

SEANAD ÉIREANN

Déardaoin, 1 Nollaig 2011.
Thursday, 1 December 2011.

Chuaigh an Cathaoirleach i gceannas ar 10.30 a.m.

Paidir.

Prayer.

Business of Seanad

An Cathaoirleach: After yesterday's Order of Business, I said I would bring to the attention of the Committee on Procedure and Privileges the fact that the Order of Business ran over time. The Committee on Procedure and Privileges has decided that, in their two-minute contributions, Senators may raise only one issue. I hope for the co-operation of the House on this matter. Members have received a letter to this effect.

Order of Business

Senator Maurice Cummins: The Order of Business is No.1, the National Tourism Development Authority (Amendment) Bill 2011 — Committee and Remaining Stages, to be taken at the conclusion of the Order of Business and to conclude not later than 2 p.m, with a sos between 2 p.m and 3 p.m; No. 2, motion to approve the terms of the draft scheme entitled Credit Institutions (Eligible Liabilities Guarantee) (Amendment) Scheme 2011, to be taken at 3 p.m and to conclude not later than 4 p.m, with the Minister to be called on to speak first, and with contributions of spokespersons not to exceed five minutes and that of one Sinn Féin Senator not to exceed two minutes, with the Minister to be called on to reply no later than 3.50 p.m; and No. 3, the Irish Film Board (Amendment) Bill 2011 — All Stages, to be taken at 4 p.m with the contributions of the group spokespersons on Second Stage not to exceed ten minutes and those of all other Senators not to exceed eight minutes and the Minister to be called on to reply no later than 5.20 p.m, with Committee and Remaining Stages to be taken immediately on the conclusion of the debate on Second Stage and to conclude not later than 6.30 p.m.

Senator Darragh O'Brien: We did not get an opportunity to have a proper debate prior to the budget. There are further reports today of a 10% increase in premiums for private health insurance policy holders. This increase will be brought about because the Minister for Health is going to impose a 31% increase on private health insurers for the use of public beds. Is the Leader aware that since 2009, more than 110,000 people have had to give up their private health insurance because of the economic situation, with 43,000 giving up private health insurance in the first half of the year? How does it make it even remotely attractive for people to have private health insurance with a further increase of at least 10% on private health insurance premiums? It will push tens of thousands out of the net and increase the pressure on the public health system.

[Senator Darragh O'Brien.]

This is a serious departure that we heard about yet again by way of a leak. It is said that it will be announced in the budget next week. As every day passes, I am wondering how many things will be shoved in under the radar. I am calling for a specific debate on this issue.

During Private Members' business last night, we had an interesting debate on the Fianna Fáil motion on public nursing home beds and community hospitals. I raised the point that the Minister for Health should not preside over Government policy on public and private nursing homes because of his conflict of interest. It is a serious issue and I would like the Government to address it. We cannot have a situation where a Minister closes public nursing home beds to fill private nursing home beds when he is linked to that system. It is outrageous this individual is overseeing Government policy in this area.

AIB acceded to the Government request on the recent ECB interest rate reduction but Bank of Ireland and the ICS Building Society did not. The Leader and Senator Bacik told me that if the banks did not pass on the rate decreases, the Government would introduce legislation. We have prepared legislation on this and will introduce it but where is the Government's legislation? What about the mortgage holders in Bank of Ireland and ICS Building Society? There will be at least two more rate decreases. What is the Government doing? I am going to give up even asking about this.

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

Senator Darragh O'Brien: Yes, where is the legislation the Government promised to ensure the covered institutions would pass on the rate decreases? Where is the mortgage arrears implementation strategy that was promised would be published before the budget? It has not been published. The Minister for Finance said it might be published by Christmas but I doubt that. The Government has gone through a full year without doing anything for distressed mortgage holders.

Senator Ivana Bacik: Senator O'Brien has once again reverted to the year zero policy so common in Fianna Fáil, where history started with the general election in February, which is now a year ago, according to him.

Senator Darragh O'Brien: Fine Gael and the Labour Party are in Government.

Senator Ivana Bacik: This Government has been in power for nine months after 14 years of Fianna Fáil-led Government which led us to the economic crisis we are in today.

Senator Darragh O'Brien: What did the Government promise? It said it would have a mortgage arrears implementation strategy.

Senator Ivana Bacik: I am getting weary of reminding Senator O'Brien of the fact that history did not begin in February of this year.

Senator Darragh O'Brien: Senator Bacik does not have to respond to me. The Leader of the House is due to respond. Senator Bacik does not have to say anything.

Senator Ivana Bacik: I am not responding to the Senator.

Senator Darragh O'Brien: Do not respond then.

Senator Ivana Bacik: In fact, I am not responding to Senator O'Brien.

Senator Darragh O'Brien: Senator Bacik is responding.

Senator Ivana Bacik: When I was Deputy Leader last Thursday I gave a full response to Senator O'Brien's query about homelessness and the Government's mortgage arrears policy.

Senator Darragh O'Brien: Thousands of mortgages in arrears and the Senator brings out a 500 household pilot scheme.

Senator Ivana Bacik: I gave a full response when I was Deputy Leader last week and I certainly do not intend to give a response today because that has been done.

I am calling for a debate in the new year on the reports that have been published by the Catholic Church's own internal body, the National Board for Safeguarding Children, on a number of dioceses and child protection policies in those dioceses. Some of the findings are encouraging and demonstrate great improvement in practice but equally there are some that are very worrying about the dreadful and appalling recent failure by the church and its authorities in particular dioceses to protect children in those areas. We must debate that in light of the reports from within the church but also in light of the other reports that have been published over time about different failures in the church.

