



# SEANAD ÉIREANN

---

*Dé Máirt, 28 Meitheamh 2011.*  
*Tuesday, 28 June 2011.*

---

Chuaigh an Cathaoirleach i gceannas ar 2.30 p.m.

---

*Paidir.*

*Prayer.*

---

## **Business of Seanad**

**An Cathaoirleach:** I have received notice from Senator Pat O'Neill that, on the motion for the Adjournment of the House today, he proposes to raise the following matter:

The need for the Minister for Education and Skills to discuss the qualifying distance between home and college for the non-adjacent rate of student grant and the hardship and difficulty that this new criterion is having on many students in County Kilkenny.

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

The need for the Minister for transport to outline the status of and progress of the extension of the Dunboyne rail line to Navan.

I regard the matters raised by the Senators as suitable for discussion on the Adjournment and they will be taken at the conclusion of business.

## **Order of Business**

**Senator Maurice Cummins:** The Order of Business is as follows: No. 1, motion regarding victims directive opt-in, referral to committee without debate; No. 2, motion regarding the Planning and Development (Amendment) (No. 2) Regulations 2011, referral to committee without debate; No. 3, Social Welfare and Pensions Bill 2011 — Committee and Remaining Stages, to be taken at the conclusion of No. 2 and conclude not later than 5.45 p.m.; No. 4, motion regarding earlier signature of the Social Welfare and Pensions Bill 2011, to be taken without debate at the conclusion of No. 3; and No. 4a, statements on school transport, to be taken at the conclusion of No. 4.

For the information of Members, next week we will deal with Remaining Stages of the Civil Law (Miscellaneous Provisions) Bill 2011, the defence (amendment) Bill and the commencement of the public health (tobacco) Bill. We will begin consideration of the Finance (No. 3) Bill, dealing with civil partnerships, on 13 July. We will have much legislation between now and the end of the session. We will be sitting up to Wednesday, 27 July, and it is more than likely that we will sit on the Fridays of 8 July and 15 July.

**Senator Darragh O'Brien:** I thank the Leader for outlining the business but we have a fundamental problem with the Order of Business, which must be addressed. There have been at least

[Senator Darragh O'Brien.]

three and possibly four or five changes to the order in the past couple of days, the most recent change received half an hour or 40 minutes ago. That was to include statements on transport at 5.15 p.m., which I know was highlighted late last week but was removed from the Order Paper. I am sure the Leader will appreciate the difficulty we have as all spokespersons in the distinct groupings require time to prepare and see what business is being dealt with. I know it is early enough in the session but we cannot continue to have as many changes to the business as it is very difficult for any group to plan its business for spokespersons.

I am putting the Leader on notice of another point fundamental to the Order of Business. We will oppose the order most strenuously tomorrow and discuss the issue in more detail then. Committee and Remaining Stages of the Ministers and Secretaries (Amendment) Bill 2011 was initially listed for Thursday, which is the correct time following Second Stage on Wednesday. The legislation is very important and my group on this side of the House supports it and many Members have called for the introduction of the Bill to give the Minister without Portfolio, Deputy Howlin, the requisite powers. However, Second Stage of the Bill is to conclude at 1.30 p.m. tomorrow and after the sos we are to go straight to consideration of Committee and Remaining Stages. There is a motion, without debate, on Thursday for earlier signature of the Bill. That is no way for the Government to treat this House. Proper debate is required on very important fundamental changes to the structures of Government and Departments. I was quite happy when I saw on the Order of Business last Friday that the Final Stage was put back to the Thursday. Who decided to move it forward to Wednesday, and to permit a one hour break, basically a sos, between Second Stage and Committee and Remaining Stages? That is not the way to deal with this important legislation. I would like answers to those questions. We will oppose the Order of Business today and tomorrow. Given that the Fianna Fáil Group is supportive of this legislation, as I believe most Members are, it should not be rushed through the House.

I wish to raise two other issues. Yesterday, the Minister for Education and Skills said he was unaware of the pay levels in the third level sector and the vast numbers of people earning six figure sums. Will the Leader bring to the attention of the Minister for Education and Skills a very extensive report conducted by the Committee of Public Accounts, of which I was a member in the last term of the previous Dáil, into third level remuneration and pensions and additional pension rights being given to lecturers and senior members of our third level colleges and institutions against the advice of the Department of Finance, given that the schemes come under the management of the National Treasury Management Agency and instructions were given not to increase the benefits or the liabilities of the schemes? I am surprised the Minister, Deputy Ruairí Quinn, said he was not aware of these details and of the remuneration and pensions issues.

**An Cathaoirleach:** Does the Senator have a question?

**Senator Darragh O'Brien:** It is a request. Will the Leader bring to the attention of the Minister for Education and Skills, Deputy Ruairí Quinn, the Committee of Public Accounts report produced across parties, including by members of his own party, the Minister of State at the Department of Health, Deputy Róisín Shortall, Deputy Tommy Broughan and members of his own party? It would be very helpful were the Leader to do so.

Will the Leader for a debate with the Minister of State at the Department of Health, Deputy Róisín Shortall, on the continued importation of what were previously known as legal highs. The previous Government and all members of the Dáil and Seanad enacted very effective legislation to ban head shops. We now learn that thousands of these substances are coming in

via Internet orders. I would like to know what steps the Minister of State is taking to address this very serious issue.

**Senator John Kelly:** In recent weeks some of my Labour Party colleagues have asked that the Minister for Health come into the House to explain to Members the whole reconfiguration process of small hospitals. There are issues in regard to Roscommon hospital, the accident and emergency unit at Portlaoise hospital, and many other hospitals. The HSE's policy seems to be to slash and burn and we are not aware of a plan B.

**Senator Thomas Byrne:** Enda Kenny announced it.

**Senator John Kelly:** Just to let Members know, last Friday evening I attended a meeting in the Department of Health with many other Oireachtas Members. The one issue on the table was the reduction in hours at the accident and emergency unit at Roscommon hospital, from 24-7 to 8 a.m. to 8 p.m. and closed at weekends. Although the Minister, Deputy James Reilly, said that if he was able to recruit junior doctors he would put them in place, the Health Information and Quality Authority, HIQA, rejected the idea and said it would still be an unsafe place in which to practise. During our discussions with the Department's officials and HIQA, Deputy Luke 'Ming' Flanagan, who arrived late, got into a rant in regard to the running of the health service and suggested to a senior official in the Department that he should——

**An Cathaoirleach:** Senator Kelly, that is completely out of order on the Order of Business.

**Senator John Kelly:** He said——

**An Cathaoirleach:** That is not relevant to the Order of Business. Has the Senator got a question for the Leader?

**Senator John Kelly:** I have to conclude. He called for the senior official to go and get a rope and commit suicide. I want——

**An Cathaoirleach:** That is not relevant. Does Senator Kelly have a question for the Leader?

**Senator Thomas Byrne:** Call Deputy Flanagan into the House.

**An Cathaoirleach:** Has the Senator a question for the Leader?

**Senator John Kelly:** I am getting to it. I call on Deputy Flanagan to withdraw that remark.

**An Cathaoirleach:** You cannot do that. That is completely out of order on the Order of Business. Have you a question for the Leader?

**Senator John Kelly:** I think he should apologise to——

**An Cathaoirleach:** Have you a question for the Leader?

**Senator John Kelly:** I need to conclude.

**An Cathaoirleach:** Have you a question for the Leader of the House?

**Senator John Kelly:** I will park that, but I need to conclude.

**An Cathaoirleach:** Have you a question?

**Senator John Kelly:** After that, I have.

**An Cathaoirleach:** Have you a question for the Leader of the House?

**Senator John Kelly:** I have, but I need to explain the next part of this.

**An Cathaoirleach:** Senator, what you are after saying is not relevant to the Order of Business at all.

**Senator John Kelly:** Okay.

**An Cathaoirleach:** It is completely out of order.

**Senator John Kelly:** I need to conclude this. On Monday, a senior representative of the HSE came to Roscommon and not only said——

**An Cathaoirleach:** Senator, have you a question for the Leader of the House?

**Senator John Kelly:** I have. A senior man from HSE west came to Roscommon and said not alone are we losing our accident and emergency unit but we are also losing our coronary care and our acute surgery.

**Senator David Norris:** As the father of the House, I object strongly to this disorderly behaviour.

**An Cathaoirleach:** Does Senator Kelly have a question for the Leader of the House?

**Senator David Norris:** I ask the Chair to constrain what is happening.

**An Cathaoirleach:** Senator Kelly, please.

**Senator David Norris:** We are under great difficulties in this House.

**An Cathaoirleach:** Senator Norris, that is not——

**Senator David Norris:** If this kind of behaviour continues, this place will be properly dissolved.

**An Cathaoirleach:** ——a point of order.

**Senator John Kelly:** I am calling on the Minister——

**An Cathaoirleach:** Do you have a question for the Leader of the House?

**Senator John Kelly:** Will the Minister come in, explain the reconfiguration process to us and tell us if inappropriate remarks by people are going to affect the future of health services in Roscommon and many other places?

**Senator Katherine Zappone:** I am taking a deep breath. I have a couple of questions for the Leader. I want to take a moment or two to bring myself to them. A recent headline in an Irish newspaper sent a shiver down my spine, even on a warmish day in June. The headline in question read “Civil Service chiefs told to produce radical plans to cut costs”. I am aware of the state of our nation’s finances. I noted the recent statements by Ministers to the effect that Ireland has lost its economic sovereignty. While I fully support the Government’s obligation and duty to its people to regain this sovereignty, I am deeply concerned that in the process, we may lose our social sovereignty and, specifically, the social wealth that has been created over recent years by actors in the social, community, cultural and voluntary sectors. This social

wealth has been built by tens of thousands of people throughout our country who are putting their shoulders to the wheel. Many of them are paid for what they do, but many of them are volunteering as well. They are building the capacity of our communities to respond imaginatively to the need to provide health, social, cultural and educational services for our people.

We have been told that the heads of Departments are being charged with, among other things, outlining options to rationalise grant and subsidy schemes to be replaced with single affordable schemes. While I am in favour of such an approach, in theory, I believe leading actors in the social, community and voluntary sectors should be consulted to ensure a balance is maintained between efficiency gains and fairness; and between models of service provision that work and fresh approaches to emerging need, especially for those who are most vulnerable and those who are caught in the trap of intergenerational poverty. People in the social and community sector are professionally competent and well organised. It would not take much effort to develop an efficient form of ascertaining their views on how to design more effective grant and subsidy schemes.

Furthermore, we have been told that heads of Departments should identify services that could be outsourced or transferred to the private sector. There has been some comment on this in the media. If it is helpful to outsource some services, why not consider doing so with those who are building the social not-for-profit sector, as well as people in the private sector? Over the last decade, organisations like Social Entrepreneurs Ireland have been building the capacity and effectiveness of social enterprises. They have discovered exceptionally creative ways of harnessing philanthropic sources to work in partnership with them in building these capacities. The heads of Departments would do well to examine the ongoing potential of social enterprise to contribute to regaining our economic sovereignty. I ask the Leader to raise these issues with the Minister for Public Expenditure and Reform. Furthermore, I would like the Leader to invite the Minister to come to the Seanad and thereby give Members an opportunity to inform the comprehensive spending review that is currently taking place.

**Senator David Norris:** I regret some of the earlier interchanges. I know it is early in the new Seanad. I am grateful to the Cathaoirleach for sending material on the conduct and business of the House to all Members, new and old. We should all reflect on that. We should remember that we are on trial. Certain things are precluded under the Order of Business. The Cathaoirleach handles situations very well. I will always support him in that regard. We all need to refresh our minds about this.

I am opposing the Order of Business because I believe what the Leader has proposed regarding the Social Welfare and Pensions Bill 2011 is, in fact, a guillotine. Guillotines are not part of the tradition of this House, nor should they be. For that reason, I will vote against the Order of Business. I will ask my colleagues on the Independent benches or somebody else to second me on this.

Would the Leader raise directly with the Government the case of some Irish soldiers who fought in the Second World War? The House will remember that I and others here raised the case of the so-called Shot at Dawn, who were terrified youngsters, many of whom came from the Irish countryside who, when they got involved in places like Passchendaele, had shell-shock but were still shot by court martial. In the Second World War, many people throughout Europe felt horrified by the emergence of the Nazi party, with its racial policies and extermination camps. Nearly 5,000 Irish soldiers left the Army and joined the allied forces to fight against Hitler. Some 4,983 died on the Normandy beaches. After the war, in an extraordinary act of vengeance, they were court-martialed *in absentia*, which, I believe, is not legal but it was done. This was wrong. They were presented with no opportunity to defend themselves. Natural and constitutional justice was violated and these men were court-martialed, including, astonishingly,

[Senator David Norris.]

even those who had died defending democracy on the Normandy beaches. I ask the Leader to bring this to the attention of the Government and ask that it might consider advising the President to issue a retrospective pardon because, apart from anything else, there is still a small number of these survivors left alive and we should honour them.

Will he investigate the position of Glencree Reconciliation Centre. I have been advised by the secretary of the National Association of Compass, which is the Co-operation of Minority Religions and Protestant Parent Associations (Post-Primary), that they have traditionally, approximately for the past ten years, brought students on a three-day course to Glencree and have just been informed that due to budget cutbacks Glencree will be closed to such courses from July. That is a matter of great regret. Glencree is something of which we all can be proud. Training young people is valuable and I ask the Leader to bring this to the attention of the Minister as well.

**Senator Fidelma Healy Eames:** I compliment the Minister for Transport, Tourism and Sport, Deputy Varadkar, for his handling of the bonus that Mr. Collier at DAA thought he could draw down at this point. There is a serious issue here with regard to the bonus culture that has been cultivated over many years for the CEOs of semi-State companies. These CEOs command incredible salaries. In 2009, the CEO of ESB claimed €752,000 in pay, bonus and pension contributions; the CEO of DAA, €568,000; and the CEO of An Post, €500,000. These are incredible salaries. When one hears Senator Zappone speak of this country's social sovereignty being at risk and how we are fighting to hold down services such as those of which the Labour deputy leader spoke today, we must send out the message from this House that this bonus culture is over. Everybody should join in this message, that this is unacceptable. If one thinks it is reserved merely to CEOs, one would be wrong. An article in *The Irish Times* today states that semi-State companies paid millions to senior managers in bonuses. It is not merely about CEOs. I am conscious that the Minister, Deputy Howlin, will be in the House tomorrow and we need to discuss this. We need to talk about how we can request these persons to volunteer to take cuts in the absence of it not being possible to enforce them legislatively. I request the Leader, who is looking at this with the Committee on Procedure and Privileges, to invite into this House the CEO of each of the semi-State companies in turn to ask them to defend, first, their service delivery and what they provide to the State and, second, the value for money they provide and that immoral bonus culture in which they have been involved for many years. That culture is over. It must be over, otherwise this country is going down faster than we might even have expected.

**Senator Paschal Mooney:** The Minister for Communications, Energy and Natural Resources has issued licences to two companies, in what is referred to as the Lough Allen basin but takes in the counties of Cavan, Leitrim, Sligo and Roscommon, in order to involve themselves in exploratory mining to assess the natural gas potential of the acreage in the area. Already, this has generated considerable concern especially among tourism interests and those concerned about the environment, as I would hope we all are, with regard to the possible adverse impact that drilling could have. They intend to use a technology known as fracking, which sinks deep wells and uses an astonishing amount of water mixed with chemicals to release the gas and then pipe it. As a result of the concern expressed, I call on the Leader to request that the line Minister come to the House to allay the concerns of the people in the areas I have mentioned, in particular because a film called "Gasland" is being shown throughout the counties I have mentioned. I understand a local film producer has initiated this process. My colleagues from Leitrim and Roscommon will be familiar with it. The film is creating a certain mild hysteria, primarily because only one side of the argument is being put forward. Admittedly, the film is

based on activities of two or three years ago but it shows the experience of fracking procedures in America and how it yields the most astonishing results, such as turning on one's tap and having an explosion come out of it as a result of the mixture of chemicals.

I do not wish this issue to become another Corrib gas controversy. Allegedly, there is more than 6 billion cu. ft. of gas in the Lough Allen basin which, were it to be taken out, could generate some €120 billion for the Irish economy. There are two sides to this discussion and I am keen to ensure that misinformation is not allowed to continue to be disseminated to a concerned public in the areas to which I have referred. This is a matter of vital national importance because of the potential benefit to the country if all the licensed obligations are adhered to. I call on the Leader to indicate when the Minister, Deputy Rabbitte, is due to come to the House in order that the issue can be properly aired in the Parliament to allay the fears of the people in the areas to which I have referred.

**An Cathaoirleach:** I call Senator Harte.

**Senator Paschal Mooney:** One last thing and most important of all, in support of Senator Norris, I second the motion, primarily on the basis of principle. As the Cathaoirleach is aware, the former Leader of the House made it a point of principle that during Government time there would be no guillotines.

**An Cathaoirleach:** No amendment is proposed.

**Senator Paschal Mooney:** I second the amendment to the Order of Business.

**An Cathaoirleach:** No amendment is before the House.

**Senator Paschal Mooney:** Senator Norris made a proposal to amend the Order of Business, as I heard it.

**An Cathaoirleach:** No. He is opposing the Order of Business. There is no amendment.

**Senator Paschal Mooney:** Then I propose it.

**Senator Jimmy Harte:** Senator Mooney reminds me of Peter Falk, God rest him, who said, "Just one more thing", which was Colombo's famous catchphrase.

**Senator Paschal Mooney:** It showed I was getting my priorities right.

**Senator Jimmy Harte:** Perhaps Senator Mooney will be wearing a white coat the next day. I call on the Leader to invite the Minister for Health to the Seanad to discuss the issue of Letterkenny accident and emergency unit, which is 90% completed. We are awaiting the receiver to sort out the issue in respect of McNamara Construction. The reason I raise the issue today is because I was at a meeting last night involving a cancer group and Oireachtas Members. It was put to us that even if the accident and emergency unit were completed next week, no staff are available to man it. The accident and emergency unit was due to open this September but it appears it may be 2012, more than 12 months from now, before it opens. If it were completed tomorrow, indications from the HSE are that no staff are available to run the accident and emergency unit to make it viable. I call on the Minister to come to the House to clarify the issue to my satisfaction and that of the people of the north west who have been waiting on this accident and emergency unit for years.

If the Seanad is to be of any use, the Minister must explain the position to the House in order that I can return to County Donegal on Thursday with an answer for the people concerned. I

[Senator Jimmy Harte.]

ask the Leader to seek clarification from the Minister as to whether the accident and emergency unit — whenever it opens, whether tomorrow, next month or at a later date — will be staffed.

**Senator Rónán Mullen:** I have questions on several procedural matters. I have heard Senator John Kelly speak in the House on several occasions and he is always interesting and well informed. However, in this instance, given the scrutiny associated with the issue, I encourage the Cathaoirleach to exercise his right to stand up. It is not in his nature to be too hard on Members on any side of the House, but it is important that we are seen to observe the appropriate protocols and Standing Orders relating to the work of the House.

I understand it is the Leader's intention to initiate a process, whereby there will be leaders' meetings at least once a week before the Order of Business. In that context, I propose that it would be good practice for group leaders to be informed in advance when it is intended to take more than one Stage of legislation in the course of a given week. I fully support what Senator Darragh O'Brien said in this regard. We must not slip into bad practice in rushing legislation through in the space of a week. It is important that Members are given an opportunity to consider legislative proposals and reflect carefully on amendments. That can only happen if the passage of legislation is spread out over more than one week.

The Leader will agree that our Special Olympians deserve our admiration and support. Aisling Beacom, Mary Gavin and Peter Oxley are our latest sporting heroes, testament to the triumph of the human spirit. In this time of difficulty we should look to what their achievements say about the dignity of the human spirit and person. From a position of vulnerability, they offer great leadership to us all.

In the light of how well the Minister for Transport, Tourism and Sport, Deputy Leo Varadkar, did at the weekend on the issue of the pay of chief executive officers of semi-State companies, it begs the question of what the Government proposes to do about bonuses paid to other staff in these companies. We have it from the office of the Minister for Communications, Energy and Natural Resources, Deputy Pat Rabbitte, that there is no tradition of Government intervention in the fixing of salaries for staff other than chief executive officers. However, by the same token, there is no tradition of the Executive intervening in the regulation of judges' pay, but it is proposed to sort out that matter by means of a referendum.

**An Cathaoirleach:** Does the Senator have a question for the Leader?

**Senator Rónán Mullen:** What is the Government's attitude on this issue? If the talk in recent days about pay in semi-State companies is to be more than merely symbolic, we must have a clear course of action in terms of the regulation of bonuses for other employees of these companies.

I advise Members not directly engaged in Seanad business this afternoon that a briefing will take place at 4 p.m. on tomorrow's Private Members' motion on whistleblowers, to be addressed by Mr. John Devitt of Transparency International Ireland.

