequer. On average across OECD countries, a man with third level education will generate \$119,000 more in income taxes and social contributions over his working life than someone with an upper secondary level of education. The returns to governments arise from higher income taxes and social contributions, as well as a lower likelihood of unemployment and associated costs to the public purse. Graduates clearly benefit personally from a third level education. Over their lifetime they will be paid over 60% more than someone whose education ceased at second level but a progressive tax system should recognise that by taxing higher earners.

Earlier today I pointed out that increasing our competitiveness was crucial to promoting economic growth. The World Economic Forum identified under investment in education and research as key factors that undermined our competitiveness. We cannot gain competitiveness by lengthening dole queues or forcing our young people to emigrate. Now is the time to invest in our education system and in our people. It is not the time to take a policy step backwards nor is it the time to introduce third level fees.

Deputy Kathleen Lynch: I am taking this Adjournment matter on behalf of the Minister for Education and Skills, Deputy Ruairí Quinn. I thank the Senator for raising the matter and will begin by outlining the background to the reform programme that is being undertaken in the higher education sector. The national strategy for higher education to 2030, which was published earlier in the year, provides a working blueprint for enhancing and developing the system to ensure it can meet the challenges of the future. An implementation group is already in place to oversee and co-ordinate the strong partnership effort that is now required across the

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academic community, higher education leadership and the various agencies and interests that interact with various parts of the system.

It is estimated in the national strategy that an additional €500 million will be needed by 2020 and a further €450 million by 2030 just to maintain current levels of resource per student given the projected level of increased demand for higher education. It is estimated that demand will grow by over 70% over the next two decades. Given our current fiscal difficulties, it is clear there will be resourcing issues if we are to meet projected demand. If we are to maintain and enhance standards of quality in higher education we must now examine closely the sustainability of funding arrangements for the system. We have to reconcile future demand for participation growth with limitations on public resources and a need to protect and enhance core quality. Although the nature of these difficult trade-offs are described in the national strategy, more detail is required with regard to a detailed comparative analysis of international benchmarks for sustainable funding levels in this context. We need to know more about how the three parameters of numbers, funding and quality interrelate so that we can manage the tensions and trade-offs involved. This will allow us to support realistic and sustainable levels of growth in numbers and inform better choices on policy options for future funding.

The programme for Government provides a commitment to undertake a full review of third level funding with a view to introducing a funding system that will provide third level institutions with reliable funding but does not impact on access for students. We also need to ensure that we are extracting the full value and potential of all of the existing resources available to the sector to do better with less. In this regard, the Minister has asked the Higher Education Authority to undertake further work on the sustainability of the existing funding framework over the course of this year.

As the Senator will be aware, the previous Government introduced a new student contribution charge of €2,000 with effect from the 2011-12 academic year to replace the existing student services charge of €1,500. This increased charge will come into effect in the autumn. The Minister will be considering all the issues involved as part of the wider consideration of the implementation plan for the higher education sector. I thank the Senator for raising this matter.

Senator Kathryn Reilly: Students will be charged €2,000 again this year but there is uncertainty about what will happen in 2012 and 2013. The Minister of State said the HEA is working on a report which the Minister commissioned. Will the Minister outline the terms of reference for the new report to both Houses of the Oireachtas, given the Hunt report has already been published? It would be beneficial to all involved if we could see the terms of reference. Furthermore——

An Cathaoirleach: The Senator has asked a question. There is no provision for questions at all. The Chair is giving a little discretion.

Senator Kathryn Reilly: Will the Minister of State ask the Minister to outline the terms of reference to the House? Will he consider opening a consultation process on the findings of the report?

Deputy Kathleen Lynch: I will convey the Senator's request to the Minister. The proposal that the HEA takes a second look at this issue is about consultation but I will convey her concerns to the Minister.

The Seanad adjourned at 8.15 p.m. until 10.30 a.m. on Thursday, 9 June 2011.