We also need to look at failures by the State in terms of inadequacies in State protections. Important steps were taken by the Joint Committee on Justice, Defence and Equality which looked at the new legislation on withholding information to create a regime of mandatory reporting of child abuse. That was very welcome and we heard from a number of organisations, as we heard from organisations on the vetting Bill. It would be useful for this House to debate this in the new year to look at the panoply of legislative measures promised or in train by then. Not only have the heads of the vetting bureau Bill been published and comments made by the Joint Committee on Justice, Defence and Equality, we have made useful recommendations on foot of submissions made, will now do the same about withholding information and then see the Children First guidelines put on a statutory footing. All of this is in train and it is welcome the Department of Justice and Equality and the Department of Children and Youth Affairs have moved so swiftly on this. It would be useful in this House to review what has been done in light of the reports.

I also call for a debate on community policing. We had the Garda Commissioner before the Joint Committee on Justice, Defence and Equality this morning to speak about community policing. Some of what he said was extremely informative, particularly on the closure of Garda stations in rural areas and other matters. He gave an interesting response to a question I asked about February 2012 and the retirements at senior level and their effect on front-line policing services. It would be a useful debate for us to have in the House.

An Cathaoirleach: For the information of the House, I was talking about two minute contributions. Leaders have three minutes.

Senator Katherine Zappone: I have just come from a meeting of the group of Independent Senators who are Taoiseach's nominee during which we discussed how we could publicly thank the Leader for his responses when we ask for debates. I would particularly like to thank him for his response to the domestic violence issue I raised this week.

I have a question on the motion on prostitution and trafficking that took place 12 October. Today is 1 December. For that debate, the Minister of State, Deputy Kathleen Lynch, came into the Chamber and said she had spoken to the Minister for Justice and Equality about the issue, that he wanted to begin a public consultation process and that all public submissions would be considered by the Government having been presented to the Attorney General. The Minister wanted to do that within six months and we would then move the issue on. He also promised at that stage to publish a report on a visit to Sweden by the Government along with

[Senator Katherine Zappone.]

members of the Dignity project. He has since done that, reviewed the report and the Attorney General's report on it and I express our appreciation of that.

The Minister did say, however, that he was concerned to ensure a public debate on the issue was open to the widest possible audience and that it would happen within a six month period. He said that in mid-October, and that he would put out a paper shortly on the public consultation process. I checked with his office yesterday and the document outlining the public consultation process is still not complete. Will the Leader ask the Minister if he will be able to publish that document for public consultation prior to Christmas so we can get on with consultation and have it complete within six months?

Senator David Norris: Could the Leader give us an update on the implementation of the European regulation concerning agency workers? I am concerned about this. I believe in fair treatment for all workers but this seems to be a bizarre situation where agency workers immediately get the same treatment as those who have been working for a considerable time. At a time of economic stringency, this is a rather dangerous thing to do. It will have a major impact on, for example, the HSE — requiring an extra €35 million I believe. It could impact further down the scale on small businesses, leading to diminishing employment. The neighbouring island, Britain, managed to get a derogation from this for a period, but we do not appear to have done so, which shows laxity on the part of this and the previous Governments, and a lack of flexibility on the part of the social partners. If we are interested in the well-being of society, we should take a flexible attitude in this in the interest of the entire community and not just one section. I realise this was apparently used as a bargaining tool by some of the unions.

Earlier I referred to looking for an examination of the ethical standards in the Irish media. I continue to urge that this take place in light of the continuing revelations of the Leveson inquiry in Britain which appear to direct attention to the probability that exactly the same practices that were followed by British newspapers were followed by their counterparts here. I am just as concerned about electronic media. I have had a communication from a person who is not a constituent of mine. Comments have been put on a website about her profession — solicitors — which may not be the most popular profession. This kind of thing should not be tolerated and some method of control should be found for it. These comments include:

“In India throwing Acid in someone's face is a perfectly acceptable means of fighting crime. Ireland needs a similar method.

. . . the best way to get my point across is to kidnap and torture crooked Solicitors. I find that to be the best method to deal with these Rats.

In America if a Solicitor/Lawyer stole from a client he or she would be hunted down and killed and then the client would then commit suicide.”

I find it astonishing that this kind of stuff appears on the Internet. I wonder if there is some way to control it. While I realise that it would be extremely difficult to do so, this is incitement to commit crimes and it is very dangerous. It is the pursuit of a personal grudge because of a legal dispute upon which I am not in a position to adjudicate. Regardless of the rights and wrongs of it, I do not believe throwing of acid, kidnapping, torture or murder of citizens of Ireland should be advocated by other citizens of Ireland.

Senator Deirdre Clune: The climate change conference is taking place this week in Durban. While considerable attention is being paid to the economic situation in Europe at present, which is very important, in light of Dr. Mary Robinson's comments last week about the need

to address climate change in a global forum, it would be useful for us to focus on the issue in the new year. The Minister for the Environment, Community and Local Government, Deputy Hogan, will travel to Durban this week. These talks are in preparation for the ending of the Kyoto Protocol which will expire at the end of 2012. Although the EU only accounts for 12% of global greenhouse gas emissions, it is important for us to play a strong role in these talks. Last week Dr. Robinson told us that by 2050 Africa will have doubled its population. It behoves all of us to prepare for our children's and grandchildren's future and the type of world in which they will live. It is a very important forum for us and this House should focus on it in the new year.

Senator Paschal Mooney: The report the Central Bank issued yesterday will make chilling reading for those in the retail sector, particularly in the run-up to Christmas. As Senator O'Sullivan has indicated, more than 30% of all sales take place in December. We are in the run-up to 8 December and the period beyond when there is increased consumer spending. However, the Central Bank report indicates that people are continuing to save and not spend. I ask the Leader to encourage those consumers, who will be able to afford to spend this Christmas, to focus on Irish-made goods to protect jobs in the retail sector. The Government cannot do so because of EU competition law, but there is nothing to prevent this House and the Oireachtas in general from promoting Irish-made goods because every time a consumer purchases an Irish-made good it saves a job. With the multiplicity of retail outlets and the multiplicity of well made Irish products the consumer can now make the choice in favour of Irish goods.