**Senator Michael Mullins:** My party colleague, Senator Fidelma Healy Eames, has stolen my thunder somewhat on the issue I wished to raise. I join her and others in congratulating the Minister for Transport, Tourism and Sport, Deputy Leo Varadkar, on his timely intervention at the weekend which forced the chief executive officer of the Dublin Airport Authority to forgo a bonus of €106,000. However, I read with dismay in this morning's newspapers that other semi-State bodies and boards might approve significant bonuses for their chief executive officers. The Leader must impress upon the Minister for Public Expenditure and Reform,

Deputy Brendan Howlin, that at a time when ordinary people are being put to the pin of their collar to meet their basic daily requirements, it is obscene that any chief executive officer paid from the public purse should be in receipt of such a bonus. No bonus should be paid to any chief executive officer of any semi-State body in the coming year. I ask the Leader to press this point with the Minister in order to ensure it is Government policy.

This morning, all Members were dismayed by reports on early morning radio and in some newspapers that the facilities of these Houses may have been used to manipulate a competition.

**An Cathaoirleach:** That is not relevant to the Order of Business.

**Senator Michael Mullins:** I believe it is on the basis that——

**An Cathaoirleach:** Senator, it is not relevant.

**Senator Michael Mullins:** I would ask the——

**An Cathaoirleach:** Senator, that is not relevant to the Order of Business.

**Senator Michael Mullins:** I ask the Leader to inquire or put in train an inquiry as to whether the facilities of the Oireachtas were used to manipulate a national competition. If the sort of moneys that were mentioned this morning——

**An Cathaoirleach:** Senator, that is not relevant to today's Order of Business. Have you a question for the Leader?

**Senator Michael Mullins:** I have. I ask the Leader to make inquiries and to ask the appropriate authorities within the Houses to check whether Oireachtas facilities were abused in a national competition.

**An Cathaoirleach:** Senator, that is not relevant to today's Order of Business. I call Senator Reilly.

**Senator David Norris:** A Chathaoirligh, may I raise a point of order on which I seek advice?

**An Cathaoirleach:** Senator Norris, on a point of order.

**Senator David Norris:** It is a point of order.

**Senator John Gilroy:** Who is chairing this meeting?

**Senator David Norris:** I beg the Senator's pardon?

**An Cathaoirleach:** Senator Norris, on a point of order.

**Senator David Norris:** I am asking the Cathaoirleach to rule on a point of order for me.

**An Cathaoirleach:** Senator Norris.

**Senator David Norris:** I stated that I was opposing the Order of Business and apparently I should have proposed an amendment. One of my colleagues on this side of the House has proposed a change. Do I have the right technically to second it although I have spoken already?

**An Cathaoirleach:** No Senator, you do not. You stated you opposed the Order of Business.

**Senator David Norris:** Therefore, I cannot second my colleague's proposal.

**An Cathaoirleach:** No, you cannot.

**Senator David Norris:** Because I have spoken already.

**An Cathaoirleach:** You cannot. What proposal had you or the Senator made?

**Senator David Norris:** I understand Senator Mooney has proposed an amendment to the Order of Business and I was proposing that I could second it.

**An Cathaoirleach:** Senator Mooney did not make any proposal. He was seconding Senator Norris's proposal but the latter did not make any proposal either. Senator Norris stated he was opposing the Order of Business.

**Senator Kathryn Reilly:** I wish to reiterate some comments made by previous speakers. Members learned today that Bord Gáis Éireann and the Dublin Airport Authority approved €1.9 million and €2.1 million, respectively, in bonuses last year. Other semi-State bodies such as EirGrid, Bord na Móna, An Post and the Irish Aviation Authority also paid bonuses but refused to disclose how much. The aforementioned €4 million in bonuses, for example, could have reversed the cuts to the rural transport scheme Members will discuss later. One must remember these are semi-State companies and some of the boards concerned attempted to rationalise such bonuses as being performance-related. What about the teachers, nurses and the hundreds of thousands of other workers across the State who are doing more work for less money with no pat on the back, no little earner on the side and no reward?

I acknowledge the Minister, Deputy Howlin, will be in this House tomorrow to deal with legislation and I completely agree that as a legislator, he should do so. However, I ask the Leader to bring him back another time, hopefully as soon as possible, to discuss the review of performance-related bonuses to semi-State bosses and employees that is to be undertaken in order to ascertain who is undertaking the review, what is its timeframe and terms of reference and whether this House is to have a say in this matter. The programme of Government has scheduled at least 34 other reviews and I seek to establish where this one will fit in.

Although I do not wish for me or my party to sound like a broken record, I note the review of the JLCs is before the Cabinet today. While the wages of the lower paid in society are set to be targeted, this House has not yet had an opportunity to inform this debate. Consequently, I ask the Leader to arrange for the Minister for Jobs, Enterprise and Innovation, Deputy Bruton, to appear in this House to discuss his recommendations as a matter of urgency before Members hear about it in a press conference later or on some other day.

**Senator Trevor Ó Clochartaigh:** Hear, hear.

**Senator Kathryn Reilly:** Finally, I ask that the debate on primary school transport, which initially was scheduled for tomorrow but has now been rescheduled for this evening, be extended. It is unacceptable that although we are heading into a crisis, only one hour and 15 minutes have been allocated to debate this issue. The litany of cuts that will take effect in September will have a massive impact on children, families and schools and such——

**An Cathaoirleach:** The Senator may raise such matters during the debate this evening.

**Senator Kathryn Reilly:** If the Cathaoirleach will give me a chance, I wish to propose an amendment to the Order of Business.

**An Cathaoirleach:** The Senator is proposing an amendment.

**Senator Kathryn Reilly:** I propose an amendment to the Order of Business that statements on school transport be extended until 8 p.m.

**Senator Ivana Bacik:** I support calls by Senators Kelly and Harte for a debate on the reconfiguration of local hospitals and for the Minister for Health to appear before the House. It is an important debate Members should be having on the balance that must be struck between the creation of centres of excellence and the need to ensure access to local services in different areas. I am struck by what Senator Zappone said about the need to ensure social wealth and social sovereignty. We need to ensure that we support local communities as best we can, even though we are in a very difficult economic climate. It would be useful also to have the Minister for Health in the House to debate the future plans for the health service. Perhaps the most exciting and radical proposal in the programme for Government concerning health is the plan to introduce universal health insurance. There have been debates in the media on this subject in recent weeks and it would be very useful to have a debate in the House on how best to ensure universal access to health care as in the programme for Government and to hear directly from the Minister as to how he proposes to build to its introduction over the lifetime of the Government.

I also ask for a debate on the environment and on eco-transport in particular. During national bike week it is useful that we would debate the need to ensure a reduction in carbon emissions, greater reliance on bicycle and on methods of transport that do not increase our level of emissions. We must look to the younger generation who are taking a lead in this regard. I was in Holly Park national school in Newtownpark avenue this morning. The school has just won its third green flag for water conservation and is working for a fourth flag for eco-transport. There is great interest in the green flag scheme across the country as everyone will be aware, with more than 2,000 schools obtaining green flags. There is a great interest among schoolchildren and students generally on the greater use of bicycles and eco-friendly transport and this House should lead on this subject.

**Senator Thomas Byrne:** On the matter of the schedule of business for this week and in particular with regard to the Ministers and Secretaries (Amendment) Bill, I am not opposed to the use of the guillotine as it is a reasonable option for a Government to take although others have differing views. I am not stating this is my party's view. However, the way the business of the House has been scheduled for this week, with Committee Stage on Thursday being at the last minute rescheduled to Wednesday immediately following Second Stage and with the legislation only printed yesterday, is completely unreasonable. There are those of us who want this House to be a place for serious debate and also a place for formulating legislation and creating benefits for the public rather than just the pub chat that serves for debate at times in this House when Members can talk about anything but what is on the agenda or anything other than the legislation put forward.

Senator Zappone raised a very important issue in light of the *The Irish Times* article of yesterday. It is important for the Independent group to note that if the Government sticks to its plan not to raise income tax and not to touch the welfare budget, then the reality is that the groups and organisations represented by the Independent group will be devoid of funds. That is the only way the Government will be able to do what is necessary. I refer to college fees and the cessation of funding to various organisations. It is about time the Independents stood up to the Government instead of giving it unquestioning support.

I ask that the Taoiseach come to the House. I refer to a report from Reuters on 24 May which states that a Greek default would hit others in the eurozone. Bloomberg also reported that Norway, the richest country in Europe, would not be an investors' haven because it would be sucked into the turmoil resulting from a Greek default. The Bank of England is making

[Senator Thomas Byrne.]

contingency plans for a Greek default because it is very worried. However, the Taoiseach, Deputy Enda Kenny, has the answer. He has been reassured that countries such as Ireland will be protected from any fall-out from a potential Greek default. I want the Taoiseach to come to the House to talk about his little-known comment of last week. What does he know? Is he coddling the people? Has he received reassurances that all of these other bigger and wealthier countries have not received? What reassurances has he been given that Ireland will be protected? Is he talking through his hat?

**Senator Martin Conway:** Will the Leader ascertain what the IMF makes of the fact that the chief executive of the ESB is on €15,000 a week, that the chief executive of the Dublin Airport Authority is on €11,000 a week and the chief executive of An Post is on €10,000 a week and it goes on. I join colleagues in commending the Minister for Transport, Tourism and Sport, Deputy Varadkar, for saving the taxpayer an extra €2,000 a week. However, this is only a drop in the ocean. What is happening is a joke. It is akin to what one would see in a banana republic. The Government at this stage needs to direct all semi-state companies to not pay bonuses to any management, senior or junior. The bonus culture is what has this country the way it is. There was a notion that we were playing with Monopoly money. People who were supposed to work as public servants running our semi-State companies in the interests of Ireland and its people were being paid lulu money. It is absolute madness. I am sure we are the laughing stock of Europe and that the IMF has an awful lot to say about it, given the fact it is bailing us out on a monthly basis. I ask the Leader to establish the view of the IMF of the bonus culture.

**Senator Sean D. Barrett:** I agree with the Senators who referred to the airport issue. We had a good debate here on tourism, during which we drew attention to the fact that the Minister for Transport, Tourism and Sport, Deputy Leo Varadkar, wrote to the regulator in regard to airport charges and we gave the date requiring a 41% increase in them.

Was the bonus paid to the gentleman in question a reward for bypassing the regulator to get a 41% increase in the charges? The business of the three airports is down by 25% and productivity by 23% because they only reduced the staff by 2 to carry 25% fewer people. Bonuses in those circumstances are the same as bonuses which unfortunately we are stuck with paying to bankers who demolished 98% and 99% of the value of their banks. We have to fight that bonus culture. I ask the Leader to convey our thanks to the Minister, Deputy Varadkar.

Will he seek a debate here on the McCarthy report on the disposal of State assets? Its key part showed that State company after State company operates as an independent republic. As Senator Reilly said, they have played no part at executive or any other level in the economies in which everybody else in the country has participated.

I am concerned about No. 4 on the Order Paper. I have been critical in the past of the use of Article 25.2.2°, particularly regarding legislation in areas like transport. The Constitution entitles the President to read a Bill and sign it between the fifth and eighth day. If Departments cannot meet deadlines it is wrong that this House should be asked to intrude on the discretion and entitlements of the President. It should be one of the reforms we are all talking about. We should not impose on the kindness of the President.

Departments should meet the deadlines, allow her the full time to determine whether legislation should be referred to the Supreme Court and not rush the procedure. We should not stop the payment of people's pensions or social welfare. We should use Article 25.2.2° very sparingly in the life of this Seanad.

**Senator John Gilroy:** It is interesting to note that those who are the longest serving Members of this House were loudest in their calls to have Senator Kelly sanctioned and ruled out of

order. We were asked and could do well to reflect upon that. Perhaps we could also reflect on the fact that Members of the previous Seanad brought it to the state where the public is discussing abolishing it. New and old Senators could contribute.

**An Cathaoirleach:** That is not relevant to the Order of Business.

**Senator John Gilroy:** It is. I have a question to ask the Leader. On a substantive issue, perhaps we could all reflect on our contributions. It is obvious from the comments of my Labour Party colleagues, Senators Bacik, Kelly and others that the confusion surrounding the health service and the strategy underpinning what is happening in it indicates that all is not well.

Letterkenny hospital, Roscommon hospital and a litany of others such as St. Mary's Hospital on the north side of Cork city could be added to the sorry list of those whose core functions are being removed despite election promises to the contrary. I support Senator Bacik in her calls to ask the Leader to bring the Minister for Health, Deputy Reilly, here to dispel some of the confusion.

We all know that in a vacuum every sort of rumour flourishes. The Minister should come in here and explain his plans and those of the HSE for the proper organisation of our health service.

**Senator Terry Leyden:** I wish to second the proposal by my colleagues, Senator John Kelly, Senator Jimmy Harte and others that the Minister for Health, Deputy Reilly, should be asked to attend the House to give an outline of his health policies, particularly concerning the difficulties we are encountering in Roscommon. These concern the Government's proposal to downgrade the accident and emergency unit at Roscommon hospital to an 8 a.m. to 8 p.m. service from Monday to Thursday, and 8 a.m to 5 p.m. on Fridays.

As the only Fianna Fáil Oireachtas Member in County Roscommon, I was excluded from a meeting that took place on this issue last Friday, although I heard reports about the politically incorrect comments that were made there.

**An Cathaoirleach:** We cannot have a discussion on meetings that are taking place in Roscommon. We are on the Order of Business. Does the Senator have a question for the Leader?

**Senator Terry Leyden:** The Leader should ask the Minister to attend the House to explain these matters. The Minister wrote a letter entitled: "Dear people of Roscommon, I'm going to lie to you now."

*(Interruptions).*

**Senator Terry Leyden:** No, that is not what he said. He said I would like to confirm——

**An Cathaoirleach:** Does Senator Leyden have a question for the Leader?

**Senator Terry Leyden:** I would like to ask the Leader to ask the Minister for Health how he could send a letter to the people of Roscommon saying that the accident and emergency unit would not be downgraded, and that if it closed, he would reopen it. Those are the lies. Let us be clear that the Labour Party is in government. Senator John Kelly said that the future of the hospital was very safe in Labour Party hands.

**An Cathaoirleach:** Senator Leyden, that is a very serious charge to make against the Minister.

**Senator Terry Leyden:** Which one?

**An Cathaoirleach:** The Senator used the word “lie”.

**Senator Terry Leyden:** No. I want to make this quite clear, he did not say that. He said, “Dear people of Roscommon...”. At that stage, he did not say at that stage “we are going to lie to you”, but he has lied to them.

**An Cathaoirleach:** Does the Senator have a question for the Leader?

**Senator Terry Leyden:** The Minister said that in the event of the accident and emergency unit being downgraded “we are committed to reinstating a 24/7 service”. If that is true——

**An Cathaoirleach:** The Senator knows that he is not supposed to use the word “lie” in the House.

**Senator Terry Leyden:** But a lie is a lie.

**An Cathaoirleach:** It is completely out of order.

**Senator Terry Leyden:** I can prove it.

**An Cathaoirleach:** Does the Senator have a question for the Leader?

**Senator Terry Leyden:** Last Friday, the Minister was asked a question by Senator John Kelly and others, and he said: “That was then, this is now. I’ll take the hit”.

**An Cathaoirleach:** Does the Senator have a question?

**Senator Terry Leyden:** The Minister is going to take the hit, yet he is not in the constituency at all. Yesterday, the Taoiseach said that from 11 July——

**An Cathaoirleach:** Does the Senator have a question for the Leader?

**Senator Terry Leyden:** It would be appropriate for the Minister for Health to attend the House to make a statement concerning the letter he sent to the people of Roscommon before the election giving those commitments. The people have been misled. Labour share the responsibility for this and Michael D. Higgins will suffer a fate at the hands of the electorate in the presidential election. The people will respond to this.

**An Cathaoirleach:** That is not relevant to the Order of Business. I call Senator Sheahan.

**Senator Terry Leyden:** There is a serious situation in Roscommon. The people of Roscommon have been betrayed by the Labour Party and Fine Gael concerning the accident and emergency unit at Roscommon Hospital.

**Senator Ivana Bacik:** On a point of order, I will not stand for Senator Leyden, whose Government brought this country into the hands of the IMF, accusing the Labour Party of this. It is an outrageous accusation.

**An Cathaoirleach:** I call Senator Sheahan.

**Senator Terry Leyden:** The Labour Party is in coalition now and if it cannot stand the heat, it should get out of the kitchen. They are all culpable.

**An Cathaoirleach:** I ask Senator Leyden to respect the House, and call Senator Sheahan.

**Senator Tom Sheahan:** From that, I take it Senator Leyden may be the Fianna Fáil candidate for the áras.

**Senator Terry Leyden:** I might be better than some of them that are going.

**Senator Tom Sheahan:** My colleagues and I have been approached by people — I am talking about middle Ireland — who can no longer afford to go to the doctor or dentist. I have often wondered if there are ways in which price reductions could be imposed on these professional services because, as they currently stand, they are untouchable. An elderly constituent told me recently that this has been done by Governments in the past through pricing orders. I ask the Leader to establish — be it through the Minister for Finance or the Minister for Public Expenditure and Reform — whether we could use pricing orders as a mechanism to reduce the cost to families of consulting doctors, dentists, solicitors, accountants and other professionals. Perhaps the Competition Authority could become involved, in addition to consumer protection authorities. I have been asked why such prices have not been reduced. Prices have not reduced when one considers some doctors claim up to €750,000 a year under the medical card scheme. Why would they need to drop their prices and thereby cut the cost involved for a family or a family member attending a doctor? I call on the Leader to explore, be it with the Minister for Finance or someone else, if a mechanism of pricing orders could be introduced to reduce the cost of professional services for families which are struggling to cope.

**Senator Feargal Quinn:** I am not sure what I am about to second, but I believe it is Senator David Norris's proposal? Will the Cathaoirleach explain exactly for what Senator David Norris called because Senator Paschal Mooney——

**An Cathaoirleach:** Senator David Norris said he was opposing the Order of Business.

**Senator David Norris:** I am opposing the Order of Business on the grounds that——

**An Cathaoirleach:** There has been no amendment proposed to it——

**Senator Feargal Quinn:** There is no amendment.

**An Cathaoirleach:** ——except the one proposed by Sinn Féin.

**Senator Feargal Quinn:** Am I correct in understanding Senator Paschal Mooney proposed an amendment to it? I am sure I heard him propose an amendment.

**An Cathaoirleach:** He said he seconded Senator David Norris's amendment, but Senator Norris said he was opposing the Order of Business; he did not propose an amendment to it.

**Senator David Norris:** To be fair, the Cathaoirleach asked me whether I was proposing an amendment, but I am very happy with the position. I accept his ruling, but I will be opposing the Order of Business on the grounds that the use of a guillotine has been imposed by the Government in defiance of what it stated it would do.

**An Cathaoirleach:** Senator Feargal Quinn to proceed, without interruption.

**Senator Feargal Quinn:** For many years in this House we avoided the imposition of the use of the guillotine, although not totally, but there have been very few exceptions. I would hate to find that on the occasion of the debate on the Social Welfare and Pensions Bill the Government is determined to impose the use of the guillotine to ensure the debate will conclude at 5.45 p.m. in order to discuss the matter of school transport. The debate on the Bill should not be guillotined at this stage. Therefore, I support Senator David Norris's view on the matter.

[Senator Feargal Quinn.]

Senator David Norris raised another matter, that of Glencree Reconciliation Centre, with which I have been involved for many years. I was very disappointed to hear that it was to stop doing a great deal of the work it did. It is a real reminder of what happens when we cannot afford to do the things we want to do. Senator Katherine Zappone spoke about the danger of losing our social sovereignty; we have almost lost our economic sovereignty. If we are to determine how we will continue doing things we have been able to do in the past, we should make sure we take the right steps. The right steps are not the ones taken in Greece in which there is to be a 48-hour strike. Is there anything as ridiculous, with the country going bankrupt and in serious danger of losing its——

**An Cathaoirleach:** Does the Senator have a question for the Leader?

**Senator Feargal Quinn:** My question to him is how are we going to solve the problems we face. The answer is in our own hands.

I ask the Leader to facilitate a debate on the report of the National Competitiveness Council entitled, *The Costs of Doing Business in Ireland 2011*, issued today. It reminds us that while we have brought down our costs, some of them are not within our control. The price of fuels which are imported — compared to the cost of a number of items that have enabled us to make ourselves more competitive — is not in our own hands. This is the type of issue we should debate and I ask the Leader to give us an opportunity to debate it in the next few weeks.