Under the public petitions initiative, I ask the Leader to consider inviting representatives of the retail sector to come to the House next year. We are embarking on this initiative to highlight areas of society which are not normally highlighted. If the Government is, as we all are, promoting job creation, it is important for this House to play its part. In that context if representatives were to come to the House in January, they could give us an update and perhaps propose some initiatives that would help to not only protect jobs in the retail sector but would create new ones.

Senator Susan O'Keeffe: Senator Norris already referred to the temporary agency worker directive. It is not true that there was no attempt to seek a derogation — there was an attempt but it failed. We are now left with confusion on the part of workers and employers. This is an unusual situation in that it is often one side or the other, but not both. I ask the Leader to invite the Minister for Jobs, Enterprise and Innovation, Deputy Bruton, to come to the House on this urgent matter. The directive is due to come into place by Monday, but we have not yet had legislation to have it transposed. There seems to be confusion on the enactment of legislation side and on the practicality side.

Senator David Cullinane: I acknowledge a letter I received from the Leader of the House on changes being made to speaking time for Sinn Féin Members. I thank the Leader and those in the other groupings and parties who supported us on the issue.

I ask the Leader to arrange a debate on child poverty in the new year. It is an indictment of the State and previous governments that every measure of poverty and inequality in the State is increasing, especially when it comes to children. Between 2001 and 2010 the number of people experiencing enforced inequality doubled from 11% to 22%. This includes people who are going without two basic essentials each day, including a hot meal. The number of children deprived of very basic essentials has risen very substantially from 23.5% in 2009 to 30.2% in 2010. The number of people out of work has risen and now stands at 448,600. Many families can no longer pay their mortgages and cannot pay bills.

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

Senator David Cullinane: I am asking for a proper debate in this House on child poverty. Yesterday, Government Members of the Dáil had the opportunity to vote in favour of a motion to protect the rates of child benefit being paid to families and yet that was voted down. It is very important in these difficult times——

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

Senator David Cullinane: ——to protect struggling families and children.

An Cathaoirleach: Does the Senator have a question for the Leader? He is out of time.

Senator David Cullinane: We need to deal with the very real child poverty issues here and should have a debate on the matter.

Senator Paul Coghlan: A most significant event took place yesterday, which I am sure we all greatly welcome, namely the ECB co-ordinated campaign with the Federal Reserve, the Bank of England and other leading countries' central banks. It is a programme to make available cheap-dollar money to last into 2013. We have already seen the boost it has given to markets and I hope it will instil confidence. Although obviously more needs to be done, when the European leaders meet on 9 December, I hope they will be forceful in achieving further stabilisation of the euro. They need to ensure that the stability fund, the EFSF, is further strengthened because without that we will not have the consistency and continuity that is so necessary.

What happened yesterday is a huge first step and has already boosted confidence. It is hoped this can be built upon without treaty change. As stated by the Taoiseach, EU budget rules can be enforced without treaty change. If treaty change is necessary, let us consider it. I accept going that route will take a lot longer. I wish the Taoiseach and Minister for Finance well. I ask that the Leader provide time for a debate on the euro and the future of the eurozone.

Senator Rónán Mullen: I support Senator Bacik's remarks in terms of the debates for which she called in the new year. It is important we are provided with an opportunity to scrutinise legislation to the maximum extent possible and that we have an opportunity to discuss issues before legislation comes before us.

Like Senator Bacik, I found yesterday's engagement with the various bodies that appeared before the Joint Committee on Justice, Defence and Equality very interesting. Many issues which we should be discussing in this Chamber were highlighted during that meeting. I would also like time to be provided for a debate on the findings of the church audits.

11 o'clock Most Members would agree when I say that Mr. Ian Elliott deserves particular credit for the manner in which he carried out his work. I find the tone of this audit truthful and satisfactory, as compared with previous reports. While I do not wish to be critical of those reports, the language used in the audit shows the wrongs of the past in terms of the manner in which cases were handled, for which there must be consequences, while at the same time recognising good practice.

The difference this time is perhaps media reception of the issue thus far, which has been positive. While everything has been ventilated, the approach has been measured and considered. It is hoped that will continue because it will be to the good of best practice in the area of child protection. There is bad and good news in the audit but I look forward to the church helping to provide a model of best practice which can be picked up on by other groups in our society. Despite the progress made, the bad and sad news is that this problem is not going to

go away. We need to step up our engagement on this issue across all levels of society. This House should play a particular role in that examination.

Senator Paul Bradford: I agree with Senators Mullen and Bacik that it would be desirable and helpful to have a substantive debate on the broader issue of the child sex abuse scandal and the introduction of appropriate Government legislation. I, too, attended yesterday's meeting of the Joint Committee on Justice, Defence and Equality at which the question of mandatory reporting and the withholding Bill were discussed with various interest groups.

For me, what stood out once again, notwithstanding that arising from the meeting more questions than answers remained, is the need for us to reflect on the stark figures which clearly show that the vast majority of children are not sexually abused behind the altar in the church, by coaches in a GAA club or in swimming clubs but by family members in the family home. This silent and secret abuse requires a strong and coherent response from Government. This issue must be an integral part of our debate in the new year. It is not alone appropriate but essential that we discuss and make recommendations on issues arising from the various sex abuse scandals in the church. We must remember that in broader society — the facts speak for themselves and cannot be ignored — the majority of child sex abuse occurs in the family home. This must be ventilated and responded to. This issue was referred to yesterday as the silent and secret side of the scandal. This is not going to go away and needs to be at the very core of our debate.

Senator Labhrás Ó Murchú: I urge the Leader to provide time for a debate on insurance, which impacts on every aspect of life. There are people who have no moral constraints when it comes to making claims, their perception being that there is a bottomless purse and that this money comes from an anonymous source. Companies have had to put out advertisements reminding people that at the end of the day that money comes from the pocket of every individual paying for insurance. The reverse of this is the service providers. Reference was made today to a possible increase in health insurance premiums. There have been many such increases over several years.

We must remind those providers that there is not a bottomless purse and that premiums do not come from an anonymous source. It would be worthwhile for those providing a service in the health area to examine their charges. They must realise that the people who will eventually be paying for that service through insurance are ordinary people on whom there are already exceptional pressures. These increases of 10%, 15% or 20% are not met out of the air.

We must examine extravagant charges. I am not taking from the service provider. There is no question that the service provided is excellent. Those of us who have had to avail of it were delighted to have insurance cover. However, many people can no longer afford it. These people are to be denied the basic service and attention which every citizen should have. We should not automatically agree to further increases in premiums. We must at this stage take a step back and look at how we can justify the type of charges currently in place.

Senator Fidelma Healy Eames: I call on the Leader to provide time for a debate on the euro. I spent the past two days in Europe, where people are worried. Ireland is worried and the world is worried. Fierce decisions face our leaders. They need incredible courage. We have been stumbling since 2008. The European Central Bank's commitment to a co-ordinated approach with other central banks is welcome. However, more certainty is needed. Without that certainty, the markets will go crazy. There is too much instability around.

At a local level, questions such as what are our options if the euro collapses and will people's savings be worthless are being asked. I wish our Taoiseach and Minister for Finance well next week. It would be great if we had a debate which adopted a responsible approach in terms of

[Senator Fidelma Healy Eames.]

the situation we are in. I do not know if we have any other options. We need to face up to where we are at and to have that debate.

As we face into next week's budget, I was touched by calls from Irish people wanting to play their part, including volunteers and old age pensioners willing to take a €5 per week cut in their pensions and others offering to give up their child benefit. Perhaps the Minister for Finance should consider an element of volunteerism in the budget which would allow people to volunteer cuts which they can afford. There is such goodwill in Irish people. An addendum to that would be that if people's situations worsened, it would be possible to reverse such cuts. It is worth looking at this proposal in light of the tough decisions which the Government must make in finding €3.8 billion in cuts next week.

Senator John Crown: The human brain varies enormously. Some work extremely quickly, others a little less so and some can process huge amounts of information in short periods. I often have the privilege of rubbing shoulders with some of the international greats of science and stand in awe of what they are capable of achieving. Members may ask what is the relevance of this to the Seanad, all Members of which think quickly. I was distressed to hear there had been a change to procedures in the Seanad, whereby Members could no longer discuss three items per contribution on the Order of Business as the permissible number had been reduced to one. Perhaps if Members were a little more slow-witted, they might only process one item within two or three minutes, but they are smarter than this and can do so. Moreover, the reason this is happening is regrettable.

An Cathaoirleach: Were the Senator to become leader of his group, he would be able to speak on two or three issues.

Senator John Crown: Reducing from three items to one——

Senator Rónán Mullen: As we are very democratic, there is definitely that possibility.

Senator John Crown: Reducing the number of items it is permissible to raise from three to one has prevented me from raising two other issues I would have raised today but which I cannot do so now. I refer to the VHI increase and the use of agency staff at a higher rate of pay within the HSE in jobs that should be done by full-time staff. The other effect of this announcement will be an increase in the number of words per concept advanced and an increase in the hot air expended per concept, with a consequential increase in the carbon footprint of every Member of the Seanad. I wish to ask——

An Cathaoirleach: While the Senator is highly resourceful, I find it hard to ascertain what his item on the agenda today is.

Senator John Crown: I ask the Leader to consider, through the appropriate committees, readdressing the issue of the orders in this regard. This has limited the role of the Seanad as a forum for advocacy and means that fewer critical issues can be raised. I receive requests every day to raise issues in the Seanad. The reason this has happened is that there is inter-party procedural wrangling and a tit-for-tat food fight. I ask all Members of the major parties to remember the Civil War is long over and that the Seanad has important business to do.

Senator Ivana Bacik: Some parties were never involved in it.

Senator Cáit Keane: I have spoken previously about multiple intelligence. As everyone is capable of having multiple thoughts, I understand Senator John Crown's comments in that regard.

The Leader should ask the Minister for Justice and Equality to consider the issue of the non-payment of fines. While the Minister stated previously that he was working on it, I do not know its status. Therefore, the Minister should make a statement on the issue. This morning I listened to a highly intelligent girl being interviewed on radio. She had been fined €500 but asked what was the point of paying the fine when she could go to prison instead. She actually went to the prison, signed her name and address and was out within four to five hours. As it was exactly the same with her second fine, she asked why should one bother to pay. There was no reason to so do in the knowledge that one would not be kept in prison but would be let out. The Minister should ascertain whether there is any way to put in place a system of deductions at source for persons who have been fined but decide not to pay for whatever reason. In the first instance, I refer to people who have jobs but also to those in receipt of social welfare benefits. There must be some penalty associated with this. Many individuals who go to court receive free legal aid. They take up the time of the Judiciary and the Garda. However, as someone stated on the insurance issue, this is not free, as someone is paying for it. We are fooling ourselves if we think this is the way to deal with the system.