I would like to take up one other point raised by Senator David Norris. We all feel sorry for those who left the armed forces — I believe they numbered 5,000 — at the time of the Emergency at the beginning of the Second World War and now there is condemnation in that regard. However, one must take account of the other side also. If we accept the point that during an emergency——

**An Cathaoirleach:** Does the Deputy have a question for the Leader?

**Senator Feargal Quinn:** Yes. I would like to be able to debate that issue also. During an emergency, if a national army finds that 5,000 of its voluntary recruits leave to join another army for whatever reason, it is correct that it cannot allow a blind eye to be turned to this. While I understand the difficulty, it is a difficult situation to deal with. We have a national army and must recognise that it has duties and responsibilities.

**Senator Susan O’Keeffe:** Tempers inside and outside the House are running very high in the health debate. Clearly, there are many issues to be raised concerning local and regional hospitals, cancer services and the moratorium on recruitment which is affecting the opening of the accident and emergency department in Letterkenny and other services. I spoke to a person in a very senior position in the mental health service the other week who said the only ones really affected by the moratorium were people on the ground — nurses and porters. They are the ones who have been hit most. However, in running high temperatures, calls for people to take a rope and hang themselves are not appropriate.

**Senator David Norris:** Hear, hear.

**Senator Susan O’Keeffe:** The House is entitled to express its outrage and concern about such behaviour, no matter where it occurs or who commented. We have that right and ought to use it.

Will the Leader urge the Minister for Health to attend the House to at least give a progress report on the reconfiguration of hospitals and to address the points on the moratorium and the difficulties arising across the country? I concur with my colleagues who have made this request.

**Senator Terry Leyden:** Hear, hear.

**Senator Trevor Ó Clochartaigh:** Rinne mo chomhghleacaí, an Seanadóir Ó Maonaigh, pointe maidir le fracking agus acmhainní nádúrtha. Tá sé spéisiúil gurb é an Rialtas deireanach a thug ceadúnas go leanfaí ar aghaidh leis an fracking atá ar siúl i Loch Aillionn. Iarraim ar Cheannaire an Tí go mbeadh díospóireacht i bhfad níos leithne againn maidir leis na hacmhainní nádúrtha sa tír seo. Ba cheart dó cuireadh a thabhairt don Aire Cumarsáide, Fuinnimh agus Acmhainní Nádúrtha teacht isteach chun labhairt linn maidir leis na ceadúnais faoi chúrsaí gáis, fuinnimh gaoithe agus ár gcuid tonnta, srl.

Will the Leader organise a debate on the issue of our natural resources, given how Senator Paschal Mooney correctly raised the issue of fracking? The fracking licences were granted during the dying days of the previous Government. We must consider the issue of licensing in respect of our natural resources——

**Senator David Norris:** Hear, hear.

**Senator Trevor Ó Clochartaigh:** ——to determine where the Minister for Communications, Energy and Natural Resources stands on the issue, whether we will use our natural resources for the good of the country or whether we will impose regimes more favourable to taxpayers than has been the case. Ba mhaith liom go n-iarrfaí ar an Aire teacht isteach agus déileáil leis na ceisteanna sin.

Ba mhaith liom freisin tacú leis an leasú atá molta ag mo chomhghleacaí, an Seanadóir Ní Raghallaigh, ar Riar na hOibre; sé sin, go leanfaidh an díospóireacht go dtí 8.30 i.n. anocht. I second my colleague's proposal on the Order of Business that the sitting be extended to 8 p.m.

Ba mhaith liom go dtiocfadh an Tánaiste nó an Taoiseach go dtí an Teach le míniú dúinn cé atá i gceannas ar chúrsaí gnóthaí eachtracha sa Rialtas. I call on the Taoiseach or the Tánaiste to attend the House to explain who is running the Department of Foreign Affairs and Trade, given some of the recent statements made on the Gaza flotilla. How is it that they have done a U-turn since their time in opposition when they indicated their support for the flotilla? The Minister for Justice and Equality also made comments recently that were inflammatory.

**An Cathaoirleach:** Five Senators have indicated their wish to make contributions on the Order of Business, but we are over the time allocated. I will call Senators Mark Daly, Marc MacSharry, Jim Walsh, Colm Burke and D'Arcy first tomorrow.

**Senator Maurice Cummins:** The schedule has been changed a number of times during the past week. I apologise for this, but it was changed to facilitate a request to include an early signature motion in respect of the Ministers and Secretaries (Amendment) Bill 2011. The Government is anxious that the commencement order pertaining to the new Department of public Expenditure and Reform be signed early next week in order that the Department can get on with its important work. The Government has decided that all Stages of the Bill will be taken tomorrow. As a result, the debate on school transport which many Members have been requesting for some time was removed from the schedule. When I asked the Minister of State, Deputy Ciaran Cannon, to attend the House during the week to address the issue, he kindly acceded to my request and will be present from 5.45 p.m. to 7. p.m. today. The issue would have been off the agenda completely had I not asked the Minister of State to address it.

**Senator Darragh O'Brien:** We did not know that. We appreciate that the Leader had good reason.

**Senator David Norris:** Will the debate on the Social Welfare and Pensions Bill not continue afterwards?

**Senator Maurice Cummins:** That is the position. That is the only time the Minister of State is available to come in to the House.

Senator Kelly—

**Senator Jim Walsh:** On a point of order, the Leader should request that Ministers facilitate the House rather than have the House facilitate Ministers. It is important to point out that it is the obligation of Ministers to come to this House.

**An Cathaoirleach:** That is not a point of order.

**Senator Jim Walsh:** It is a point of order for the House.

**An Cathaoirleach:** It is not a point of order.

**Senator David Norris:** On a point of order, I objected to the Leader's proposed guillotining of debate on the Social Welfare and Pensions Bill 2011, which applies because the Bill will not be completed prior to commencement of the debate on school transport but it could be continued following that debate.

**Senator Maurice Cummins:** There is an earlier signature motion before the House in relation to the Social Welfare and Pensions Bill 2010. I advised the House three weeks ago that this Bill would come before us today.

Senator Kelly and others called for a debate on health issues. I wonder at times if Members are listening to my response to the Order of Business. I gave an undertaking that the Minister would come to the House next week to debate health issues yet Members continue to call for debates with the Minister for Health. How many times do I have to repeat that the Minister will come to the House next week?

**Senator Darragh O'Brien:** The requests in that regard are from the Government side. I am aware that the Minister for Health will come into the House on 7 July.

**Senator Maurice Cummins:** Regardless of from what side the requests were made, I wonder if people are listening when I reply to the Order of Business. I try to be as concise as possible and to keep the House informed of what legislation or other business will come before us. I intend to continue to do so. The Minister for Health will come to the House to discuss the issues raised.

Senator Zappone called for a debate on the social and voluntary sector, which should be consulted in regard to the design of grant schemes. I agree with the Senator. The Senator could raise the matter during tomorrow's debate on the Ministers and Secretaries (Amendment) Bill 2011.

Senators Norris and Quinn raised the issue of retrospective pardon for Irish soldiers who fought in the Second World War. I share the Senators' views. It is a wrong that should be put right. I will make representations to Government on the matter. What happened at the time was wrong and it should be rectified.

Senator Healy Eames and others called for a debate on the salaries and bonuses paid to CEOs. The Minister for Transport, Tourism and Sport, Deputy Varadkar, and Minister for Finance, Deputy Noonan, dealt adequately with that matter last weekend. The right result was achieved as a result of their actions. The message that the bonus culture is over has gone out loud and clear. The Government is not only focussing on chief executive officers in all the State bodies. While it does not have a problem with the payment of small performance related

payments to other staff, the criteria under which people qualify for such payments must be robust and such payments should not be taken to semi-automatic, which has been the case up to now.

Senator Mooney and others called for a debate on licensing for exploratory mining in counties Cavan, Leitrim, Roscommon and other counties. I will invite the Minister for Communications, Energy and Natural Resources to come to the House next session to discuss that matter and related matters. I understand this matter was addressed in reply to a parliamentary question in the Dáil last week, which information I will try to get for the Senator.

Senator Mullen congratulated the sporting heroes involved in the Transplant Games and the Special Olympics, who in terms of what can be done are an inspiration to all of us. We congratulate all who competed in those games, in particular those who won medals.

**Senator Darragh O'Brien:** Hear, hear.

**Senator Maurice Cummins:** They are true ambassadors for our country.

Senator Mullins raised the question of telephone calls, which is not a matter for this House but one which should be addressed by the Houses of the Oireachtas Commission, as I am sure it will be.

Several Senators referred to the issue of the salaries of CEOs. Senator Barrett referred to the McCarthy report on the sale of State assets, which is certainly a matter we will address in the House.

Senators Gilroy, Leyden and others referred to the health service and several Senators called for the Minister for Health to come to the House. There were exchanges when Senator Leyden spoke. We should have more respect in the House because such exchanges as we had today do little to enhance the standing of the House.

**Senator David Norris:** Hear, hear.

**Senator Maurice Cummins:** This is the type of thing which causes the public to ask why the Seanad should not be abolished. I ask Members when they stand in the House to consider what the public and the other Members of the House think when we have this type of statements and interjections. It is a matter on which we should all examine our consciences. We are talking about saving the Seanad but some of us are doing damn little to achieve that.

**Senator Terry Leyden:** The truth must be out. Truth is truth. That is what it is all about.

**Senator Maurice Cummins:** Senator Sheahan referred to pricing orders and professional fees for the medical, legal and accountancy professions. It is a matter which the Minister, Deputy Richard Bruton, possibly intends to tackle through legislation.

Senators Quinn and Norris referred to the Glencree centre, and I agree it is sad that some courses must be stopped because of financial constraints. While we will certainly have a debate on the report of the National Competitiveness Council, we will probably do it in the next term as we had debates on competitiveness in the past two weeks and we should not have another in this term.

**An Cathaoirleach:** Senator Reilly has moved an amendment to the Order of Business, "That the time allocated to No. 4a be extended to 8 p.m." Is the amendment being pressed?

**Senator Kathryn Reilly:** Yes.

Amendment put:

## The Seanad divided: Tá, 18; Níl, 31.

## Tá

Barrett, Sean D.  
Byrne, Thomas.  
Crown, John.  
Daly, Mark.  
Leyden, Terry.  
MacSharry, Marc.  
Mooney, Paschal.  
Mullen, Rónán.  
Norris, David.

O'Brien, Darragh.  
O'Donovan, Denis.  
O'Sullivan, Ned.  
Ó Clochartaigh, Trevor.  
Ó Domhnaill, Brian.  
Power, Averil.  
Reilly, Kathryn.  
Walsh, Jim.  
Wilson, Diarmuid.

## Níl

Bacik, Ivana.  
Bradford, Paul.  
Brennan, Terry.  
Burke, Colm.  
Coghlan, Eamonn.  
Coghlan, Paul.  
Comiskey, Michael.  
Conway, Martin.  
Cummins, Maurice.  
D'Arcy, Jim.  
D'Arcy, Michael.  
Gilroy, John.  
Harte, Jimmy.  
Hayden, Aideen.  
Healy Eames, Fidelma.  
Heffernan, James.

Higgins, Lorraine.  
Keane, Cáit.  
Kelly, John.  
Landy, Denis.  
Mac Conghail, Fiach.  
Mullins, Michael.  
O'Brien, Mary Ann.  
O'Donnell, Marie-Louise.  
O'Keeffe, Susan.  
O'Neill, Pat.  
Quinn, Feargal.  
Sheahan, Tom.  
van Turnhout, Jillian.  
Whelan, John.  
Zappone, Katherine.

Tellers: Tá, Senators Trevor Ó Clochartaigh and Kathryn Reilly; Níl, Senators Paul Coghlan and Susan O'Keeffe.

Amendment declared lost.

Question put: That the Order of Business be agreed to."

## The Seanad divided: Tá, 25; Níl, 19.

## Tá

Bacik, Ivana.  
Bradford, Paul.  
Brennan, Terry.  
Burke, Colm.  
Coghlan, Paul.  
Comiskey, Michael.  
Conway, Martin.  
Cummins, Maurice.  
D'Arcy, Jim.  
D'Arcy, Michael.  
Gilroy, John.  
Harte, Jimmy.  
Hayden, Aideen.

Healy Eames, Fidelma.  
Heffernan, James.  
Higgins, Lorraine.  
Keane, Cáit.  
Kelly, John.  
Landy, Denis.  
Mullins, Michael.  
O'Brien, Mary Ann.  
O'Keeffe, Susan.  
O'Neill, Pat.  
Sheahan, Tom.  
Whelan, John.

## Níl

Barrett, Sean D.  
Byrne, Thomas.  
Crown, John.  
Daly, Mark.

Leyden, Terry.  
MacSharry, Marc.  
Mooney, Paschal.  
Mullen, Rónán.

Níl—*continued*

Norris, David.  
O'Brien, Darragh.  
O'Donovan, Denis.  
O'Sullivan, Ned.  
Ó Clochartaigh, Trevor.  
Ó Domhnaill, Brian.

Power, Averil.  
Quinn, Feargal.  
Reilly, Kathryn.  
Walsh, Jim.  
Wilson, Diarmuid.

Tellers: Tá, Senators Paul Coghlan and Susan O'Keeffe; Níl, Senators David Norris and Diarmuid Wilson.

Question declared carried.

### **Victims Directive: Referral to Joint Committee**

**Senator Maurice Cummins:** I move:

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

Proposal for a Directive of the European Parliament and of the Council establishing minimum standards on the rights, support and protection of victims of crime,

a copy of which was laid before Seanad Éireann on 13th June, 2011, be referred to the Joint Committee on Justice, Defence and Equality, in accordance with Standing Order 70A(3), which, not later than 19th July, 2011, shall send a message to the Seanad in the manner prescribed in Standing Order 73, and Standing Order 75(2) shall accordingly apply.

Question put and agreed to.

### **Planning and Development (Amendment) (No. 2) Regulations 2011: Referral to Joint Committee**

**Senator Maurice Cummins:** I move:

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

The Planning and Development (Amendment) (No. 2) Regulations 2011,

copies of which have been laid in draft form before Seanad Éireann on 23rd June, 2011, be referred to the Joint Committee on Environment, Transport, Culture and the Gaeltacht, in accordance with Standing Order 70A(3), which, not later than 20th July, 2011, shall send a message to the Seanad in the manner prescribed in Standing Order 73, and Standing Order 75(2) shall accordingly apply.

Question put and agreed to.

### **Social Welfare and Pensions Bill 2011: Order for Committee Stage**

**Senator Maurice Cummins:** I move: "That Committee Stage be taken now."

Question put and agreed to.

**Social Welfare and Pensions Bill 2011: Committee and Remaining Stages**

**Acting Chairman (Senator Diarmuid Wilson):** I welcome the Minister for Social Protection, Deputy Joan Burton.

Section 1 agreed to.

Amendment No. 1 not moved.

Section 2 agreed to.

**SECTION 3**

Amendment No. 2 not moved.

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

**Senator Paschal Mooney:** This section relates to the jobs initiative in the context of halving the lower 8.5% rate of employers' PRSI where reckonable earnings in a week do not exceed €356. The lower 8.5% rate comprises a social insurance contribution of 7.8% and the national training levy of 0.7%. The section provides for the halving of the social insurance contribution and the national training levy. The overall objective is not only to maintain jobs but also to create new ones.

There has been some comment as to whether the measure is to be taken with the reduction in VAT to 9%. I heard industry representatives comment on this over the weekend, as I am sure the Minister did. The chief executive officer of the Irish Hotels Federation has exhorted his members to pass on all of the reductions and, by implication, to take advantage of the Government's initiative in creating new jobs. Some of those who have been interviewed and who work at the coal face are suggesting or inferring at best that they might hunker down and not pass on these savings. In fact, they might absorb the original costs into their own business costs. This suggests — I will not go any further than this — that they will not take on any new workers. Obviously, I would be interested in hearing the Minister's views.

**Senator Fidelma Healy Eames:** I would like to follow up on what Senator Paschal Mooney has said and our Second Stage discussion on this issue. The Minister is establishing a special reform commission to examine the fairness of the social welfare system and the effectiveness of social protection. Perhaps, on or before September 2012, she might submit to the House an impact report on the effectiveness of the PRSI changes being introduced in section 3(1)(c) of the Bill. Such a report should assess the extent to which employment will have been created as a result of this measure, reflect on any defects or amendments the legislation may have produced and suggest possible modifications of this approach that might be necessary as a result of the assessment.

Everyone in the country is being tested and scrutinised. I know this measure has been introduced in good faith to encourage employment creation and reduce the cost of services. If there is any abuse of the measure, it will be worth discovering where it might have happened in order that things will be able to proceed thereafter in a more favourable way for the country and citizens.

Although I am not pursuing my amendment, I would be pleased if the Minister were to accept the point I have made about what should be considered when this measure is being reviewed. The special reform commission should be required to examine the effectiveness of this considerable measure, which is to be welcomed.

**Senator Paul Bradford:** I agree with the previous speaker. While we are not formally pursuing our amendment, we hope the Minister will take on board what has been suggested in it and in Senator Fidelma Healy Eames's contribution when she thinks about the matter and issues her policy proposals in the next few months.

The jobs initiative was announced at a time of substantial unemployment when the options and finances available to the Government were profoundly restricted. The PRSI change has been designed to bring about an increase in job creation and give employers an incentive to take on additional employees. The various employer groups have been demanding for some time that such a change be made by politicians and the Government. That is why it is important that the thinking behind Senator Fidelma Healy Eames's suggestion be taken on board. In so far as is possible, we should quantify the success of the scheme. This measure can be considered from two ideological angles. Some will ask the Minister to monitor it to ensure it is not being abused and is producing results. At the other end of the spectrum, people will ask that it be monitored to ensure it is enhancing job creation and giving people further incentives to create and take up work. In such circumstances, we might be able to expand the scheme.

The Minister will recall last week's interesting Second Stage debate on the Bill. Virtually every Senator who spoke said there was a need to give people an incentive to go back to work. The incentive to go back to work is not great for those on the margin between work and welfare. That makes it even more difficult for employers to try to create such an incentive. I would not say the contents of this section are novel. This is not exactly rocket science. It is very obvious and we will see how it works out. We should try to quantify its success within a reasonable timeframe. It would be interesting, therefore, if the Minister could report to the Oireachtas on the success of the scheme and try to give some numbers. If it is not working as we would wish, it may have to be amended. If it is working, we can see if it can be expanded upon.

All legislation must be jobs proofed. We must ask ourselves if legislation is helping to create jobs or hindering job creation, none more so than social welfare legislation. I will be interested in the Minister's overall views. In six or 12 months' time, on the figures available at that stage, I will be interested in seeing exactly the consequence of the Bill.

**Minister for Social Protection (Deputy Joan Burton):** I thank Senators for their contributions. On Senator Mooney's comments in respect of the reductions being passed on to customers, I have heard some of the debate and will be extremely disappointed if, for instance, in the tourism, hotel, hospitality, bar and restaurant sector, the reductions are not passed on to consumers. On the objective of reducing VAT, VAT is a tax charged on the final purchaser, that is, in a restaurant it is charged on the customer and it is passed over by the restaurant to the State. The aim of the reduction in VAT is to provide a stimulus to businesses, particularly in the tourism sector. When one takes the PRSI reduction together with the VAT reduction, it should provide a modest, but significant, stimulus to those industries.

The problems in the tourism sector are partly because we have lost customers, particularly from the United Kingdom, partly to do with the differential between the euro and sterling. We are perceived as being a very expensive destination. Similarly, Ireland is perceived as being quite expensive by many coming from the United States. Reducing prices, even if the price reductions are relatively modest, ought to give people in those trades more custom. That is the objective of the exercise. I heard the chief executive of the hotels federation suggest strongly that it would be passed on and that this would be the federation's recommendation to its members. That was wise advice. The message that must go out is that Irish hotel tourism products are good value for money and that people can come to Ireland, have a good experience at a reasonable cost and enjoy a holiday, either for themselves or for their families.

[Deputy Joan Burton.]

There was a measure similar to this in France several years ago where the VAT rate was reduced. It was on foot of a long-running wrangle with the European Commission to allow VAT rates in terms of labour content to be lowered and, after long years of dispute, the French won the point. In even small restaurants in France, because I happened to be in France at the time, there were notices stating that a cup of coffee was being reduced by a small amount — it could have been merely 15 cent — but at least the customer saw that an action by the French Government to lower the VAT was being carried through in however modest a way, was reflected on the menu board and was outside on the board on the pavement.

In response to Senator Healy Eames, I indicated that I am not in a position to accept the amendment because the Bill will be signed by the President tomorrow. We want to start the national internship scheme, the reduction in PRSI and the reduction in VAT on 1 July. Given that we have been on a tight timescale, I do not propose to accept the amendments. In any event, the amendment was not moved.