I have listened to many intelligent people who have been fined and could engage in community service. However, the provision is not being implemented in the manner intended. There are many jobs available and many capable people with outstanding fines who choose not to pay them who could be used in this manner. However, the deduction of the fine at source would put a little pinch on everyone's pocket and people would then think twice about it rather than deciding not to pay the fine. Why should one bother to do so, if all one must do is stay in prison for five hours before one is back out on the street? The Leader should ask the Minister for Justice and Equality to come to the House to make a statement on the matter.

Senator Mary M. White: The report by the Catholic Church's child protection watchdog has revealed a shocking number of child abuse allegations in six dioceses, as well as a complete failure by the church to deal adequately with several of the allegations made. There were 164 allegations of abuse made against 85 priests over a period of 35 years. The reviews of the six dioceses of Raphoe, Tuam, Kilmore, Derry, Dromore and Ardagh and Clonmacnoise are the result of an internal church audit and do not examine the role of the State authorities in handling allegations of abuse. The Minister for Children and Youth Affairs, Deputy Frances Fitzgerald, must establish a full independent commission of investigation with a remit to assess the handling of child abuse allegations in all dioceses by both the church and the State. The victims of child abuse have not had their voices heard and it is clear, given the upsetting and disturbing revelations, that further investigations are needed. These reviews have again brought home to Members that protection of the reputation of the Catholic Church was what the church was about, not the protection of children in its care.

Senator Colm Burke: I refer to a report in today's edition of *The Irish Times* on the involvement of University College Cork in a €9 million project on wave energy. A centre in the university has been appointed to co-ordinate the programme in 28 research centres in 12 member states of the European Union. This emphasises a point I made yesterday about the importance of research and development. It would be useful to have a debate in the Seanad to highlight the importance of sourcing funding and encouraging people to get involved in this area.

I revert to a point made by my colleague, Senator Labhras Ó Murchú, regarding VHI and the added costs being asked of people when paying health insurance, as well as the need for a co-ordinated long-term plan on this issue. While the concept of universal health care is under discussion, consideration also must be given to the refusal by VHI to give cover to a brand new facility in Cork which has now offered to quote at 6% below the current cost of medical

[Senator Colm Burke.]

care in one of the other hospitals in Cork. However, VHI is refusing to give cover to the new hospital, even though it is prepared to provide care at a cost that is 6% lower. This pertains to a reduction in costs, which is what competition does. This is the reason it is important to have a debate in the House on the issue of health care. It would be useful to have it at an early date to ensure that where there is an opportunity to reduce health care costs, it is taken and grasped at the earliest possible opportunity. The Leader should arrange a debate in the House on the issue.

Senator Trevor Ó Clochartaigh: Ba mhaith liom iarraidh ar an gCeannaire go mbreathnódh an Teach ar an gceist maidir le forbairt réigiúnach, agus go ndéanfaí é sin i bhfoirm sraith díospóireachtaí. I call for a series of debates, possibly in the new year. It will be important to consider the concept of regional development as, apparently, there does not appear to be a specific Minister entrusted with responsibility for regional development. My experience in the west and the north west suggests these regions have different needs and wants from some of the others. However, I will not be parochial in this regard as it is important to consider equally all regions on the island in detail. Consideration should be given to different issues regarding infrastructure, job creation, economic and education issues specific to these regions. A one-cap-fits-all approach should be avoided. The Seanad could play an important role in such a debate in teasing out some of the issues involved. The previous Government had a decentralisation policy, but it has been turned on its head. As I cannot discern a coherent policy on regional development, such a debate would be important and as part of it, I suggest Members could consider the relationship between the Twenty-six Counties and the Six Counties. The latter could be considered as a region and Members could examine ways to ensure better co-operation for the benefit of communities on both sides of the Border.

Senator Michael Mullins: I join other speakers who called on the Leader to arrange for the appearance in the House of the Minister for Jobs, Enterprise and Innovation, Deputy Richard Bruton, to discuss the temporary agency workers directive. In so doing, I call on the Minister and the social partners to return to the table over the weekend as a matter of urgency to try to agree on some level of flexibility in respect of the directive. Members will recall that a number of weeks ago their colleague, Senator Mary Ann O'Brien, who is an employer made an impassioned plea to the Government and the social partners to ensure a degree of flexibility in respect of the directive. Small businesses will come under pressure and it is unrealistic to expect someone brought in temporarily to cover absences arising from sick leave or maternity leave to have the same entitlements immediately as those in long-term employment. Implementation of the directive will result in jobs being put at risk and will deter employers from taking on workers during busy periods or to provide cover during short-term absences. At a time when we are discussing the level of poverty, to which the only solution is the creation of employment, some flexibility is required. The British model of a 12 week qualifying period is realistic. I ask the social partners and the Minister to make a special effort in the next few days to address this issue as the directive is due to come into force from 5 December. This is a national emergency in that up to 7,000 jobs could be at risk. Therefore, the issue requires urgent attention.

Senator Sean D. Barrett: I agree with Senator Feargal Quinn that there should have been a more thorough approach adopted to the discussions on the budget. However, I accept the Leader's statement that this will happen next year. Some €12 billion in tax forgone, as estimated by Dr. Michael Collins of TCD, is taken out of the Exchequer each year, but these items have not been discussed. While other target items such as child benefit have been discussed, these tax measures lack transparency in regard to the costs involved. We do not know what their

benefits to society as a whole are. However, they distort the economy. A range of tax lawyers and accountants are advertising in today's print media on how to beat the budget measures. These tax lawyers and accountants produce nothing; they only move money away from the Exchequer into the hands of their clients. This is a massive source of income inequality because only the very rich can afford their services. The Minister for Social Protection, Deputy Joan Burton, was keen to address these points before she became Minister. I ask the Leader to stress to members of Government that the standard rate of tax should be just that. At a time when we are so short of money, this €12 billion in tax forgone should come under scrutiny, with all the other items that have been the subject of pre-budget speculation.