The issue in respect of calculating and coming back with a report on the number of jobs created was raised and this is something I am keen to do. Let us remember there are two elements to this, as we remarked last week. We wish to retain jobs and create extra jobs. As Members are aware, throughout the country businesses are hanging on by their fingernails. I hope small reductions, such as this, will give them the extra space necessary to bring the business successfully through the remarkably tough times the economy is in now.

The way to calculate an increase in jobs poses a technical difficulty but if there is a general stimulus we will see it in terms of a general impact on the economy. I would be pleased to come back to the House in this regard. On the other hand, if businesses and employers do not pass on some of what the Government is doing by way of stimulus the measure is time-limited. There is a sunset clause of December 2013 on the PRSI measure. If it proves to have no impact, the Minister for Finance and I will have no difficulty in coming to an agreement that if the measure is irrelevant from the point of achieving its objectives, then the industries involved will create their own arguments to allow the measure to wither at the end of 2013.

All of the parts of the jobs initiative make up a stimulus package and we must start somewhere. We will watch very closely to see the impact and the response of industry. As people are aware, the foreign-traded goods and services sector is doing well at the moment. There is an amount of job creation under way which is satisfying and there have been good outcomes from organisations such as IDA Ireland and Enterprise Ireland in terms of interest by multinational companies. Such companies as Google emphasise again and again how pleased they are with their experience of working and investing in Ireland. The difficulty is with our domestic economy and we must stimulate the domestic economy.

The measures in this legislation form one element of a patchwork of measures. With the Taoiseach, I will launch the VAT and PRSI reductions and a series of other measures, including the national internship scheme, in the morning. Senator Bradford emphasised the need to give value to customers and to use the measures in the way intended by Government. We will monitor the situation closely to ensure this is what businesses do.

**Acting Chairman (Senator Diarmuid Wilson):** I call Senator Crown on section 3.

**Senator John Crown:** The Acting Chairman will forgive my unfamiliarity and rustiness on points of procedure. I did not realise my comments were confined to section 3 at this stage. I will wait until later to comment.

**Senator Paschal Mooney:** I confess I admire the Minister's bravura in the context of indicating that if this initiative does not work by 2013 she expects industry to hand it back gladly. As this Government is finding out and as the last Government found out much to its electoral cost and otherwise, when one gives something to people and then tries to take it back, human nature being what it is, the people take to the streets. I wish the Minister well in an overall sense. As I explained on Second Stage I have no difficulty with this initiative but it is important to tease out plan B. One element of the Minister's reply which should be amplified more is the experience in France. From next week, there is an obligation on those in the services sector not only to pass on the VAT reduction but to alert the public to that reduction. The Minister is absolutely right that there is a widespread perception among visitors that Ireland is an expensive destination despite the reduction in hotel room prices we have already seen and the general lowering of food prices across the retail sector. Perhaps the Minister and I heard the same clip on the "News at One" in which a tour operator who brings tourists around Britain and Ireland observed that there are invariably comments from his customers that Ireland remains expensive. One presumes these comments relate to the price of dining rather than accommodation, which would not arise in that instance.

At the time of the somewhat ill-fated Carling Nations Cup in the Aviva Stadium involving Northern Ireland, Wales, the Republic of Ireland and Scotland in a quadrangular tournament, Mr. Roddy Forsyth, the much respected sports commentator with BBC Radio 5 — the Minister will forgive me if I am indulging in a little bit of anorak here, being a great admirer of both Mr. Forsyth and BBC Radio 5 — commented on Pat Kenny's show, when asked by the host about the experience of Scottish football fans, who are used to travelling everywhere, that the one constant among them was their conclusion that Dublin is an expensive city. I presume again that this referred to drinking and dining. There is a significant obligation on those who are being given this opportunity to trumpet it from the rooftops and to pass on the reductions to customers.

Prices often vary widely throughout the State, with a cup of coffee, for example, costing anything between €2.50 and €4.50. Perhaps we could use that as a benchmark to monitor prices nationally, in the same way that McDonald's Big Mac is used as a benchmark internationally for price comparison purposes. The Government might launch some type of initiative to encourage people to pass on the reductions and to show them Big Brother is watching. In that context, I applaud Joe Duffy's €5 Fridays initiative to tie in with the introduction of the reductions. All of this should generate a great deal of heat and light; I hope it will put a moral responsibility on those who might see it as an opportunity to absorb costs. They should bear in mind something Governments sometimes forget, namely, that reducing a form of taxation or the price of a product or service, instead of leading to a reduction in income may instead lead to increased incomes.

I watched with a somewhat jaundiced eye as the proposal was put forward from the other side of the House. I already referred to the decision of the last Government to reduce the minimum wage and that this initiative was taken at the time following forceful and active lobbying by the industry. I recall proposals being put forward along similar lines to what is being proposed today, namely, that there should be some time limit placed on the provision or some type of monitoring or evaluation after a specified period. These proposals were not rubbished, but the steadfast response was that the industry had made its case that a reduction in the minimum wage would generate jobs. This turned out not to be the case and I was happy to concede that point last week. In the context of the amendment being put forward by the Government, the phrase that comes to mind — though I do not speak French — is "*plus ça change . . .*".

**Senator Fidelma Healy Eames:** I thank the Minister of State for her comments. I was particularly interested in her reference to the French experience where the effects of VAT rate reductions were quantified and made known. It would be useful, in these times of austerity, to show that we are seeking accountability from those on whom benefits are conferred. It would be worthwhile for the Minister to make such a call on the industry.

Will the Minister explain why it will be difficult to quantify whether employment is created as a result of these changes? I understand that is difficult in respect of the retention of jobs, but surely we are only looking at employers who are paying €365 or less. Consequently, it will be easy to calculate by mid-term, that is, by September 2012, approximately, whether there has been an increase in employment. This should be easy to do. While the Minister has noted the sunset clause will take effect in two and a half years time, that is a considerable length of time and I seek a brief reply as to the reason this would be difficult to do.

**Deputy Joan Burton:** As I stated, I will be happy to return to the Seanad to advise on this measure's progress. Obviously however, the package's progress will be reflected in general levels of economic activity. For instance, Ireland has a very high level of savings at present. People are paying down debt, are worried about their levels of indebtedness and are saving because they may be nervous about the future of their employment, business or salary levels. Ireland needs a return of consumer confidence, whereby consumers would resume spending, for instance, on home maintenance and investment through upgrades and insulation related refurbishment and so on. The Government's jobs initiative is designed to cover many such areas. I refer to measures such as encouraging people to retrofit and insulate their houses, the measures in this Bill to reduce PRSI in respect of people in receipt of €356 per week or less and the restoration of the minimum wage, which entails the restoration of a full euro per hour, as well as those put forward by the Minister for Finance, Deputy Noonan, to reduce the lower rate of VAT in respect of tourism in particular and personal services such as hairdressing. It would be reasonable to expect that businesses which will benefit from the VAT reduction should be able to show how that has carried through into their pricing structures.

There certainly is a strong feelgood factor associated with seeing even a small price reduction for a service, given all the salary reductions suffered by those who are in and have remained in employment. It is often forgotten in this recession that there are significant numbers of people whose income, while affected, remains very large. Nevertheless, those people are not confident about spending, even though they can afford to do so. One indicator in this regard is evident on Grafton Street. Unlike a few years ago, when one might bump into people carrying two or three bags, were one to walk along Grafton Street today to see how many shopping bags people — women in particular — are carrying, in many cases it would be none at all and in other cases just one bag. This marks a great change from the position a couple of years ago and is related to confidence about spending.

Moreover, there are areas in which spending on, for instance, retrofitting or insulating houses will save money and reduce our carbon footprint. Such spending is not simply for the purpose of conspicuous consumption but makes much economic sense. It is clear, however, that people must build up their confidence levels about the economy's recovery and, in this respect, if they are listening to this debate, the ECB-IMF-EU troika also could be of particular assistance. However, I will monitor this issue closely.

From a social protection perspective, the biggest problem facing the economy at present is that increasing numbers of people, younger men in particular, are entering long-term unemployment. I refer to those men who had been working highly successfully and hard in the construction industry. While they had been enjoying it and had been deriving good wages from it, the construction sector has died away and will not be returning to its previous levels for a

very long time. Current unemployment statistics indicate that large numbers of people are on short working hours or are engaged in part-time work of two or three days per week. In addition, a huge number of people and young men in particular are entering long-term unemployment. These measures are designed to stimulate and when consumers feel more confident about spending and employers feel more confident that consumers have started to spend, this is generally when an economy will see a return to strong retention of employment followed by growth in employment. This is what the measures in this Bill and the Government's overall jobs incentive package are designed to achieve.

**Senator Paschal Mooney:** I am grateful to the Minister for her clarity. I can understand the reasons and motivation behind Senator Healy Eames's amendment. I pose the question in the context of the Minister's emphasis, and rightly so, on consumer confidence. As the Minister will be aware, as late as this morning or yesterday, the latest consumer confidence index shows a 2% drop from 58% down to 56%. I understand that a measure at 50% or less is into deflationary territory. I presume the Government is hoping the next CSO figure will show an increase in consumer confidence. Keeping in mind that the Minister for Finance, Deputy Noonan, was quoted over the weekend and last week suggesting that people should get out and spend more, it was rather salutary that the vox pop interviews carried out for the weekend news programmes at various shopping centres showed the majority of those interviewed as being unemployed. This was somewhat poignant as they were going around shopping centres with hardly one bag which had nothing in it. The challenges for the Government include the breakdown in consumer confidence.

I agree in principle that some form of evaluation should be carried out. The Minister may be receiving information by way of the CSO statistics that, if consumer confidence is rising, this indicates at least that the measures are having an effect. I could not help but reflect on the time when the former Minister, Mary Harney, suggested people should shop around and as a result the whole world dumped on top of her. Like Mary Harney, the Minister, Deputy Noonan, was making what I regarded as a very sensible request and it is interesting to note the negative reaction. He is absolutely right, in my view. A total of €120 billion is held in savings accounts in the country, an increase from €98 billion a year ago. The figures were quite constant up to three or four years ago, with somewhere in the order of 4% of the national wealth being in savings and with it now being at 12% or 13%. This is a very high figure. One can only deduce from those figures that it is not the elite, the super-rich, who are saving but ordinary people.

The special savings initiative which ran for five years has been long forgotten. It was, effectively, the Government giving money away. In the immediate aftermath of the termination of the scheme in 2007 and 2008, all economists were suggesting there would be a splurge of spending and that the economy would benefit to the tune of billions of euro but, in fact, people were much more cautious, even in 2007 and 2008. They did not go out and spend to the extent anticipated. They were very careful in how they husbanded their money. They paid off debts and whatever they spent had a value-added dimension, such as house extensions. According to the consumer statistics at the time they did not go off on foreign holidays to the same extent nor did they buy new cars. Perhaps there is an inherent caution within the Irish psyche which was not identified until recent years, that irrespective of the economic difficulties, we are a little like the Germans, and that perhaps we save our money. We have been advising people to save their money and now we are trying to turn them around, like turning an oil tanker in the middle of the Atlantic.

I am sure the Government is looking at this issue of the €120 billion. It must be very frustrating to see this pile of money sitting there and which is non-productive in a sense and even a small portion of which would help to maintain and expand the job market. This may be a

[Senator Paschal Mooney.]

debate for another day but it was important to put this on the record of the House because it is part of the overall picture which this particular section of the Bill is attempting to address. As I said on Second Stage and my colleagues said in the other House, we support the Government in any initiative in this regard because it will be for the benefit of all. I wish the Government a fair wind.

**Senator Paul Bradford:** I am reading from the explanatory memorandum rather than the Bill. It informs us that section 3 amends changes made in the Social Welfare and Pensions Act 2010 to the recording of weekly social insurance contributions as a result of the abolition of the employee PRSI relief and pension contributions as they are no longer considered necessary. Could the Minister clarify what the phrase “no longer considered necessary” means? What is not being recorded? Are contributions no longer being made and therefore nil contributions will not be recorded? In our clinics from time to time we come across difficulties with contributions, generally from the self-employed. I do not understand to what the phrase refers.

**Deputy Joan Burton:** Can the Senator give me the line reference in the Bill?

**Senator Paul Bradford:** I am reading from the explanatory memorandum. I cannot attach it to the Bill. A Department saying something is no longer considered necessary is a bit unusual. They are generally very precise in their language.

**Acting Chairman (Senator Diarmuid Wilson):** Is it relevant to section 3?

**Senator Paul Bradford:** It is part of section 3 as per the explanatory memorandum so I would suspect it is. I am unable to ascertain from the section a legal meaning for what the explanatory memorandum tells us the section provides for. I am always conscious of the recording of social insurance contributions and problems down the line.

**Deputy Joan Burton:** It refers to weekly social insurance contributions. In regard to the recording of weekly social insurance contributions, as a result of the abolition of the employee PRSI relief on employee pension contributions, it is no longer considered necessary. In the budget last December the Government made changes in the Finance Act to the deductibility of employee PRSI contributions for relief on pension contributions. In effect, it is no longer necessary from that point of view because the deduction for taxation purposes and tax relief was removed.

**Senator Paul Bradford:** We do not have to record it because there are no——

**Deputy Joan Burton:** The relief for employee PRSI contributions against pension contributions is no longer in place. In other words, the last Government at the time of the last budget removed some of the deductibility of PRSI for pension relief purposes.

Question put and agreed to.

#### NEW SECTIONS

**Senator Trevor Ó Clochartaigh:** I move amendment No. 3:

In page 6, before section 4, to insert the following new section:

“4.—The provisions of *section 3* shall apply to new jobs only.”.

I want to outline the thinking behind the amendment from the Sinn Féin perspective. The Bill is intended to halve the employers' rate of PRSI on jobs that pay up to €356 per week. This move is unlikely to create many new jobs.

Instead it will likely precipitate extensive wage cuts because employers will be strongly incentivised to bring wages that are currently in or around the €400 mark down to that level. We in Sinn Féin are concerned that, given the way the Bill is currently drafted, it would act as an incentive to employers to cut wages. The purpose of our amendment, therefore, is to act as a barrier to that happening. The wage cuts that will inevitably ensue will have a serious, negative impact on Exchequer finances. Not only will the revenue raised from employer PRSI contributions and that from employees' taxes be reduced, the State will also end up spending much more on in-work benefits such as the family income supplement.

Some 90,000 workers live in relative poverty and it is madness to risk adding substantially to that number. The sum of €356 per week is below the poverty line for many family sizes. The current employer PRSI rate is not the reason there are so few jobs. The collapse in domestic consumer purchasing power is the key problem. We see evidence of this in the large drop of 4% in GNP in the first quarter. This Bill incentivises lower wages, which will compound that collapse and, in turn, the jobs crisis. The same failed approach that we have seen from the previous Fianna Fáil Government is being maintained by the Fine Gael-Labour Government, and it will not work.

High energy and rent costs are two more significant factors preventing employers from creating jobs. The Government has not moved on either of those factors. In addition, we need an urgent rent and rates review. The purpose of our amendment is to limit the new lower rate of employers' PRSI to jobs that are clearly new. There is a question as to how that will be policed. It could be done in one of two ways or a combination of the same. For example, each employer who wants to avail of the reduced rate could send an application with some accompanying evidence to a panel of officials from the Department of Jobs, Enterprise and Innovation, as well as trade union and employer representatives, who within two weeks would assess whether the post is new. If they are satisfied it is, they could sign off on the reduced PRSI rate.

Alternatively, a person who earns more than €356 and who has come under pressure to take a pay cut to €356 or who has been let go either during or upon completion of a contract only to be replaced by someone on the wage of €356 could challenge this at the Rights Commissioner's office or in the Employment Appeals Tribunal. That could be done in much the same way as an unfair selection for redundancy can currently be challenged. I commend the amendment to section 3.

**Deputy Joan Burton:** While I accept the Senator's concerns, under the current arrangements that apply before the lower rate of employer PRSI is applied, a wage reduction in the example the Senator gave — from €390 to €356 per week — results in a saving in wage reductions of €34 a week to the employer. The lower rate of employers' PRSI that applies at that level from budgets by the previous Government, there would also be a PRSI saving of €11.67 per week. That is there already. In the context of the Dáil debate, I asked my officials to look at the evidence because a point was raised by the Senator's colleague, Deputy Ó Snodaigh. There was no great evidence of employers reducing wages to get the reduction in employers' PRSI, the reason being that people wanted to keep their existing staff. In existing employments, employers do not tend to lower wages arbitrarily by the level the Senator mentioned. There was no great evidence of that in the research undertaken for me.

As to the changes that will come into effect on Monday, if an employer lowers a wage of €390 to €356, there is a saving to the employer of €34. The actual PRSI reduction will be about

[Deputy Joan Burton.]

€26.80 per week. There is, therefore, an overall potential saving to the employer of €61 per week. That is a significant amount. All I can say in that respect is that with the current arrangements in place, parallel reductions of up to €45.67 a week are already available. There is no great evidence that employers have dropped wages as a consequence. Again we will have to wait and see, but I would be concerned if this was being done on a widespread basis.

The important point, however, and as was said about earlier sections, is to actively encourage employers to retain employment. There are many industries where, because of difficulties in terms of rent, rates and other costs, employers are hanging on by their fingernails, as the Senator said. The biggest difficulty arises where many small employers are heavily compromised in terms of difficulties with their banks and personal mortgages. In many cases the owners of small businesses may have taken out personal home loans, the repayments on which they now find difficult to meet. They may also have got involved in small-scale property transactions in small towns and villages throughout the country. There are a range of difficulties that small businesses face arising from the general crash.

Where employers, especially in lower paid employments, have built up a core of reliable employees, there is no great evidence of arbitrary wage cuts of the kind the Senator suggested. Obviously in cases where a business may be on the point of closure, there may be negotiations between the employer and employees. As to the arbitrary wage cutting to which the Senator referred, I asked my officials to look for specific such examples in the context of the debate in the Dáil and there was very little evidence of that. It is something we will certainly keep under review and check as time passes. I hope the focus in these measures will be on generating greater activity and more revenue and, by doing that, generating a better platform for a business to return to good health if it is in difficulty or, in the case of a business that is doing okay, to do even better and to expand employment.

**Senator Trevor Ó Clochartaigh:** I thank the Minister for her comprehensive reply. Even if there is very little evidence that this is happening, there is evidence of it. That is the reason we proposed the amendment to protect those few people concerned, especially in the current difficult economic scenario. It would act as a deterrent to employers who are not fully scrupulous and who might try to exploit people in various ways and means. It would not take from the Bill in any sense but it would copperfasten the position and act as a deterrent to those employers who might think of going down this route in future.

**Senator Paul Bradford:** It is interesting to debate this amendment but the Minister's response to the earlier amendment in which she clarified the sunset clause is, in one sense, possibly the best guarantee the proposers of the amendment have that the matter is up for review. On the broader scale, the Bill seeks to give an incentive to employment and employers. We have to approach it from the perspective that the country needs more, not fewer, employers, more, not less, employment, and more, not fewer, incentives. This is modest legislation and a modest concession at a time when virtually every employer in the country is under extraordinary pressure. We should also take account of the countries against which our employers are competing worldwide and the advance of industrial development in the Far East, especially China and Vietnam. While such countries might fly under a different ideological flag, rampant capitalism means there is virtually no regulation, no rights for workers and exceptionally cheap costs of production. Our industry and employers are competing against these, making life difficult for the former.

We have enough restriction and monitoring of employers, although I must concede that there will always be a few bad apples in every walk of life. The sunset clause, as the Minister calls it, at the end of 2013 will give us the best guarantee possible. The legislation's message must be

one of generosity and support from the House and the Government for employers who want to create and maintain employment.

We are bound by red tape, bureaucracy and restrictions. How many of the small industrialists and employers we meet from time to time tell us that, apart from the difficulty in obtaining finance, their greatest difficulties are bureaucracy, account keeping, returns and so on? We must make every possible effort to make it easier rather than more difficult for employers, in particular small employers, to create and maintain jobs.

The Minister's approach is fair and balanced. We do not want the legislation to be a charter for wage reductions. As the mover of the amendment rightly stated, the more money we keep in the economy, the better and the more money we remove from it, the worse. By redressing the minimum wage cut, the Government is trying to keep money in people's pockets, but we must try to strike a balance. In these difficult times, the legislation gets the balance as correct as we could have hoped.

**Deputy Joan Burton:** As Senator Bradford reminded the House, the Bill provides for the restoration of the €1 per hour cut in the minimum wage. While €1 per hour is neither here nor there for people on high incomes, its restoration is worth up to €40 per week for someone at or close to the minimum wage. If one is only earning €350 per week, this is a significant increase. I stress that the Bill contains a balance of measures. From 1 July, the restoration of the minimum wage will give people on low incomes an increase of €40 per week.