Senator Martin Conway: Like other speakers, I am ashamed of what is emerging through the reports on abuse within the Catholic Church. As a practising Catholic, I find it distressful and difficult to come to terms with it. Something positive needs to be done by the Catholic Church. In my humble opinion, I suggest there be a day of penance or reflection when practising Catholics who do the right thing, live by the gospel and have no issues about their integrity could attend church and pray for the many victims whose lives have been destroyed as a result of child sexual abuse. I would like it very much if the archbishops and various other leaders in the Catholic Church picked a day on which they would open churches to people who wanted to go and express their disgust and abhorrence at what has taken place. Something like this would be appropriate for ordinary decent, genuine Catholics to express how they feel about what has happened.

Senator Feargal Quinn: We debated legislation dealing with organ donation this time two years ago, but the debate was adjourned and the legislation has not been implemented. Something should happen in this area. I would like to read a few paragraphs from an article in today's edition of *The Times* about a couple who lost their five year old child. It reads:

When the medics were trying to save Luca's life, I asked a doctor what his chances were of surviving, and he said we were looking at the worst-case scenario.

It's a scenario which no parent wants to be faced with, but it was at that stage that we discussed organ donation.

We mentioned it to the ward matron that we would like him considered for donation because we wanted something positive to come out of this.

We send Luca's organs with love to all these people, especially to the little girl who they told us was just days away from dying.

She is now expected to leave hospital on Friday and be home in time for Christmas.

Luca did a lot of things in his short life whereas these two children have never been out of hospital and now hopefully they will get the chance to live similar lives.

He was such a lively lad who never sat still and he had such a sunny disposition and was a very happy little boy.

He was a five year, alive and well and healthy when suddenly he got a disease and died.

I mention the case of that boy because if the Seanad is not to survive, let us make sure we get something done and can look back and say we achieved this much. We need to make sure there will be more organ donations. The proposal put to the House was that there be an opt-out of organ donation. In addressing the issue we have to find a way to save lives. This is something we could do. Our record on organ donation is very poor and the number of organs donated is only half that in Spain where a different system is in place. There are co-ordinators in hospitals to encourage organ donation. When the parents in the case cited received the news

[Senator Feargal Quinn.]

that their child was going to die, they said they would love to think something positive could happen. Four children's lives have been changed: one child has been saved, another has probably been saved, while the other two can now leave hospital.

This is an issue on which we can act in this House. I, therefore, urge the Leader to knock on the door of the Minister to say we should not leave matters as they are, that we must do something in this area. The introduction of legislation providing for an opt-out clause or presumed consent is the correct way to go, but I am not saying it is only way. Such a measure, combined with the provision of co-ordinators in hospitals, is one way to save lives.

Senator Maurice Cummins: Senator Darragh O'Brien, among others, raised the matter of the proposed 10% increase in insurance premiums. I am not privy to budgetary decisions. We will have to wait and see what happens in that regard.

On the allegations made in regard to the Minister for Health, Deputy James Reilly, he surrendered all his interests in business affairs following his appointment. In regard to nursing homes, the Minister of State, Deputy Kathleen Lynch, has full responsibility for nursing homes, not the Minister.

Senator Darragh O'Brien: Why is the Minister, as opposed to the Minister of State, going to Abbeylaxey?

Senator Maurice Cummins: That is why the Minister of State was here for the debate last night.

Senator Darragh O'Brien: That is not right.

Senator Maurice Cummins: Senators Ivana Bacik, Rónán Mullen, Paul Bradford, Mary White and Martin Conway raised the matter of the reports on the six dioceses. My office contacted the Minister for Children and Youth Affairs, Deputy Frances Fitzgerald, who has agreed to come to the House early in the new year for a debate on child protection and what legislation is required.

Senator Katherine Zappone raised a matter to do with the Minister for Justice and Equality and a document dealing with prostitution. I will raise the matter with the Minister with a view to having the document published in early course.

Senators David Norris, Susan O'Keeffe and Michael Mullins, among others, raised the matter of agency workers and the possibility of seeking a derogation from the directive for Ireland similar to the one obtained by the United Kingdom. There is certainly a need for greater clarity on the issue which I will raise with the Minister for Jobs, Enterprise and Innovation, Deputy Richard Bruton.

Senator David Norris also raised the question of ethical standards in the Irish media and the control of the electronic media. It is a difficult sector to control but, as the Senator mentioned, such incitement is totally unacceptable. I am sure there is a way of finding out what the sources were to dealing with the people involved.

Senator Clune raised called for a debate on climate change. I will arrange a debate on the issue in the new year.

Senator Paschal Mooney referred to the difficulties in the retail sector, a matter also raised earlier in the week. I agree with the Senator that we need to get the message out that it is important to buy Irish and to buy local. He asked whether the issue could be dealt by the Seanad Public Consultation Committee in the new year. I have received many telephone calls

about the deliberations of the committee which were broadcast and viewed by many. They are all very favourable to the Seanad Public Consultation Committee and the groups and experts that have come before it. Quite a number of other people are offering to come before the committee to discuss various aspects of life in the country. It is a matter the committee will discuss and decide upon for the next term.

Senator Cullinane raised the issue of child poverty and we can address this as a single item if necessary. I am sure it can also be debated in the context of the social welfare Bill.

Sinn Féin Senators stated that they are willing to forfeit their right to ask questions when we have statements and questions and answers and instead make a three minute statement. I have agreed with the Sinn Féin Senators on this. In doing so it does not in any way recognise them as a group under Standing Orders and it does not set any precedent for the future in this regard. The matter will be reviewed on a regular basis.