This is a balancing measure alongside the cut in employer's PRSI. If an employer is employing people at the reduced minimum wage, he or she will be restoring their wages by €1 per hour on the one hand while, on the other, the Government will provide a reduction in employer's PRSI. This will have a balancing effect overall for employers, particularly those who are paying recently hired staff at the reduced rate, in that the minimum wage will be reinstated and employers will receive a concession from the Government in the form of a 50% reduction in employer's PRSI.

I am confident that the arrangements being made will not lead to employers pursuing wage reductions. Instead, we hope that employers will retain and expand the number of jobs, particularly in the tourism and related sectors where the lower rate of VAT applies.

**Senator Trevor Ó Clochartaigh:** We welcome the restoration of the minimum wage, which was Sinn Féin's policy. However, the people who will be caught in the net are those who will also be subject to JLC reviews. On Senator Paul Bradford's point on employers, *5 o'clock* Sinn Féin would also like to support them, but we must at all times be cognisant of the rights of employees. Contrary to the Senator's experience, we are aware of people who are being manipulated by and subject to less than scrupulous employers. In some cases, employers are reducing the working hours of employees in respect of whom the minimum wage must be reintroduced.

**Senator Fidelma Healy Eames:** Like Senator Trevor Ó Clochartaigh, I, too, was concerned that those who would be affected by this provision would also be affected by JLC reviews. I put this point to a number of the hoteliers who appeared before us and was encouraged to hear them say they would only apply the measure to new, not existing employees. As the Minister said, having carried out her own research following what Deputy Aengus Ó Snodaigh had to say in the Dáil, employers care about this measure and, therefore, we must give them the benefit of the doubt. The bottom line is that an employer is a multiplier. In this environment we must encourage those who can get more people working. Let us give this measure a chance. I am willing to give it the time needed to work. We must encourage employment creation.

Amendment, by leave, withdrawn.

Amendment No. 4 not moved.

**Senator Trevor Ó Clochartaigh:** I move amendment No. 5:

In page 6, before section 4, to insert the following new section:

4.—Twelve months following the passage of the Act the Minister shall report to the Dáil on the impact of its operations including—

(a) the number of new jobs created;

(b) wage trends over the period with particular attention to the scale of wage reductions to the €356 level; and

(c) the number of complaints made.”.

As drafted, the Bill provides that the reduced rate of employers' PRSI will remain in place for two and a half years. The amendment would provide that the Minister would have 12 months to prove that the reduction was working in terms of the creation of jobs and if it is not, it should fall. That is essential as, if it is not working, it will incentivise the driving down of wages and likely result in reduced revenue which we can hardly afford.

**Deputy Joan Burton:** Senator Fidelma Healy Eames tabled a similar amendment in regard to the report. I am not willing to accept this amendment. I am anxious that the President sign the Bill into law tomorrow or on Thursday and that it come into effect on 1 or 2 July. It is important this should happen. As I stated, I will be closely monitoring the outcome of the changes introduced in the Bill. In respect of the PRSI reduction, there is a sunset clause of the end of 2013. If it appears that employers have not been utilising this provision or, as the Senator suggested, that in some cases it is being used by them as an excuse to introduce large-scale wage reductions, notwithstanding the fact that they will also be obliged by law to restore €1 per hour to the minimum wage, I will discuss with my colleague, the Minister for Finance, Deputy Michael Noonan, whether it should be continued. It is part of an economic stimulus. If the economy recovers, the level of stimulus required via taxation and PRSI measures will have reduced. Obviously, the PRSI structure is important in providing funds to meet all of the extensive demands on the social welfare budget, including pensions, jobseekers' benefit and so on. I will undertake to keep the measures under review and report to the Seanad in due course on how they have proceeded. However, I am not willing to accept the amendment.

Amendment, by leave, withdrawn.

Sections 4 and 5 agreed to.

## SECTION 6

Question proposed: “That section 6 stand part of the Bill.”

**Senator Trevor Ó Clochartaigh:** Sinn Féin is opposed to sections 6 and 7. The right to a pension is a long-standing Irish republican principle. The 1919 democratic programme promised to provide for the care of the nation's aged and infirm “who shall not be regarded as a burden but rather entitled to the nation's gratitude and consideration”. All those who subscribe to this principle must defend and extend, rather than cut, social protections for older people.

Section 6 deals with the transition to the State pension and as such takes the first step in raising the pension age to 66 years. This will affect people on low incomes who will not have occupational or private pensions or savings and, therefore, will have no choice but to continue working until the later age. Wealthy individuals will continue to have the option of retiring on private savings or pension income. Those on lower incomes tend to be in more manual or blue collar employment which takes a greater toll on the body physically, particularly in later life. Some people's contracts are scheduled to expire at the age of 65 years. It is madness to expect the people concerned to receive job seekers' benefit at that stage of their lives. Forcing older people to remain in employment will mean there will be fewer jobs for young people and all those forced to emigrate. It is simply not possible to make 50-year predictions about the ratios of pensioners to workers and State pension affordability. There are too many volatile factors to consider, including, for example, the level of employment, the level of migration, birth trends and the rate of economic growth.

Paying the State pension would be affordable for many years into the future if the Government were to standardise tax reliefs on private pension contributions and lower the cap on pension contributions to €75,000. This amounts to a cut of 16% in State pension entitlements. Such a change is utterly opposed by lobby groups for the elderly such as the Irish Senior Citizens Parliament, Older and Bolder, Age Action, as well as by the trade unions, including SIPTU, which rightly claim it will lead to the creation of poverty traps. Older workers' contracts will expire at 65 years when they will be pushed onto the dole queues. Jobseekers in the 50 years plus age category who have lost their jobs are finding it difficult to find new employment, despite actively seeking it. People will also be forced to spend the final years of their working lives on the dole, following a lifetime of paying taxes, building the nation and creating the wealth we are passing on to foreign bankers.

The level of poverty among older people, particularly among those living alone and those who do not own their home, is unacceptably high. According to an ESRI report on poverty levels published last year, 24% of older people living alone remain in poverty, as are 23% of older people with disabilities. The State pension and associated benefits are the single most effective tool in reducing the level of poverty among this group. The statistics demonstrate that the increases in the State pension between 2004 and 2007 were a key factor at the time in reducing the level of poverty among older people. According to the report, *Measured or Missed? Poverty and Deprivation Among Older People in a Changing Ireland*, published by Older and Bolder last October, 84% of older people aged 65 to 74 years were living in relative poverty before social transfers, namely, the State pension and associated benefits. The report's author, Professor Mary Daly, concluded, having looked at the position of older people *vis-a-vis* other sectors of the population, that their heavy reliance on the State pension as a means of staying out of poverty was striking. The fact that income poverty rates among older people have come down underlines the importance of having a decent State pension as having a pension plays a key role in keeping people out of poverty. Almost three quarters of those aged over 65 years receive three quarters or more of their income by way of social transfers. That is how important the pension is to them.

If older people are forced to go on jobseeker's payments instead of a contributory pension, they will be hit by a cut of €42 per week. If they are forced to go on jobseeker's payments instead of a non-contributory pension, they will be hit by a cut of €31 per week. They will be excluded from the fuel allowance and the household benefits package which are available to those on pensions. The fuel allowance is worth €20 per week for 32 weeks and the household benefits package is worth €160 for a television licence, €26 per month for the telephone, 24,000 units of electricity, €40 for bottled gas each month or €52 every two months in the summer, or €111 for natural gas every two months in the winter.

[Senator Trevor Ó Clochartaigh.]

Older people are already disproportionately hit by the effects of fuel poverty. Between 1,500 and 2,000 avoidable deaths occur each year as a result of the extremes of winter. This literally becomes a question of survival and the €40 per week basic cut, coupled with the loss of the fuel allowance and the household benefits package, will push many older people under.

Jobseeker payments are below the poverty line so anyone who votes for this Bill is voting to condemn swathes of older people to poverty. The pension age is being raised, with almost zero comment appearing in the media. Most people out there have no idea their pension is being cut by 16% and their working life extended by three years, as we speak. This contrasts starkly with the public response in France and Slovenia. The media in particular need to wake up to this assault on older people. The right to a pension is a fundamental workers' right, and it must be seen as such. Resistance to any attack on the basic pension entitlements of ordinary workers should be a priority for the trade union movement. It is certainly a priority for Sinn Féin.

**An Leas-Chathaoirleach:** I remind the Senator it is not usual to read a speech on Committee Stage but I have given him some latitude in this case. I call Senator Crown.

**Senator John Crown:** I welcome the Minister, Deputy Burton. It is a pleasure to have the opportunity to interact professionally with her and I hope we will have many opportunities to do so in the years to come.

I wish to make some points which echo those I made to a Minister of State who addressed us in the Chamber several weeks ago, one whom I thought if things had worked out differently might be answering to the Minister, Deputy Burton, in the great scheme of government. Two issues are relevant to the current amendment. They relate to the fact that while we can agree there is a broad thrust in current pensions and retirement policy, which reflects a reality of where the country is economically, we need to change our attitude to the age of pensionability and also in regard to changing the relationship which the State has had with private pension funds. These two policies, while well-intentioned and while addressing issues which are important and potentially exploitable for the benefit of the citizenry, could none the less be done better.

In the first instance, I would address the issue of the appearance of coercion, although I do not mean to be emotional. People who had a certain expectation at the time they entered the workforce of an age at which they would leave the workforce and become pensionable find that the rules are changing. My second objection is that I believe there is a way which would be better for the citizens involved and which would also raise more money.

To go further into the two points, my feeling is that it is utterly anachronistic for us now to consider a mandatory retirement age. It is impossible to link the issue of State pensions with the issue of mandatory retirement across the public and private sectors. I had occasion to research this a little in preparation for an article I was writing recently. When the first ever national old age pension, as it was then called, was introduced by Bismarck in 1879, the average age of death was 45 whereas for someone born now it is likely to be close to 90 and will certainly be in the 80s. What is more, for someone of that era who survived the perils of childhood, and what were very dangerous childbirth years for women, and who actually made it to 65, the average number of pensionable years at that time was four to five years. It is now our expectation that someone who is alive at 65 will very likely live to be 90.

At the same time, we have a tremendous demographic crisis brewing across the western world, which is the growing imbalance in the number of workers versus the number of pensioners. We must tie this to the fact many individuals who approach mandatory retirement in

their jobs in the public and private sectors feel they are not being liberated but, instead, are being victimised because they are being forced to make decisions which they would not make if they were not legally mandated to do so.

I believe there will be a great opportunity to voluntarily, without coercion and in a way that will be much more efficient, alter the ratio of taxpayers to pensioners. Without boring my colleagues who heard me make a similar speech several weeks ago to a Minister of State from the Department of Finance, the reality is that we are all, certainly in my profession and in other areas where I interact, aware of many people who are doing tremendously active, intellectually and physically taxing jobs up to the age of 65 but who are suddenly deemed surplus to requirements and, uniquely, are being told not only can they not work but the State, which is bankrupt, is forcing them to become a dependent on the State by forcing them to leave employment. We need to examine this issue much more fundamentally. Rather than arbitrarily raising an involuntary retirement age, we should consider the prospect of voluntarily allowing people to work until they are no longer willing or fit to do so, thereby, first, improving the civil rights situation of those people, second, improving the dependency ratio in our society, and, third, allowing people who are highly productive to continue working and paying tax.

On a related issue which again is relevant to the Minister's Department and to those of her Cabinet colleagues, the financial crisis which is facing the country has forced us to look for all manner of alternative funds to try to fund routine activities of Government. We are all aware we are currently dependent on what is being called a bailout, although I believe we are doing the bailing out, and also on the uncertain prospect of returning to the commercial lending markets. Apropos of what the Minister said earlier about shopping bags in Grafton Street, which was an excellent analogy and one any of us who ever like to walk on Grafton Street would also have noticed, the reality is that one of the other reasons people are not spending money is the crushing burden of debt on many individuals.

I know many people who have high incomes but who are facing very high burdens of debt, not because they did something wild, reckless or crazy, as is being portrayed in the pages of *Der Spiegel*, or because they wish to live in the casinos of some kind of island version of Dodge City hanging off the coast of western Europe, but because they bought a house. They did the thing which mothers, fathers, families, bank advisers, mortgage advisers and everyone else advised them was the smart and wise thing to do. We were told the rules had changed. We were told that the imbalance between one's income and one's mortgage was acceptable because the conditions were different. Those are the people who cannot spend, invest, develop businesses or let their entrepreneurial skills go to full flow. However, many of them have money they cannot access because it is held in privately held pension funds.

I have recently seen figures that suggest €100 billion of Irish citizen's money is held in pension funds, 95% of which is invested outside the State. If there was some way that individuals who are groaning under a burden of debt could, through legislative amendment, get access to their pension funds prior to the maturity of those funds for the specific purpose of paying down debt, we would, I believe, have a triple whammy win for our society. First, individuals who are worried about the burden of personal debt could reduce that debt, perhaps taking them out of negative equity and making them more confident about spending, buying and investing. Second, it would also give us the opportunity to gain tax revenue for the State. Obviously, built into pension provisions is the notion that people have had some degree of taxation protection in return for investing in their future through a pension fund. Of course, no one is naive enough to believe that if people were allowed premature access to moneys which they had a preferential opportunity to save with tax breaks, they would not have to pay a higher level of tax, so that would be good for the State. Every €1 billion we would realise in that way would be €1 billion less that would have to come from other sources. Third, such a

[Senator John Crown.]

move could provide liquidity for our banking system. The fact being continually emphasised is that entrepreneurs, business people and so on cannot access credit liquidity at present to fund their ideas. If much of what were bad debts and negative equity debts were transformed into debts which could be realised and paid off, it would free up a great amount of money.

One must also ask if there is some way to consider amending pensions law to incentivise pension funds held outside the State to be reinvested in some new financial institution in the State — call it a repatriation bank, if you wish. Even if a small percentage of that money was brought back, it could provide the seed fund for several business initiatives. I hope the Minister will have the opportunity in considering this and future legislation to perhaps give some thought to some of these proposals. I thank the Minister for her attention.

**Senator Fidelma Healy Eames:** On hearing about the raising of the pension age from 65 to 68, my first reaction was that we will be working forever. However, when I learned that currently, there are six workers for every one person on a pension and that if the current trend continues, there will be two workers for every one person on a pension by 2050, I just knew we must do something about it. From that point of view, I see this as a reforming measure. I understand it is a requirement under the EU-IMF deal.

It will be a culture change for everybody. I see some merit in what Senator Crown said in regard to providing a means to access private pension funds prior to maturity and the concept of a repatriation bank. We need to consider such approaches because everything must be on the table.

There is no doubt but that people are under severe stress as a result of personal debt — more than we, in this House, are speaking about. Anything which can lift that burden will not only help people but will benefit their health. I am concerned about the effect this is having on health. At a constituency level, I am witnessing a cycle of anxiety, depression and disability. I am not saying one causes the next but that is the cycle I am witnessing. We need to come up with new ways to help people feel more free financially.

On Second Stage, Senator Zappone spoke about research she carried out on the dangers of poverty traps for low paid workers, in particular manual workers who may not be physically fit to continue to work to 68 years of age but who will have to do so under this measure instead of retiring at 65. There is the possibility they could avail of welfare if they could not continue to work but was the situation in regard to such people thought out? I do not know about the dignity of reaching the age of 65 and then going on to welfare as opposed to getting a pension. How does the Minister propose to address this? Is it purely a financial measure? Will this measure to raise the pension age from 65 to 68 years of age affect those on public service pensions?

**Senator Paul Bradford:** The Minister will learn over the next few years that Committee Stage debates in the Seanad are very interesting. We engage in all types of philosophical meandering and often go down culs-de-sac, especially when discussing social welfare policy. From my perspective, this debate on the State pension is interesting because several years ago, this House took the first step to remove the term “old age pension” from the Statute Book and I will give myself a pat on the back in that regard, if it is politically correct to do so.

The Minister who took the step to remove the term “old age pension” from the Statute Book and introduce the term “State pension” was the late Mr. Séamus Brennan and he did so as a result of a Second Stage contribution I made on a social welfare Bill perhaps six or seven years ago. I told him about a couple who had reached 66 years of age at the same time who came to my constituency office in Mallow on a Friday evening. As I was completing their old age

pension application forms, they joked that they did not feel old at the age of 66 and that the term “old age pension” was no longer appropriate. The social welfare Bill happened to be passing through the House a week or two later so I made the point to the then Minister that 70 years or so after the old age pension was introduced, it was perhaps time we stopped calling people of 66 years old. He agreed with me and came back some weeks later and informed us that he would remove the term “old age pension” from social welfare terminology and introduce the term “State pension”.

I appreciate from where the mover of the amendment is coming. He is concerned that people expecting a State pension on reaching the age of 66 or 67 will now have to wait. However, we must recognise that one of the biggest disappointments for many people reaching the age of 66 is that they must give up work. They want to continue to work for perhaps another 12 months or two years. A few weeks ago I believe Senator Crown spoke about a surgeon who was doing complicated important work — a heart bypass or something — on a Friday afternoon but the following Monday morning he was told he was retired. Society is changing greatly and we must reflect on the fact that employers who reach the age of 65 or 66 do not necessarily shut down their businesses and say they are pensioners. Many people reaching pension age would like the choice to work for another 12 months or two years and believe they have much to offer not only to their employer but, more importantly, to themselves.

As a first step, we should try to be more flexible. I know this is being foisted upon us as a result of our current economic plight but it might be a difficulty which we could turn into an opportunity. We should not see the extension of the working life as a negative as for many people, it will be a positive.

The Senator who moved the amendment referred to some of the free schemes and benefits which sometimes accrue to people on reaching the age of 66. We do not have to decide on it today, because the change in the pension age will happen further down the line, but perhaps benefits, such as free travel and free electricity, and flexibility with medical cards could remain for 66 year olds even if they are not entitled to draw down their pension until they reach the age of 67 or 68. Once a person reaches 66 years of age, free travel, for instance, could be made available along with the household benefits. The system could be change gradually.

As Senator Healy-Eames said, we must recognise that if the current trend in terms of the number of people at work as against the number of people on pensions continues, the system will be unaffordable. However, on the plus side, we must recognise that life expectancy has, thankfully, increased quite dramatically and will continue to increase.

I believe Lloyd George was Prime Minister when the Old Age Pensions Act was introduced here. I remember seeing an amateur production of a play which I believe was entitled “Spring” in which at the start a youngster rushed home from school with the great news that the pension was payable to old people in Ireland. It dates back that far and the world has moved on since 1910. Thankfully, life expectancy has increased dramatically. A big proportion of people reaching pension age would love a bit of flexibility, although we are talking about the process being mandatory down the line. We must recognise how life expectancy and lifestyles have changed and we must plan accordingly.

These sections face the brutal economic reality that by 2021 or 2028 we will not survive economically if for every pensioner there are only two or three workers. We must be realistic and face the positives also, as people are living longer and many older people would love to remain at work. We should consider introducing changes on a gradual basis to encourage people who are 65 or 66 to work two or three days a week rather than just retiring overnight. The message we now get from people in their 60s is that they do not see themselves as people with nothing to offer society or as facing the scrap heap. They still have much to offer.

[Senator Paul Bradford.]

Looking across the states of Europe and the world today we can see that senior citizens are on the march, although not in a negative fashion. They are contributing to society in all walks of life. There will be a presidential election here within months, for example, and people in their 60s want to be President. That is laudable and it may come about. We are not decreeing that the President or the Taoiseach must be under 65, or that a person older than 65 can no longer stand for Dáil Éireann or Seanad Éireann. We are not putting a political bar on people's aspirations because of age.

People of senior years have much to offer society and many wish to remain working for as long as possible. Many employers will have people aged 66 and 67 working for them. I am thankful that society is changing from a health and employment perspective. As the Minister plans for the future we can try to ensure that some benefits accruing to people when they reach 66 — what was considered retirement age — could still apply, although perhaps on a reduced scale if people are still working. Those incentives must be offered. New thinking must inform our politics and legislation over the course of the next decade. The world does not stand still and people are now growing older in a much more healthy and active fashion. They want to continue contributing to society, and we should see that as a positive as much as a negative.

This section deals with the pension age but there must be a much more holistic and inclusive debate about the role of the elderly. Just as we decided to change the term “old-age pension” to “State pension” we must reflect on the world “elderly.” What constitutes elderly? People of 65, 66 or 70 are no longer the elderly as they are contributing to society. In many cases they are returning to college and heading up community associations and voluntary bodies. They are travelling because they were never able to do so before, informing themselves and others. We could have a debate on the concept of the elderly.

We require an urgent national debate on the pension industry and what we expect from pension funds. What are people's expectations of public and private sector pensions? The debate should tie into today's discussion. I welcome the amendment as it gives us cause to reflect on and debate what defines “old”, “pension” and appropriate retirement ages. We are getting a message from more people that they want to work in a flexible fashion and when they hit the magic age of 66 they no longer automatically feel old, infirm or incapable of work. They wish to contribute to society in an ongoing fashion and that flexibility should be seen as part of this legislation. We are not just discussing penalties here as there is a question of flexibility and opportunity, which does not automatically end when a person reaches 66.

**Senator Paschal Mooney:** I had not intended contributing on this section, mainly because I would have been interested to hear the Minister's comments on other sections. My good friend and colleague, Senator Bradford, either by accident or design has now effectively talked out the Bill on just one section. We are all entitled to make contributions.

The Government which had Mr. Charlie McCreevy as Minister for Finance recognised what became known, colloquially, as a pensions time bomb by introducing the pensions reserve fund, which has been tossed around like a political football prior to and subsequent to the election. Sinn Féin would like to take €7 billion from it for an economic stimulus and I would love to know how the party sees that as helping matters.

**Senator Trevor Ó Clochartaigh:** It is better than putting it into the banks.

**Senator Paschal Mooney:** That is a debate for another day.

**Senator Trevor Ó Clochartaigh:** It is the truth.

**Senator Paschal Mooney:** No economic stimulus has worked anywhere. That is the point I am making.

**Senator Trevor Ó Clochartaigh:** We should try.

**Senator Paschal Mooney:** Issues have been addressed in this debate and Sinn Féin has put down an amendment. It is interesting that several bodies and institutions which represent the aged seem to have a very serious problem with the issue. There is also the problem of the gap year going forward. Perhaps the Government should consider contracts entered into by employers insisting that people leave at 65 years of age. I assume such a figure was used because it tallied with the existing retirement age of 65. Such matters must be addressed and it is unfortunate that with the time available it seems we will not get to other important elements of the Bill. I know the Minister would like to have clarified such matters.

**An Leas-Chathaoirleach:** I remind the House that at 5.45 p.m. I will put the question. The Minister may now respond.

**Deputy Joan Burton:** A large number of issues were raised. The discussion has been ongoing since 2007 about the way in which demographics have been changing in Ireland. To our great success and credit, probably due to people like Professor Crown, more people are enjoying an extended old age. It is anticipated that life expectancy will rise significantly in future and whereas currently there are between five and six workers for every person on a pension, it is anticipated that by 2050 there will only be two workers to each pensioner. Here, a generous system of credits was developed, which allows people who take time out of the work force to look after children or elderly relatives to sign on for pension credits and get a pension in due course. That was a good innovation and it has been here for several decades. There is a cost and we must consider how to structure working and meet the costs of providing an adequate retirement income for people when they are older.

With regard to Senator Crown's comments, it is well worth exploring the notion of people being allowed to work for longer, perhaps deferring a pension and receiving an enhanced pension entitlement having worked for longer. That would be very appropriate in future as many people are now staying on in further education, training and travelling, only really commencing long-term contract, permanent or self-employment in their middle to late 20s. The people referred to have done hard manual work. They often started work at 16 years of age and were more than happy to retire at 60 or 65 years of age or even younger, if that were possible. There are very big demographic changes taking place. The framework being applied in terms of the age changes was set out by the previous Government in 2010 and adopted in the IMF memorandum of understanding. A commitment was given by the previous Government that the changes would be reflected in law by the end of the second quarter, that is, the end of June. We are doing this as part of the IMF structure because we have committed to doing so but also because the underlying demographic changes have to be provided for.

Senator John Crown also raised the issue of people being able to take some money out of their pension funds. Certainly, that is an issue that needs to be examined. While it is quite risky and would have to be examined in a careful and restrained manner, it occurs in some jurisdictions at a modest level. People have been talking about this issue in the context of a person in negative equity who is in so much debt, be it personal or business, that he or she is in danger of losing either the family home or being forced into bankruptcy. The matter would have to be addressed very carefully. They would have to refund the tax relief gained when putting the money into pension fund schemes. Certainly, the issue deserves examination, but it would not be for everybody. It would not be advisable for a person with a very small pension fund to

[Deputy Joan Burton.]

exhaust all of his or her pension fund if on reaching pensionable age he or she would depend entirely on the State.

The question of incentivising pension funds to invest here was raised. We would like to see this happen. One of the ways this could be done is through the provision of a pension bond. People will recall the experience of the National Pension Reserve Fund which was utilised for the bank guarantee. High levels of assurance would be needed. For the investment a rate of return would be needed and it should be locked away and prevented from being utilised other than for pension purposes. Certainly, it would provide for an extra strong item on the balance sheet of Ireland rather than seeing the money being invested around the world. One of the problems, according to the most recent Pensions Board report on Irish defined benefit pension schemes, is that funds have been heavily invested in equities which because of the financial crisis in Europe have not done so well. That is an additional factor defined benefit pension schemes have not done well in Ireland. Perhaps, saving, as opposed to playing the market for retirement, ought to be the watchword, that is, one saves and takes a reduced risk and a more conservative return. The level of security with such a more cautious investment would be higher than for many of those who took advantage of the arrangements introduced by Charlie McCreevy, whereby the safest way to provide for one's pension was to spread one's investment around the Irish banks. Those who directed the bulk of their pension funds at such an investment have been wiped out. That is unfortunate and we all have lessons to learn from the pensions crisis.

That people who are fit, able and well can work and contribute for longer is critical. I am advised by my colleague, the Minister for Public Expenditure and Reform, Deputy Brendan Howlin, that he will bring forward legislative changes to permit those in the public service to work for longer and to alter pension arrangements in parallel with the arrangements being made in this instance. Equally, there are people who, for health reasons and because of the work they have been doing, may wish to retire earlier. What we need to do when we recover our financial sovereignty and financial well being is have a more flexible approach to the age of retirement. We should bear in mind our recent visitors, Queen Elizabeth II who is 85 years of age and the Duke of Edinburgh who is 90. I saw both of them march up a steep staircase in Dublin Castle unaided. I have been informed that among Supreme Court judges in the United States, for whom retirement at around 85 years of age is recommended, there has hardly been a case of Alzheimer's disease or dementia because they have been constantly engaged. Obviously, it has enabled them to remain extremely active into what we would describe in Ireland as old age. Sometimes people talk about——

**An Leas-Chathaoirleach:** I am sorry to interrupt the Minister, but tá an t-am istigh. I am under the cosh because of the arrangement agreed to on the Order of Business. As it is now 5.45 p.m., I am required to put the following question in accordance with an order of the Seanad of this day: "That the sections undisposed are hereby agreed to in Committee——

**Senator Paschal Mooney:** I hope the decision made by the Government to guillotine the debate on the Bill will be a salutary lesson for those on this side of the House that it is something inherently anti-democratic. On a Bill with 43 sections, we have reached section 6.

**An Leas-Chathaoirleach:** Unfortunately——

**Senator Paschal Mooney:** This is the first example for new Members of the House of just how inherently anti-democratic is the guillotine process.

**An Leas-Chathaoirleach:** The Senator has made his point.

**Senator Paschal Mooney:** It never happened during the last Seanad.

**Senator Fidelma Healy Eames:** That is not true.

**An Leas-Chathaoirleach:** The Senator has made his point.

**Senator Paschal Mooney:** It rarely happened. It was a matter of principle. The previous Leader of the House said it was a matter of principle not to guillotine debates.

**An Leas-Chathaoirleach:** Will the Senator, please, resume his seat?

**Senator Paschal Mooney:** One cannot argue one side and then the other.

**An Leas-Chathaoirleach:** Unfortunately, once the Order of Business has been agreed, I cannot accept any contributions. That is a matter for another day. The question is: "That each of the sections undisposed is hereby agreed to in Committee, that the Title is hereby agreed to in Committee, that the Bill is, accordingly, reported to the House without amendment, received for final consideration and passed."

Question put and declared carried.

#### **Social Welfare and Pensions Bill 2011: Motion for Earlier Signature**

**Senator Fidelma Healy Eames:** I move:

That, pursuant to subsection 2o of section 2 of Article 25 of the Constitution, Seanad Éireann concurs with the Government in a request to the President to sign the Social Welfare and Pensions Bill 2011 on a date which is earlier than the fifth day after the date on which the Bill shall have been presented to her.

Question put and agreed to.

#### **School Transport: Statements**

**An Leas-Chathaoirleach:** I welcome the Minister of State, Deputy Cannon, to the House.

**Minister of State at the Department of Education and Skills (Deputy Ciarán Cannon):** I am delighted for the opportunity to explain to the Seanad this evening the changes that will take place in the provision of school transport in September next and in September 2012.

It is no harm to set in context how exactly we have arrived at a position where we need to impose these changes. Ireland is in a difficult place. In an ideal country, all of us would dearly love to have school buses calling to the front door of the house of every child who requires school transport and dropping him or her at the front gate of his or her school. However, we do not live in an ideal country. We live in a country that has lost control of its chequebook. In fiscal terms, we are now policy takers rather than policy makers and as all Senators will be aware, every fortnight the Governor of the Central Bank must report to Frankfurt to state that our fortnightly returns, in terms of Revenue and cost reductions, are meeting their targets. We are borrowing €350 million per week merely to keep the public services functioning and if we do not meet those fortnightly targets, then we will not have any reason to transport our children to school because there will not be any schools for them to attend.

Michael Collins, the first Minister for Finance of the State, had more room to manoeuvre than his successor, Deputy Noonan, has today. How we arrived at this sad and vulnerable place is not up for discussion this evening, but I intend to play my part in getting us out of this place

[Deputy Ciarán Cannon.]

and in fully restoring our independence. When my son and the Senators' sons and daughters leave school in a few years' time, I want all of them to be able to hold their heads high and to feel part of a proud nation that has regained control over its national spending and is ready to build a bright future purely on its own terms. Our children need to be masters of their own destiny and we need to bestow upon them the freedom and independence to succeed in whatever field they choose without having to look over their shoulders to paymasters in Frankfurt and Washington. For that to happen, all of us here need steely determination to rein in our spending and to balance our books.

School transport is a significant operation managed by Bus Éireann on my Department's behalf. In the region of 123,000 children, including more than 8,000 children with special needs, are transported in approximately 4,000 vehicles on a daily basis to schools throughout the country, covering more than 82 million kilometres annually. I am very aware that this scheme has been the subject of much comment and debate recently in various parts of the country. I attended a meeting in a hotel in Listowel last night at the invitation of the Minister for Arts, Heritage and the Gaeltacht, Deputy Deenihan, where I spoke to and engaged with approximately 400 parents.

These changes derive from a value-for-money review of the school transport scheme which was finalised in 2010 and from decisions of the previous Fianna Fáil-Green Party Government to implement recommendations in that report. Before I outline the changes in more detail for the benefit of Members, I stress again today that they are being implemented at a time of serious and long-term economic challenges. In the short period since we assumed office it has been — it will continue to be — necessary for this Government to make tough and unpopular decisions. We have little or no scope, or no intention, of reversing earlier Government decision. Against this background, under the four year recovery plan, this year's school transport budget of €180 million assumes savings of some €4 million in 2011. This savings figure will then rise by a further €14 million up to 2014. These are minimum required levels of savings and, like every other area of expenditure, are liable to revision.

In the 1997 to 2011 period, the budget for school transport increased from some €50 million per annum to nearly €180 million per annum or an increase of 260%. Bear in mind, as that increase incurred, we ended up in that period from 1997 to 2011 carrying approximately 30,000 fewer pupils in the system. This massive increase in the school transport budget, while heavily influenced by factors such as safety and the transport for children with special educational needs, is significantly greater than the inflation rate or the rate of increase in the overall education budget during that period.

It now costs €1 million per school-going day to transport our children to school. Given our present circumstances, and the fact that this is a significant expenditure area, it is not possible to exclude such an area from serious evaluation and from the impact of essential cutbacks in expenditure. The aggregation of the primary and post-primary transport measures being implemented arising from the value for money review will be an important element in achieving these savings.

On a positive note, the changes to the operation of the scheme also aim to ensure a more simplified, modernised and streamlined application and administration system managed by Bus Éireann. I accept that, because of the rural nature of the school transport scheme, which this year is providing transport for 123,000 children or 15% of the overall primary and post-primary school-going population, the impact of the changes will obviously be significantly more visible in some rural communities.

I will outline briefly the five key budgetary changes being implemented. First, the ceasing of the closed school rule and the central school rule is happening in two phases, namely in 2011, the uniform application of the distance eligibility requirement of 3.2 kilometres and in 2012, the cessation of eligibility for school transport based on the closed school rule for all new children entering primary school. Second, the minimum number of eligible children needed to establish or retain services increases from seven to 10, which change generally represents a reversion to 2002 levels. In 2001, a decision was taken by the then Minister to reduce that number from 10 to seven and a year later, our bus transport costs had risen by €23 million. Third, there will be changes to charges, including the introduction of charges for eligible primary pupils. Fourth, we are ceasing the catchment boundary system at post-primary level. Administrative arrangements with Bus Éireann for the operation of the scheme are being updated.

For those Senators — approximately 115 days ago, I was that person — who was not familiar with the closed school rule, I will briefly give a short outline of it. The closed school and central school rule for school transport eligibility purposes was introduced in the 1960s in circumstances where a primary school was closed and amalgamated with another. Under the closed school rule, where a primary school is closed and amalgamated with another, pupils residing in the closed school area are eligible for transport to the school of amalgamation even though they may be residing less than 3.2 kilometres from that school. The central school rule resulted from the amalgamation of a greater number of schools. In these instances transport is provided for children residing not less than 1 mile from the new central school.

No time limit was ever applied to the closed school-central school rule. In some cases the primary school in question was closed up to 40 years ago and amalgamated with another school. In some instances a newer school has subsequently been built in the general area of the original closed school.

There are quite a number of parents — my Department tells me this has been the subject of many representation in recent years — whose children are attending a central or amalgamated school who have a school closer to them but yet cannot gain access to that school because the transport system and the special arrangements in place for amalgamated schools dictate that the bus runs to this amalgamated school only. In fact, in 2005, the Ombudsman for Children, Ms Emily Logan, commented on this.

She asked that serious consideration be given to putting a time limit on this amalgamated school rule. I wish to quote from her letter. She stated:

I understand from discussions with the Department that a time limit of eight years is proposed. However, the Ombudsman considers that this time limit may be unduly excessive. Under the circumstances, the Department is requested to provide a substantive reason as to why a time limit of eight years is proposed or alternatively to consider reducing the proposed time limit. The Department is also requested to amend this provision of the scheme without further delay.

She also included the following comment in her letter. She considers that “to allow the concession for an extended period may lead to decisions concerning the provision of transport to be based on irrelevant grounds and which would be contrary to the intention of the scheme”. These are the circumstances surrounding the amalgamated closed school rule process. The closed school rule operates to deny rather than grant school transport eligibility to children travelling to the nearest school and those who meet the requisite distance criterion.

As part of forward planning policy to meet pupil places each year, the Department of Education and Skills assesses school accommodation needs in each area based on local demographic

[Deputy Ciarán Cannon.]

trends, current and projected enrolments, recent and planned housing developments and the capacity of existing schools to meet demand for places. Therefore, rather than help the situation, often the closed school rule can operate to distort parental decisions and result in pupils travelling longer distances than necessary were they to go to the nearest school.

The first element of the change to the closed school rule, which will be implemented from September this year, involves the application of the distance eligibility criterion to all children travelling under the primary school transport scheme. This includes not only those children travelling under the closed school rule but also a number of Traveller pupils on exceptional transport arrangements up to this year. This change to school transport provision means that the distance eligibility criterion of 3.2 km or 2 miles will be applied uniformly and equitably on a national basis. The practical impact is that children categorised for transport under the closed school rule who reside less than 3.2 km from their school and who are availing of free transport to that school lose their transport eligibility. Currently, there are exactly 16,000 families attending amalgamated schools in the country. The change whereby they will lose that transport eligibility inside the 2 mile radius will affect approximately 2,400 families. Bus Éireann has notified us in recent days that 1,300 of those 2,400 families have applied for school transport and are aware that their transport eligibility under the rule has now ceased. Bearing in mind the charge of €200, it remains to be seen whether they will go on to buy a ticket for that service. In such cases, these children may apply for concessionary transport where there are spare seats available on services for which, as I mentioned earlier, a fee of €200 applies. A family maximum of €650 per annum applies in these circumstances.

The second element of the change is scheduled to take effect fully in September 2012 and will apply only in the case of children commencing their primary education from that date. The change means that school transport eligibility for junior infant children entering in September 2012 will be restricted to those children who meet the distance eligibility criterion and who are travelling to their nearest school. However, to assist parents, in cases where a junior infant child is starting school this September coming and the parents choose to send that child to the nearest school rather than the amalgamated school, we are now allowing eligibility to happen provided they meet the requisite distance criteria.

Existing primary pupils availing of transport under the closed school rule will retain transport eligibility for the duration of their schooling. In other words, if one is already attending an amalgamated school one will retain the right to do so all the way to the end of one's primary schooling, provided the requisite distance is met. A sample survey undertaken as part of the value for money review on transport arrangements for pupils availing of transport under the closed school rule showed that the majority of pupils are already attending their nearest open school. If one is living in an amalgamated school area, the value for money review concludes that 95% of children attending those schools will in fact attend their nearest school once the new distance criteria are applied. The figure was arrived at by carrying out a sample survey of schools throughout the country on a random basis.

The September 2012 change is momentous and will not be taken lightly, but it must be taken with the most accurate of information to hand. To have this accurate information to hand, I have requested Bus Éireann to carry out a detailed analysis of the on the ground impact of this for each individual school and the rural community it serves. This analysis will be based on the most up-to-date information available on current school transport usage patterns, and I expect to have this information available to me in the coming weeks. The Department and I will then have ample time to consider this analysis and act on it, if necessary, in advance of September 2012.

The long-term practical consequences of these changes are as follows: a simplified primary school transport scheme and one in which the principle of using the distance criteria as the key eligibility criterion, having regard to language and ethos, will be applied equitably and fairly throughout the nation; transitional arrangements for a maximum period of up to seven years will be provided to cater for the eligible primary cohort attending the amalgamated school to allow them complete their schooling at the school; in the case of primary school amalgamations in the future, eligibility will be based on the distance criteria applying at that time and attendance at the nearest school; and from 2011, junior infant children residing in a closed school area, for whom the amalgamated school is not their nearest but who enrol in their nearest school, will be eligible for school transport provided the requisite distance of 3.2 km is met.

To put this issue fully into context and drawing on the report of the value for money review, the following facts are relevant. In the 2009-2010 school year, transport services under the closed school rule operated to more than 800 primary schools with almost 26,000 children, or 55% of the mainstream tickets issued, deemed eligible for school transport under this rule. I referred to the sample survey earlier. The transport of such a significant number of children, some of whom would not qualify for transport on the basis of the distance criterion alone, involves a significant cost. We are also changing the minimum numbers required to establish or maintain a service. This change means that services under the minimum numbers of ten eligible children, either single services or part of double tripping arrangements, will be discontinued. A pick-up density of pupils in a distinct locality on a particular route increasing from the current minimum of seven to ten eligible children will be required to establish or retain a service. Thus, all services transporting less than the minimum number of eligible children, either single or double services, will be discontinued with effect from the 2011-2012 school year. In general, this means that the minimum number required to establish or retain a service goes back broadly to 2002 levels.

Bus Éireann has undertaken a detailed examination of all such services to establish the routes in question, and some 150 schools are being notified of the changes. When the first analysis was carried out of the impact of this provision increasing from seven to ten, more than 500 routes were identified for possible closure. However, further analysis and assessment of the savings to be made on those routes concluded that of the 500 routes, only 150 closures would generate genuine savings. Thus, the figure of 500 was reduced to 150.

Parents and guardians of pupils affected will also be notified of changes when it is certain their service is being withdrawn. They will be informed that eligible pupils are eligible to apply for the remote area grant. This is paid directly by the Department on submission of a certificate of school attendance. The amount payable is based on a maximum grant of €5.10 per day per family in respect of a distance travelled of 9.7 km or more. This equates to €933 per school year based on full attendance.

An annual charge for eligible primary pupils is being introduced from the commencement of the coming 2011-2012 school year. This charge is set at €50 per eligible pupil with a maximum family charge of €110 for eligible primary pupils. The charge of €50 represents some 5% recoupment of the actual cost of €1,020. Pupils with valid medical cards will be exempt from this charge in primary and post-primary schools. The charge is being introduced to ensure school transport services are fully utilised in an efficient and cost effective manner. In the past, it was the practice that school principals would prepare a list for Bus Éireann of the pupils to attend the school in each coming September. Bus Éireann would receive that list, plan the routes associated with the list of children and families only to find they were providing seats on buses that were not availed of by families.

[Deputy Ciarán Cannon.]

In the past no assessment was done as to whether each family wished to avail of school transport. The seats were simply provided and no further analysis was done. This charge will discourage that type of wasteful action and will ensure all school bus seats provided are availed of by families who need them. Pupils with valid medical cards will be exempt from the charge.