Senator Mary M. White: Very good. Well done.

Senator Maurice Cummins: I hope this solves any impasse and helps the future workings of the House.

Senator Trevor Ó Clochartaigh: Go raibh maith agat.

Senator Maurice Cummins: Senators Paul Coghlan, Healy Eames and others called for statements on the euro. This is something on which we should have a debate early in the new year. A stable eurozone is vital to our national interest and for our future. I can arrange for such a debate.

Senator Ó Murchú and others called for a debate on the cost of health insurance. Health insurance was also raised by Senator Burke when he spoke about a new hospital in Cork which has not opened. It seems ludicrous that the VHI is not prepared to take on a hospital which offers a 6% reduction in costs. It would create new employment in the area. I agree that health insurance should be discussed in the House and it will be in the new year.

Senator Ó Clochartaigh called for a number of debates on regional development and other issues and I will certainly take them into consideration. Senator Barrett spoke about the budget and I am sure the Minister, Deputy Noonan, will try to tackle and close the many tax loopholes that exist.

Senator Quinn spoke about organ donation. I have requested an updated position from the Minister and I am awaiting a response. The message should be put across to everybody that we can save lives through greater organ donation. I will contact the Senator as soon as the Minister responds.

Order of Business agreed to.

National Tourism Development Authority (Amendment) Bill 2011: Committee and Remaining Stages

An Leas-Chathaoirleach: I welcome the Minister of State, Deputy Michael Ring.

SECTION 1

Senator Sean D. Barrett: I move recommendation No. 1:

1. In page 3, line 13, after “€65,000,000.” to insert the following:

“Subject to the following conditions:

[Senator Sean D. Barrett.]

(a) the said expenditure shall be subject to a published appraisal in advance by the Minister for Public Expenditure and Reform indicating that the benefits to society as a whole exceed the costs and an ex post appraisal of the expenditure at the end of each accounting period;

(b) if the published appraisal in paragraph (a) indicates that the benefits do not exceed the costs of the proposed expanded allocation, the existing allocation will be maintained.”.

I welcome the Minister of State. We had a very valuable discussion on this matter on Second Stage.

The Bill involves a very large increase in money. I estimate the Bill has 85 words in it and the increase in expenditure is €85 million. We need to develop in advance criteria for assessment of the efficiency of expenditure to present a prospectus to the House on what is intended to be done with the money and then examine afterwards whether any of it happened. This is necessary because the country had to be rescued by the IMF and obviously the existing procedures did not work. There was a tendency towards excessive expenditure, taxation which we cannot afford and borrowing which is no longer sustainable because nobody is willing to lend. This is the failure of governance as well as Government. We need new procedures to know in advance what precisely we are being asked to sanction and what are the measures of the outputs from this expenditure and we can check it afterwards.

I have particular concerns about what is being proposed because as I stated yesterday, the track record in tourism over the past three years is very bad. It may have great prospects but there has been a reduction in employment of approximately 40,000. Within the total increase in unemployment, 140,000 jobs were lost in construction, approximately 50,000 jobs were lost in manufacturing and approximately 40,000 jobs were lost in tourism. During this period we spent €492 million on various agencies. This was all analysed by our staff in the Oireachtas Library and Research Service. Of this, 63% was spent on operating expenses and 30% was spent on marketing but — the key point — revenue from tourism decreased by 31% and the number of tourists declined by 24%. I have tabled this recommendation because we need to put in place new procedures and address the national problem. I know the Minister, Deputy Howlin, is doing that and there will be fiscal responsibility and whistle-blower legislation coming before us. We must run our public finances differently and this seems almost to be a test. Here were people who had 31% less tourism revenue coming in and 24% fewer tourists. They had spent €492 million in getting that highly unsatisfactory result and were seeking a 130% budget increase, or €85 million extra. The onus was on them to prove that this would be an expenditure with which Members of the Oireachtas would concur. The IMF recommendation is that Parliament must play a greater role in examining how the public finances are operated here. That obviously requires changes because what was operating up to now is not sufficient. Seanadóirí should consider if somebody in a business said “By the way, our revenue is down 31% in the last three years”. The immediate questions would be “Do we have to shut 31% of our outlets?” or “Do we have to ask 31% of the staff to go?” There seems to be a view in Irish promotional and development agencies that they are exempt from the budgetary constraints the rest of us must face. Serious questions have to be asked about the way the tourism industry was promoted during those three years, and in particular — according to the material assembled for us by the Oireachtas staff — the way the percentage of people who thought that tourism in Ireland was value for money went into a dramatic decline over the past decade. The heading “Good value or very good value” declined from 23% to 3%. What was this expenditure supposed to be for and why did it fail so spectacularly? In the Department’s statements and

those of the promoting agencies, why was there not at least some recognition of the crisis in the industry or even some remorse for how badly it had been doing? If we are being asked to send good money after what had obviously not worked, in the context of a Government which needs every penny it can find, I want to see something like a prospectus which somebody seeking to raise money in the private market would put before investors to see the record and what the return would be.

Along the same lines, €120 million is being sought for films but when will we get the money back? Advocacy is not analysis and we need analysis; I sought that in particular when tabling the amendment. We have a reforming and energetic Minister and Government. We have a system of governance which failed a year ago, so it needs reform and to this end we need to involve Parliament more. The old procedures of nodding through another €85 million to tourism or another €120 million for making films and hoping for the best, are not good enough. People may say one can deal with it on the Appropriation Account or the Committee of Public Accounts where the Comptroller and Auditor General will examine it, but there are defects in all those systems. Why does Parliament not take the bull by the horns and deal with it now? This is a request to spend money which we do not have, on foot of a track record which I have to say is very unimpressive.