From the 2012-13 school year, the use of the catchment boundary system for determining transport eligibility at post-primary level will cease. School transport eligibility for all new children entering post-primary education will be determined according to attendance at and the distance they reside from their nearest post-primary centre or school. Existing pupils already in the system will retain transport eligibility for the duration of their schooling. A sample survey undertaken as part of the value for money review on arrangements for pupils availing of post-primary transport showed that the majority attend their nearest open school. Therefore, most pupils will not be impacted by this change.

Updated arrangements will be put in place with Bus Éireann on a phased basis for the operation of the scheme. These will include arrangements for an increasing proportion of routes to be provided by private operators. At present, Bus Éireann transports one third of the 123,000 children availing of school transport services using large buses. The balance of services is provided by private operators, which account for 85%, or some 3,400 vehicles, used in the scheme. These are predominantly smaller vehicles such as medium and mini buses and taxis. Some 20% of these routes will be re-tendered each year to secure the most competitive prices. That is a rolling tendering process.

In addition, from the 2012-13 school year, Bus Éireann will assume responsibility for the operation of the school transport system, including the processing of transport grant applications, a function currently carried out by my Department's school transport section. This will fully centralise the school transport application process. Where transport services are not provided, the remote area transport grant or special transport grant will be payable by Bus Éireann to eligible families. With the introduction of the new application process at primary level and the evolving online payment facility, my aim for the general school transport system, outside of transport requirements for children with special educational needs, is to have it operated to the greatest degree possible in a streamlined and modern way.

These various material changes to school transport provision derive from the value for money review and are taking place in a most challenging financial context against the background of a requirement to secure savings in the operation of the scheme while also enhancing its efficiency. I look forward to hearing the views of Members on the school transport scheme.

**Senator Averil Power:** I propose to share time with Senator Paschal Mooney.

**An Cathaoirleach:** Is that agreed? Agreed.

**Senator Averil Power:** I welcome the Minister of State, Deputy Ciarán Cannon. School transport is a vital service to communities, especially in rural areas. There is a need for modernisation and I acknowledge the difficulty in making changes to the service. When the last Government introduced a very positive change some years ago to remove three-for-two seating, it was incredibly difficult to implement and necessitated examining different options to ensure it was done as compassionately as possible, taking account of local needs and preventing, as far as possible, disruption to pupils and families. The Minister of State says the number of families affected by the change in the closed school rule is small. I appreciate the constraints under which he is operating, but I hope he will do his best to apply the change as compassionately as possible and to take into account local needs.

I heard an interview on RTE radio this morning with a person speaking about how the allocation to Bus Éireann under the school transport scheme is used. I understand €180 million in total is spent on the scheme, with €108 million going to contractors and some €70 million to Bus Éireann. This individual claimed that the money allocated to Bus Éireann is not properly accounted for and goes into the general budget. I am not sure whether there is any foundation to this claim, but it might be worthwhile to look into it. I would be surprised if it is true, but perhaps the Minister of State will raise the matter with his officials. In the current environment, we must ensure every euro spent by the State is properly accounted for in order that the public can have confidence in the system. In the midst of such high-profile changes and the difficulties they are causing for some users of the service, the Government must respond to this type of allegation.

I urge the Minister of State to ensure nothing is done to upset provision for children with special needs. It can be difficult, despite all the changes that have been made in recent years, to accommodate students in their nearest school. We must ensure children with special needs are not in any way disadvantaged by the changes being made.

**Senator Paschal Mooney:** I welcome the Minister of State. The last Government initiated these changes to the school transport scheme under the value for money initiative to improve the efficiency of the service. The Government is now implementing the measures it opposed last December. Likewise, it has refused to reverse decisions taken by the Fianna Fáil-Green Party Government in respect of a cap on special needs assistants and other issues. I mention this only because the Minister for Finance, Deputy Michael Noonan, stated recently in the Dáil that the Government's opponents, particularly in Fianna Fáil, will say that while they announced the budget, the current Administration is implementing it. The reality, however, is that Fine Gael voted against the 2011 budget. The Taoiseach, as leader of the Opposition, described it as a budget "devised by bean counters to meet the fiscal targets set by outsiders". The Minister, Deputy Michael Noonan, said at the time: "There is not a single progressive idea in the budget to support job creation to get our economy growing again." Now, however, the Government is happy to claim ownership of it. Such is the way of politics, but it is important to put it on record.

The value for money review was initiated by the last Government to introduce efficiencies across the public service. In that context, we support the changes proposed thereunder; it would be churlish and hypocritical to change our position, as the Opposition has done. Nevertheless, I wish to raise several points with the Minister. We are all aware, especially those of us who have operated at local authority level, that school transport has been an emotive subject since its inception and through the changes introduced by successive Administrations. There is surely no Member who served in local government who did not, at some time or other, make representations to the Minister responsible for the scheme, most likely on the issue of boundaries. The media has picked up on this with the emotive story of a mother of two in County Kerry who is just outside the boundary. There is certainly a problem in that there has always been a lack of flexibility in the system. Despite the straitened circumstances, will the Minister of State consider introducing some degree of discretion or flexibility in respect of genuine cases of hardship?

The Minister of State indicated that under the uniform application of the distance eligibility criteria, the rule change not only includes those children travelling under the closed school rule but also a number of Traveller pupils in respect of whom exceptional school transport arrangements were in place up to this year. This is an issue I have raised on the Adjournment. What is effectively happening is that the Department of Education and Skills is withdrawing the special exemption that applied to Traveller communities whereby they were not obliged to

[Senator Paschal Mooney.]

comply with the distance eligibility rules. That exemption will disappear from September, however, and the onus will be placed on parents living on halting sites to ensure their children can get to school to continue their education. The Department of Education and Skills will save €1.5 million on foot of this measure and for that amount of money, the social consequences of this decision will permeate down to the point where I respectfully submit that some Traveller children will not pursue their education. They will not initiate it because their parents' culture differs from that of the settled community. This is no reflection on them but is a fact of life and is the primary reason that successive Governments have recognised that there should be an exemption in this regard. I plead with the Minister of State to return to the books and to reconsider the sum of €1.5 million. He should try to find it elsewhere from all the savings that will be made from the wonderful initiative by the Minister, Deputy Howlin. Surely the Department of Education and Skills, through saving on paper clips, on tendering and on outsourcing can find €1.5 million from its massive budget to at least ensure that Traveller children can continue their education.

**Senator Jim D'Arcy:** Cuirim fáilte roimh an Aire Stáit go dtí an Teach agus gabhaim buíochas leis as bheith anseo. Fine Gael opposed the budget because it was a poor budget that did not address the existing problems and not specifically because of the provisions for the primary school transport scheme announced therein, which the Minister now is implementing. I welcome and acknowledge the constructive support of Fianna Fáil for the Minister in implementing these changes. However, I caution against too much flexibility because questions on whether flexibility may exist may lead to asking whether a stroke may be pulled and one must be fair to everyone.

In addition, on the Traveller issue the proposed changes in the transport scheme for Travellers are for the purposes of inclusion and are not based on financial criteria. I have a personal interest in this, given that difficulties exist in respect of the issue of Travellers, education and inclusion. We must be more inclusive when considering Traveller education and must avoid suggesting they are children of a lesser god. While I acknowledge this is not what the previous speaker was implying, we must consider new ways because the old ways are not working.

I welcome the cessation of the closed school rule. More than 50 years have elapsed since it was introduced and it is time to review it. Many families who now live within closed school rule areas were not there in 1960 and a completely new situation has arisen. As the Ombudsman noted, it is long past the time for a review of this rule and consequently I do not perceive a problem in this regard. Everyone must be treated equally, particularly given the new fiscal position in which we unfortunately find ourselves. On the minimum number of eligible children to have a bus service being increased from seven to ten, I note this number was decreased from ten to seven in 2002. That year was the year of years, by which I mean it was the year in which foreign direct investment, sustainable and small businesses and competitiveness were forgotten about and all faith was placed in an unsustainable building boom in which capital gains taxes were used to falsely sustain the economy. Consequently, we must move back and reconsider matters because the aforementioned capital gains taxes are no longer available to falsely sustain the economy. The point is that people now are being asked to give of their substance rather than of their surplus to correct the fiscal deficit. As we cannot tax any more, Ministers are being asked to rationalise and to consider ways of saving money and I will support fully the Minister in that regard.

It is a good idea in principle that Bus Éireann will assume responsibility for the operation of the school transport system. I pay €650 per year for the secondary school system for three kids and a couple of years ago, I contacted Bus Éireann for the first time. I was told that I

would be obliged to apply to the VEC, which would handle my application after which it would be forwarded to the bus company. I did not think very much of that system at the time. Were tenders invited for the operation of the school transport system? With reference to the point made by Senator Power on the administrative costs associated with the school transport system, are they audited or accounted for separately or are they included in the general Bus Éireann pool?

I again thank the Minister of State for his attendance to outline what is involved in the changes in such precise detail to Members.

**Senator Jillian van Turnhout:** I thank the Minister of State for sharing his decision with Members today. I have yet to hear of a person who is opposed to the school transport system. While I realise the predicament we are in, I equally recognise the unprecedented financial times in which we find ourselves and that we have not been obliged to face such decisions heretofore. Moreover, I agree with the need to rein in expenditure. Although all these points are a given and are not up for debate, one must be careful in the actions one takes to avoid incurring additional expenditure in other areas through unintended consequences. My question to the Minister of State pertains to the displacement of pupils to which this decision potentially could give rise and which could lead to the need to increase school buildings in some areas and to the closure of schools in other areas because parents will take a decision, based on school transport costs, to change their children's school. As it is known that such potential unintended consequences could occur, the Minister of State should indicate whether there has been an assessment of the school catchment areas. My understanding is they last were closely examined in the 1960s. How do we know what impact these decisions will have?

Moreover, although I listened carefully to the Minister of State's contribution, I found it difficult to understand the issue and as a parent, I am trying to envisage how do parents understand the impact this decision will have. If one considers the constitutional right that the State shall provide for free primary education, I note that parents are being asked for voluntary contributions for water charges, school books and other costs, on to which another cost now is being heaped. These costs are being heaped upon the same parents and children. While one might state that this is a single charge, that is not the case as additional charges are being heaped upon the same households and families. The Minister of State noted that school transport eligibility for all new children entering post-primary education will be determined by attendance at and distance they reside from their nearest post-primary centre or school. I listened carefully last week to the Minister talking about parental choice at the forum on patronage. However, it is not parental choice if one then states the only way in which one can avail of school transport is based on distance to the school. Does this mean that children in urban areas will get to have parental choice and will get to choose the schools they wish to enter but that those living in rural areas will not have the same choice? Equally, parents and children will tell me about the fact they have changed schools because a bad situation, such as bullying, has occurred in their school and all of us, at times, need a fresh start. Are we to say that those children will not be allowed that same fresh start, that they will not get an opportunity? These are the unintended consequences. Listening to the Minister of State, I note he very carefully outlined some of the questions to which we need answers. However, we should take these decisions with these answers in hand because I agree there could be a short-term gain for us but I question at what price and whether there will be long-term pain. I am thinking of the child and the impact on that child when a parent has decided the child is going to a school because it is within the 3.2 km catchment area rather than looking at what is best for our children and the future of their education.

**Senator James Heffernan:** I thank the Minister of State for coming to the House. I acknowledge that this policy was inherited by the Minister of State. As a former primary school teacher I believe the introduction of these charges could have a detrimental effect on many of the amalgamated schools. From next September, all children travelling on school buses will have to pay €50. Those living less than two miles from the school will have to pay €200. From September next year, all new children will have to pay €200. Many people are in difficult financial circumstances but as I understand it, only medical card holders will be exempt from these new charges.

I do not think the issue of charges is the main issue but rather it is an issue about changes to eligibility. From September this year, ten eligible children will be required in order to maintain a bus service. Under the previous amalgamation agreement, seven eligible children were required. If there are not ten eligible children, the bus service will cease. To be counted eligible, a child will have to live more than two miles from the school but not near to another school. As the Minister of State has outlined in his statement, those amalgamation agreements were made between the local communities and local boards of management along with the Department of Education and Skills. The main feature of these agreements was the guarantee that free school transport for the pupils would be given in return for the closure of the smaller schools. Under these agreements, distance was measured from the pupil's home to the closed school in order to determine the eligibility for free transport to the central school. Under the new system, distance will be measured to the nearest school. Pupils will be eligible for a bus service to the nearest school only if they live more than two miles from it and if there are ten eligible children living in that bus route area.

We must also consider the possible social implications this measure may have as these could be divisive in rural communities as the majority of amalgamations in the past were based on parishes. We all know that savings have to be made but as a result of this savings initiative, many pupils will be left without any transport to school. Parishes, in some cases, will be divided. This will have a knock-on effect and I am sure it will lead to problems as regards local GAA clubs, community games and other parish-based groups and activities. There is a possibility that serious situations will arise when people from the closed school catchment areas find they cannot get a ticket for a bus service which they understood would be available for their community.

This measure could also have an effect on the environment by eliminating school buses and increasing reliance on private cars. This increase in road traffic will lead to increased danger for pupils, both on the way to school and outside the school. We are all aware of the situation outside some schools which lack adequate parking facilities and dropping off and picking up areas and as a result, the collection of children at the end of the school day can be a hazardous procedure. It is nothing short of dangerous. How does the Minister of State propose to alleviate this type of problem which will be exacerbated by the additional private cars being used to bring children to school? When the bus service to the central school is withdrawn due to the fall in the number of eligible pupils, will a new bus service be established by the Department to bring children to an alternative school? If this is to be the case I must question the economic sense of replacing an established bus service with another service to a different school. If a new service is to be established, will the receiving school be permitted to take on new pupils or will it be required to apply for an extension while the original central school could be left with empty classrooms? I share the views of Senator van Turnhout because this aspect of the proposal does not make sense. Considering the likely savings as a result of these changes, will the Department then be required to fund extra capital projects such as additional parking facilities and additional classrooms in other schools?

A cousin of mine informed me that she runs a coach and bus service around the rural schools in my area and these proposals will have serious implications for her business. At best she considers she will lose two out of five routes and she will be forced to let her drivers go and to sell buses in a non-existent market. I ask the Minister of State to confirm that Bus Éireann will be putting school bus runs out to tender. We do not want a situation where operators using older or substandard buses will be able to tender at low prices and in so doing possibly putting children's safety at risk. Some things are much more important than money and the safety of children travelling to and from schools is one of these. Can the Minister of State guarantee the House that school buses will continue to be safe and comfortable? We all know that savings have to be made but I ask the Minister of State to outline what other alternatives were considered by the Department.

**Senator Sean D. Barrett:** I wish to address a number of aspects of this problem. The costs have risen from €50 million to €180 million since 1997. I do not know of any other costs that have increased. The number of pupils has not increased very much so we must ask what the problem is with this service and question how it is organised. The Minister of State referred to the marginal cost of €1,000. The total cost of the scheme at €180 million for 120,000 people is €1,500. Where parents organised a school bus themselves it was possible to do it for between €300 and €400 a year. The operators tell me that the competitive tendering regime has meant they have been receiving less. Therefore, one must question whether it is a problem with the overheads. The operators provide 85% of the vehicles and they carry two thirds of the children, as the Minister of State said in his contribution. If parents organised transport themselves, it could be done for €300 to €400 whereas it is costing €1,500. Senator Power and others raised this issue and I wonder if we have looked at how the scheme is organised. The Minister of State said, "From 2012-13, Bus Éireann will assume responsibility for the operation of the school transport system." Was a competitive tendering process considered? Should this matter have been debated in this House prior to the decision? The evidence seems to be that parents themselves and the independent operators who provide 85% of the vehicles in any case and carry two thirds of the children, could have put in a much better tender bid. I refer to the Minister of State's reference to the value for money audit. Was this audit carried out since the IMF came in on 1 December 2010? Value for money audits of the school bus service were carried out in the past but have not arrested its growth in costs from €50 million to €180 million in just 11 years. I hope that the Ministers of State, Deputies Cannon and Perry, might consult with each other. The Department of Enterprise, Trade and Employment in its report *Buying Innovation, the 10-Step Guide to SMART Procurement and SME Access to Public Contracts* states: "Given the importance of SMEs to the Irish economy a level playing field is needed for all economic operators wishing to participate in public tendering."

I would love if we could reduce the amount of money spent on the school bus service and put the money into education instead. Its cost base has to be seriously questioned because it is growing far more rapidly than any other transport cost, as the Minister of State knows because he drew our attention to the fact.

Is it wrongly organised? How many layers of bureaucracy do we need? In the post-IMF context should we not see that this is a service which we could provide for €400 per pupil and not the €1,500 it is now costing.

**Senator Pat O'Neill:** I wish to share time with Senator Conway.

**An Cathaoirleach:** Is that agreed? Agreed.

**Senator Pat O'Neill:** I welcome the Minister of State to the House and compliment him. He is one of the most accessible Ministers in the Government and I thank him for coming to the House today.

The Supreme Court has constantly ruled that one of the primary responsibilities of a Government is to decide where and where not to spend public money. Prioritising some areas for spending is never an easy task but the current Government is truly faced with the most severe challenge of any Government in the history of the State.

Even when this country was in ruins after the War of Independence, the Civil War and the economic war, a new Government was not constrained by the terms of an economic agreement of the nature of the EU and IMF deal. The Ministers of this Government face an arduous task. They must turn around the public finances and in order to do so they must address the fact that the country is currently borrowing €350 million each week to keep the show on the road.

In this context, the Minister of State faces the unenviable task of cutting the school transport budget. No Deputy or Senator would want to be in his shoes as he pushes through budgetary savings but if we are to be honest with ourselves we would recognise that he has little choice. The changes in question were introduced by the previous Fianna Fáil and Green Party Government in the last budget after the school transport value for money review.

I am from a rural village in Kilkenny and know that school bus transport is important to rural communities. It is desirable and parents do not want to face an increased charge or lose bus routes. However, the sad reality is that this country cannot afford to continue the same levels of services as in the past. The situation which the Government is faced with, which is sadly the same faced by many families in the country, is that there is not enough money to pay for all the things we could afford in the past.

The sad truth is that our economy was mismanaged and run into the ground. Charlie McCreevy's mantra, "When I have it, I spend it", rings hollow today when a new Government has to implement harsh cuts to pay the price for such an irresponsible regime. I welcome the local survey which the Minister of State has asked for. He has to find €17 million in savings in school transport between now and 2014.

People will ask why we do not cut other things or increase taxes. The reality is that every area of Government spending is to be examined and savings must be made. The task we face is too large for us to hone in on one area or another. As Senator Barrett pointed out, the cost of the school bus transport system has risen from €50 million in 1997 to €180 million last year despite the numbers using the service falling during that period.

The annual cost per pupil for school transport is €1,200. The situation is not sustainable in the current economic climate and these rises should be examined by the Minister of State. As he has pointed out, from next September primary school children will be charged a minimum of €50 per year for bus transport, rising to a maximum of €650 per family. The minimum number of children required to establish a bus route will rise to ten.

Children who had free transport to amalgamated schools will now have to pay and from next year children starting primary school will qualify for transport to the nearest school, which may not be in their parish. I add to the call by Senator Heffernan for the Minister of State to examine this aspect of the scheme as siblings from different families could be split under the measure.

These are not measures any Government would wish to introduce. However, many people can understand that in a situation where we are dependent on the IMF and EU to function from day to day, the menu of choices before the Government is not pleasant. With Fine Gael and the Labour Party working together as a competent Government the future of the country

will turn around. We will right the ship of state. It will not be easy and cannot be done overnight but the new Government has the courage and ability to address the economic challenges currently facing the State.

**Senator Martin Conway:** I welcome and concur with others who referred to the breath of fresh air that is the Minister of State. The fact that he came to the House on short notice to deal with this issue is very welcome.

I welcome that children with special needs will be exempt from any changes. There has been enough talk in recent times about children with special needs, the difficulties they face, the cutbacks in SNAs and so on. At least getting them to school is not up for grabs. The Minister of State has asked for reviews. I ask him to allow some flexibility. If local arrangements have been proposed by parent groups, school principals and so on that are workable and financially prudent he may be able to incorporate them in future.

The fact that the cost of the service increased from €50 million in 1997 to €108 million in 2010 while the numbers using the service dropped by 30,000 means questions have to be asked. In the current climate there is no area of Government spending on education where questions cannot be asked about value for money, whether we are getting the best return for children attending school and whether there is a better way of getting a return on the money spent or using it in a more efficient and prudent manner.

It is the responsibility of Government to ensure that the money is spent prudently and in the best interests of children.

**Senator Mark Daly:** I wish to share time with Senators Reilly and Ó Domhnaill.

**An Cathaoirleach:** Is that agreed? Agreed.

**Senator Mark Daly:** I welcome the Minister of State back to the House, which he is very familiar with. I do not envy him in the fact that he was in Kerry yesterday and explained the current situation. Everybody here knows of schools that are affected.

Areas such as Réalt na Mara and Lauragh are particularly affected by the change. What is most disturbing is the fact that for 18 months prior to the budget the then Department of Transport was reviewing school transport. It took a long time to issue a report which was not discussed or debated. The practical measures should have been discussed by a school transport committee to tease out the problems we are now facing.

The biggest mistake was that this issue became a matter of budgetary savings rather considering the practical implications locally for everybody involved. I ask the Minister of State to bring together all those concerned into an Oireachtas committee to discuss the practical implications. A review is currently taking place and submissions are being sought. I am afraid that in the budget that was passed in 2010 and which is now being implemented, the effects on school transport were categorised as a financial measure and saving.

Places like Réalt na Mara and others are suffering the consequences. There is still time to reverse this decision. I note my colleagues opposite now seem to be wholeheartedly endorsing a budget they were against. I know we have to get value for money. There are ways of achieving savings without affecting the school transport system. Most importantly, rural schools will be closed.

Some of the measures will prevent parents from sending children to the schools which their siblings attend. It will have the long-term consequence of closing some schools. That is the information I have. It will not have a positive effect on rural schools. I ask the Minister of State as a matter of urgency, because some of the measures will be introduced in September,

[Senator Mark Daly.]

to ask an Oireachtas committee to examine the finer details of this issue. The people who proposed these budgetary measures to the previous Minister with responsibility for school transport should be asked to explain how we can make changes to this scheme that will have a positive outcome for what is a disturbing situation for many families throughout the country.

**Senator Kathryn Reilly:** I thank Senator Daly for sharing time with me. Fortunately, I had this discussion last week with the Minister of State but I would like to have a few issues clarified concerning it. Last week, the Minister of State said that the changes implemented this year are expected to produce a saving in the order of €3.5 million and there will still have to be another €13.5 million in savings over the next three years. This week he is telling us that savings of €4 million are expected in 2011 and €14 million up to 2014. I would like to know which figures are correct because these figures differ from those provided by the former Minister of State, Deputy Seán Haughey, in reply to a parliamentary question tabled last year by my colleague Deputy Martin Ferris. Where will the further savings come from? Families struggling from one week to another — one in five of which have only €70 at the end of the month after paying bills — will be unable to send children to school safely. The minimum number of children needed to retain a school bus route will rise from seven to ten, so how many children will be left without a bus service due to this stroke-of-the-pen exercise? It seems to be the tip of the iceberg when we examine the €13.5 million to €14 million savings that are coming down the line. What is next? Will we be imposing road tax on schoolchildren's bikes when they cycle to school? Clarification is needed in this regard.

The Minister of State said he will be getting the forthcoming Bus Éireann study soon but when exactly will he receive it? In addition, how will that study feed into the impending crisis in September? If these findings are supposed to inform the Minister of State, we should get them as soon as possible.

**Senator Brian Ó Domhnaill:** I am delighted to see the Minister of State in the Chamber to address this matter. School transport is not an easy issue to deal with. There have been massive increases in the cost of school transport over the past 15 years, yet the number of pupils has not increased much or at all. Savings must be made in the public purse this year, involving painful decisions. As an element of public expenditure, we are taking on board that savings will have to be made in school transport as well.

The issue causing most concern with rural school transport is the closed school rule, which has remained relatively unchanged since 1968 when it was introduced. The previous Government brought in this recommendation on the closed school rule, but I believe the decision was wrong because the implications of the decision were not fully thought out. According to the Minister of State, it could affect 26,000 primary school children. The consequences of that are major.

A full review should have been carried out on the implications of the closed school rule criteria for road safety. Many of the schools that were closed back in the 1960s and 1970s were in rural areas, so the children involved were forced into urban schools. If children are now asked to travel inside the 3.2 km radius, they have three options. Their parents can bring them to school, they can hire a private bus operator or they must walk to school. Much of the rural road infrastructure is unsuitable for children walking to school. In addition, if cars are to replace school buses, we will end up with traffic congestion at the school gates. This could lead to fatalities at or near urban schools which replaced the closed rural ones. A review of the safety implications should therefore be carried out.

We should examine the possibility of savings arising from the manner in which Bus Éireann administers the school transport scheme. In that way we might find the few million euro required rather than penalising schoolchildren. I am not blaming the Minister of State who has inherited this situation, but I am asking for a review, if that is possible.

**Senator Michael Comiskey:** I welcome the Minister of State. Many of the relevant issues have been covered, but a number have not. The minimum number of pupils required to retain a bus service is being raised from seven to ten, which will create a serious problem. Would it be possible to amalgamate a couple of rural school runs to overcome that problem? Not many children may avail of school bus routes in rural Ireland but it is vital to retain such services. In my area, a school bus service has been operating for 40 years.

It is proposed to increase the charge from €50 to €200 outside the two mile radius, yet the bus will still be running. That means that some parents will have to drive children to school, although the bus will still be operating. It does not make much sense to have a school bus service that does not carry a full load.

**Deputy Ciarán Cannon:** Before summing up, I will deal with a number of questions put to me by some Senators. Senator Power asserted that public moneys funnelled into Bus Éireann to cover the cost of providing school transport somehow find their way towards subsidising other loss-making operations within Bus Éireann. I was most concerned when I first heard that assertion being made and I immediately sought clarification. I understand that: Bus Éireann operates the system on a cost-recovery basis. The accounts associated with the provision of school transport are completely separate from the main accounts or other income streams of Bus Éireann, and the accounts are audited by PricewaterhouseCoopers each year.

What I cannot figure out is why these accounts are not available online for all of us to scrutinise. It is our money that is being spent. I will be meeting Bus Éireann representatives on Thursday to raise a number of issues with them. If there are no legal reasons or reasons concerning commercial sensitivity that the audited accounts cannot be provided online, then they will be online soon. If there are no reasons that cannot happen, they should be available online.

Senator Mooney raised the issue of flexibility, which is a wonderful word and it is certainly an ambition that we all seek to pursue. Getting 123,000 pupils to and from school every day, across 4,000 routes, is a massive logistical operation. When one starts tinkering around the edges of such a system, however, flexibility can somehow lead to chaos. We are trying to provide a streamlined, transparent system that is easily understood and accessed by parents. The current system is complicated.

In two or three years time, parents of children starting primary school should be able to log on to the Department's or Bus Éireann's website. They will be able to click on a map to find whether or not they are entitled to school transport and, if so, the fee involved. They will then click on a "submit" button, pay with a credit card or other method, and print out a ticket. We are ultimately aiming for such a situation and we hope to move towards that model soon. When one tries to provide flexibility in such a system, it does not work. In addition, one begins to chip away at the edges of the genuine savings we are trying to make.

Senator Mooney also said that a special school transport concession which had been given to the Traveller community in the past has now been removed. That concession is being removed because it was recommended that we do so in the Traveller Education Strategy of 2006. The production of that strategy had an input from all the Traveller representative groups. The conclusion of that strategy report was that we were engaging in what they would describe

[Deputy Ciarán Cannon.]

as positive discrimination — but discrimination at the end of the day — by providing this unique and special service for Traveller children.

It is an unhealthy discrimination and one that should be brought to an end. That is the primary reason we are removing the service.

Senator Jim D'Arcy spoke about the auditing of direct costs. I refer to my recommendation that if there are audited accounts, as I understand there are, we should examine them. The Senator also spoke about tendering. If we are to achieve the best possible value for the taxpayer, we need an ongoing rolling tendering process. It is not possible, logistically or physically, to seek tenders for 4,000 routes every year, but there is a rolling tendering process as part of which about 20% of these routes are methodically reviewed each year.

Senator Jillian van Turnhout spoke about the unintended consequences of these measures. I do not believe there are any. The value for money process has been both methodical and forensic. As part of it school transport provision in a number of jurisdictions, particularly Northern Ireland, our closest neighbour, is examined. A number of groups in the education sector feed into the process and everyone concerned has an opportunity to make their views known. There will be minimal displacement as a result of the changes that will happen in September. If one was denied school transport to a particular school, one could not then say one would go to another school instead because that was not an option open to an individual. If one's nearest school is the one to which one cannot gain access, one cannot then claim access to another as an alternative. All of the changes that will happen in September will not lead to the displacement or movement of pupils from one school to another.

7 o'clock  
Senator James Heffernan referred to the commitments in respect of the closed school rule made back in the 1960s and 1970s and perhaps more recently in the 1980s and 1990s. They were commitments given by the State at the time, but we are not in a position where we can continue to honour them. That is difficult, but it is a fact. We must also acknowledge that the imposition that a child can only access school transport to a central amalgamated school often denies the child the opportunity to gain access to school transport to his or her nearest school, a school that might have been built in the locality post the amalgamation process.

Senator James Heffernan also spoke about how the changes might impact on safety in rural Ireland. Every school is located in a unique position geographically; some schools are located on the side of a minor local road, while others are located on the side of a national primary or secondary route. It is difficult, therefore, to make sweeping statements across on the safety implications of the changes across the school network. Many of us who live in rural areas and have travel to an under 12, under 14 or under 16 hurling match on a Saturday afternoon car-pool. We meet at the local pitch and four or five parents legally bring four other children with them in their car. We travel to and from the match in complete safety.

I recall a time in rural Ireland when such a meitheal or community spirit was the norm. I live beside my local national school in east Galway. A plethora of cars with one parent and one child arrive at the school every morning because coincidentally it is not served by any school transport service. We should reflect on what was important to us in rural communities in the distant past when people worked together and came up with solutions in difficult times. These are also difficult times. I encourage parents to once again engage and show that meitheal or community spirit by pooling their resources. Parents whose children have been denied access to the school transport service following the reduction in the qualifying distance from 10 km to 7 km will be allowed a grant per family of up to €942 per year which they could use as a resource in providing for collective services.

Senator Barrett referred to the provision of €1,020 per child. The figure of €180 million applies across the school transport network and includes a figure of €60 million for special needs children. When that dedicated budget figure is stripped from the total figure, it brings the amount down to €120 million which, for 123,000 children, roughly works out at a provision of €1,020 per child. I acknowledge the paragraph included in my speech covering the matter is quite confusing. It reads: “In addition, from the 2012-13 school year Bus Éireann will assume [complete] responsibility for the operation of the . . . system, including the processing of transport grant applications. . .” The processing of transport grant application is a tiny piece of the logistical challenge facing Bus Éireann. In essence, it has been running the system for decades. At this time there is no other entity in the country with the necessary corporate knowledge or logistical experience to move 123,000 children to and from their homes to school every day. Bus Éireann is the entity which is doing this work, but that does not necessarily mean it will remain the said entity into the future.

I apologise if I did not get to reply to all of the questions raised by Senators. There is no question that this is a difficult time for all of us. The Government has set out to be, continues to be and will be honest, forthright, frank and fair in every statement it makes. If I had latitude to change any of these provisions, I would be seriously examining the making of these changes, but I do not have such latitude. The changes will happen in September. We may have tiny latitude in regard to the changes that will be made in 2012. Therefore, I ask people to work with me and the Government to bring us to a place where we will not have to be looking over our shoulder to Washington and Frankfurt and where we will be fully in control of our future. That is where we want to be and this is one small step in getting to that place.

**An Cathaoirleach:** When is it proposed to sit again?

**Senator Maurice Cummins:** At 10.30 a.m. tomorrow.

### **Adjournment Matters**

---

#### **Third Level Grants**

**Senator Pat O'Neill:** I thank the Minister of State, Deputy Ciarán Cannon, for taking this matter. The issue I wish to raise is not a transport matter but one that has created problems for people living in my area in County Kilkenny.

In the last budget announced in December the qualifying distance between home and college for the payment of a non-adjacent grant was increased from 24 km to 45 km. This issue affects not only people living in County Kilkenny but also others living in counties such as Roscommon and Leitrim. We do not have third level facilities in the county. The closest facilities are Waterford Institute of Technology and Carlow Institute of Technology. Perhaps it is time the south east had a university, for which the Minister of State might lobby. It is the only region that does not have a university.

The problem is that Kilkenny city is within 45 km of both Carlow and Waterford; thus, people living in Kilkenny will not qualify for a grant to attend a third level institute. This has caused and will cause hardship for families in my area. Parents will either have to pay for transport daily, provide a car or transport their child to and from college.

Some 7,515 people are unemployed in County Kilkenny. According to CSO figures, some 1,283 of the people concerned are under the age of 25 years. A well educated young population would help in reducing the level of unemployment in the county. However, we do not have a

[Senator Pat O'Neill.]

third level institute and the rate of third level participation in the county is one of the lowest. In the most recent study of participation rates in third level education, 2004 being the last year for which figures are available, County Kilkenny was far down the league table of counties. The research study has found that the county ranked 19th in admission rates to third level, lower than County Carlow, and 18th in admission rates to universities. The absence of a third level facility in the county is regarded by many as a crucial reason for its lower than average participation rates in third level education. The changes to the grant rules made in the last budget are likely to have an adverse effect on the participation rates.

During the Celtic tiger years many young people might not have been interested in going on to third level. We had construction and service industries, but many of the jobs in these sectors have been lost. The only way we can help our young people is to educate them to allow them to become highly skilled. In Kilkenny, the problem is that the distance was changed from 24 km to 45 km. If one lives in Kilkenny, one must attend college in a major city — Cork, Dublin, Galway or Limerick — to get a full-time grant. One cannot stay close to home and go to, for example, Waterford Institute of Technology or Institute of Technology, Carlow. Will the Minister of State ask that the rule be examined?

In Kilkenny, 1,283 people under the age of 24 years are on the live register. Given the economic climate, we do not want this figure to increase because young people cannot access third level education. Parents are at the pin of their collars trying to educate their kids. If the grant is removed, the number unemployed will increase. Will the Minister of State consider reversing the change to 24 km?

**Minister of State at the Department of Education and Skills (Deputy Ciarán Cannon):** I am taking this Adjournment matter on behalf of my colleague, the Minister for Education and Skills, Deputy Quinn. I thank Senator O'Neill for raising an important matter. He referred to a change to the student grant schemes announced in budget 2011 by the previous Fianna Fáil-Green Party Government, which increased the qualifying distance criterion for the non-adjacent rate of grant from 24 km to 45 km.

I understand that a number of issues were taken into account in arriving at this decision. The over-arching need was to find savings to manage additional cost pressures arising from a significant increase in the number of students qualifying for grants, a proportionate increase in the number of students qualifying for higher rates of grants and payment of the student service charge on behalf of grant holders. As a consequence, an increase in the qualifying distance criterion for the non-adjacent rate of grant formed part of a package of measures to achieve these savings.

I understand that the justification for this decision was that the existing qualifying criterion was in place since 1968 and no review or change had taken place since that time. This was despite the improvements to transport facilities and road networks and better and more cost effective travelling options that have altered commuting practice more generally in society over that time.

The fourth round of the Irish Eurostudent survey relates to the 2009-10 period and provides information on where students live. The statistics indicate that some 45% of all full-time students choose to live in their own or their parents' homes during term time, yet some 77% of grant holders are currently on the higher non-adjacent rate. The recently published DIT "Student Cost of Living Guide" for the 2011-12 period, which provides students with information on costs for rent, utilities, food, travel, books, socialising, and so on, shows that the likely cost for a student living in rented accommodation is almost twice the cost involved for

students living at home. This is why the non-adjacent rate of grant is designed to assist with the costs of living away from home.

Regarding the distance set, 45 km was deemed to take account of a fair and reasonable radius in which students could be expected to commute on a daily basis. This distance criterion is in line with the Croke Park Agreement for the redeployment of public servants. I also understand that, if the approach were not taken to target grant reductions in areas where student's costs were genuinely lower, a far deeper cut than the 4% introduced for all grant levels in January of this year would have been necessary. The potential impact of this on all students, particularly those on the lowest incomes, was taken into account.

In general, it was considered that none of the changes in budget 2011 would result in a student losing a grant. Those living further than 45 km away will obviously continue to get the non-adjacent rate of grant and those with particularly low incomes will still qualify for a top-up. Others will receive a grant level reflective of their circumstances. The Senator will also be aware that €5 million for the Student Assistance Fund, SAF, has been made available to help students in a particularly difficult situation. The Minister regrets that he is not in a position to reverse this or any of the changes to the student grant schemes made by the last Government.

### **Rail Network**

**Senator Thomas Byrne:** I praised Ministers for attending the Seanad to debate various Adjournment matters and I hope they will continue to do so, but they may be busy tonight. While I am delighted that the Minister of State is present, I hope Ministers will not forget about or get bored with appearing in the Seanad.

The Navan rail line is an important infrastructural issue, not only for Navan town or County Meath, but in terms of access to the north west. Last year, we were delighted when the first phase of the Navan rail line opened, resulting in 20 trains per day each way between the M3 Parkway Station and Dublin, passing through Dunboyne. In recent years, Iarnród Éireann has done a considerable amount of work in extending the rail line between the M3 Parkway Station and Navan. Numerous consultation events have been held, the attendees of which found them to be helpful and useful. I pay tribute to Iarnród Éireann for the extent of its public consultation.

A preferred route has been identified and the public in County Meath and the north east are waiting for a railway order to be presented to An Bord Pleanála so that the next stage of the process can go ahead and people can look forward to the rail line coming to Navan. However, serious concerns have emerged in County Meath, particularly in light of the Minister for Transport, Tourism and Sport, Deputy Varadkar's review of spending on new road and rail projects. Many commentators and many people living in the area believe this review might mark the beginning of the end for the project.

My party's intention is to fight for the project. We delivered the first stage, proving the project can be done, and we intend to put as much pressure on the Government as is required to ensure the rest of the job is done. Recently, the Minister has refused to engage with the local authority and the local community. We appreciate that there is a spending review and that we are in straitened times, but we still have a capital budget and choices will need to be made by the Government. We want it to make the right ones in County Meath. The former Minister, Mr. Martin Cullen, received a cross-party delegation, which led to the first phase being opened. However, I understand that the current Minister has refused to engage. In terms of his review of these projects, it would be helpful were he to engage with the local community.

I would be delighted if the Minister of State said the project was going ahead or if there was an announcement. I expect neither, but I press the case for this crucial project.

**Deputy Ciarán Cannon:** I am taking this Adjournment debate on behalf of my colleague, the Minister for Transport, Tourism and Sport, Deputy Varadkar, whose Department has responsibility for policy and overall funding in respect of public transport.

Following the establishment of the National Transport Authority, NTA, in December 2009, the implementation and development of infrastructure projects in the greater Dublin area, such as phase 2 of the Navan rail line, comes under the remit of the NTA. The Government recently announced a comprehensive review of capital spending, which is now under way. The review will examine capital proposals across all sectors of the economy to establish a set of priority projects and programmes that will support economic recovery and provide new employment opportunities. The results will form the basis of a new national development plan, NDP.

The preparation of the new framework requires that the Department review all existing projects and programmes. As part of the review process, all agencies funded by the Department have been requested to make submissions supporting their programmes and setting priorities in a scenario of reduced allocations. Submissions have recently been received from the NTA, the Railway Procurement Agency, RPA, and Iarnród Éireann regarding public transport projects. These submissions are being examined by officials and will inform the Department's conclusions on the capital review.

Fundamentally, the review will need to take account of new funding realities. A major priority will be to ensure funding to protect and maintain investment made to date and to maintain high safety standards. This will of necessity restrict the funding for new projects with only those offering the highest return having any prospect of being prioritised. A clear decision on the development of the Navan rail line will be made in the context of the new NDP, which is expected to be published by September. Until such time as this decision is taken, it would be premature to comment further on the future development of the Navan rail line.

I would like to comment on phase 1 of the line from Clonsilla to Dunboyne, which opened in March 2010. This line, with half hourly services and a large park and ride facility at Pace, offers commuters a viable alternative to the private car. Substantial progress has recently been made regarding the opening of the station at Hansfield and it is now expected that the station will open in early 2012.

**Senator Thomas Byrne:** That was a disappointing reply. The Minister of State refused to make any commitment on the Navan rail line. He points out that, while consultation with various bodies is under way, there is none with the area's public or elected officials. I urge the Minister of State to plead with the Minister, Deputy Varadkar, to meet his colleagues. Four of the county's Deputies are in Fine Gael and have gone on the record to support the plan. The rest of us want to push the process onwards. The Minister should meet the elected politicians, the community and the local authority to see the determination of the people of County Meath for the project to go ahead. I urge the people of Meath to inundate the Minister over the summer before a decision is made. It is the only way to get the project done.

The Seanad adjourned at 7.20 p.m. until 10.30 a.m. on Wednesday, 29 June 2011.