I support the Minister's decision. All the institutions of this, unfortunately, failed State — as of 1 December 2010 — need reform, including this one where we have to face a referendum to see whether we will continue. There are huge defects in nodding through expenditure, kicking and hoping for the best — particularly where the evidence is so strong that previous expenditure was absorbed in administration and marketing. Why is the State marketing? If somebody stays in a hotel the hotelier gets to keep the money, so why is the State involved in spending 30% of this budget in marketing? Does anybody ever evaluate the marketing?

In the 1980s, I was asked by former Ministers, Mr. John Bruton and Mr. Séamus Brennan to go on the board of Bord Fáilte. At the time, it concerned me that the object of the exercise seemed to be to maximise the budget to promote the board itself, and there was very little tie in with whether it was doing anything worthwhile for tourism. The evidence in the past three years is that it was not, that receipts were down by about 31% and business by 24%. As part of the overall package that Ministers, Deputies Howlin and Noonan are applying — as well as the Minister of State, Deputy Ring — my amendment seeks to apply better procedures to get the value for money we so badly need.

Senator Trevor Ó Clochartaigh: Níl me chun mórán a rá faoin scéal seo. Sílim go bhfuil go leor le moladh sa mhéid atá ráite ag an Seanadóir Barrett maidir le freagracht ó thaobh cúrsaí airgeadais sa tír seo. There is substantially a great deal to be said for the broad element of what Senator Barrett proposes. We obviously need to see value for money from every penny spent by this State. We have many organisations involved between the Government's purse-strings and when a project is created. It is important to take the wage and administration elements into account in such organisations when grant aid is being made, so that we do not just hand it out willy-nilly, although I am not suggesting that is what the Minister of State does.

As part of a broader call, Sinn Féin wants us to examine these elements in all State organisations. If a huge element is going into administration in an organisation on the way to getting an interesting tourist attraction built, we need to question that. If a chief executive is being paid more than €100,000 a year, is it money well spent? Part of the administration costs would go towards defraying the costs and expenses of CEOs. We should examine that aspect in all the organisations we fund. Perhaps we may need to draw up guidelines for the levels of remuneration in those organisations. The State is willing to put its hand in its pocket and support cultural and tourism development, but we will not do so at the expense of keeping

[Senator Trevor Ó Clochartaigh.]

people in comfortable jobs when the State cannot afford that. An element of proofing needs to be done through the process that has been described.

In addition, a tourism infrastructure audit should be undertaken so that when money is being granted to Fáilte Ireland or other groups, they will have to state why they seek such funding. It should be done from a regional perspective, so that if it concerned a theatre or tourist centre — or, in Connemara, for example, Ónóir do Phiarsaigh to commemorate Pádraig Pearse, which we have been advocating for quite a number of years — one must ask whether there are any other tourist attractions in that area that are focal points to draw bus-loads of tourists there.

We need to examine matters from a regional perspective, and I know the Minister of State will appreciate this as he is from the west. We need focal points — one attraction in each region that will attract visitors. There should therefore be a weighting system that looks across the regions, does an audit and can state that there is a deficit in south Connemara and therefore we need a focal point to attract people. From there they can move on to north Connemara, Westport and up to Sligo and elsewhere because there are gaps around the country.

In that context, an infrastructural audit is also required. Do we have other infrastructure in place which is under utilised? A former Minister for the Gaeltacht put a great deal of money into piers in Gaeltacht areas. In certain areas they were useful but other legislation came in which made it so difficult to fish from those piers that they are under utilised. Is there infrastructure that could be utilised, such as those piers, for cultural tourism or the like? I am using that as one example where an infrastructural audit could examine other elements whereby moneys were invested in piers or other things, that could have other uses. With our limited resources, should we develop such infrastructure as a priority?

We cannot build a Taj Mahal in the middle of a desert. If we do not have the proper road, rail and air infrastructure so that the public can access these facilities, there is very little point in building them. It is extremely important to link this in to the wider policy of what infrastructural development is going on. On numerous occasions I have mentioned the traffic situation in Galway, for example. We find it difficult to attract tourists to Connemara at the moment, even though it is one of the most beautiful places in the country, due to the difficulty of getting people through the city. If the Minister for Transport, Tourism and Sport, Deputy Varadkar cannot put in place the infrastructure from a transport perspective, it will impede development the Minister might try to promote in other areas. That needs to be joined up.

We need a sense of regional proofing; we need to ensure the regions get their fair share of the budget. That should be part of the assessment process with regard to how the moneys are being spent by the likes of Fáilte Ireland. Let us look at the regions which are under-developed. Tourism is one of the industries that can be decentralised. People want to travel to the periphery and want to go to the coast and to areas of specific interest and they are outside of the urban centres. We need to promote that and we need to have a proper policy of decentralisation.

My last point, and I began to make it yesterday, is that Gaillimh le Gaeilge did a study of the value of the Irish language to Galway city. It is worth €136 million a year to the city and county from the different spin-off industries, tourism and so on. There is no reason this cannot be developed around the country. Bodies, such as Fáilte Ireland need to have a very positive attitude towards promoting the Irish language. That has not happened before. It should not just be a Gaeltacht issue but something we are promoting through every amenity and tourism destination we have, and that we use as a positive way of promoting our language and culture. There is an economic reason for it. By giving ourselves that specific cultural identity and showing to the world that we are different, it draws more tourists here. It has been shown as one of the factors that brings people here, of which the Minister is well aware.

Tá an Ghaeilge iontach tábhachtach. Tá cultúr, teanga agus saibhreas faoi leith againn. Ní dóigh liom go bhfuilimid ag baint barr feabhais astu. Ba cheart iad a thógaint san áireamh nuair atá meastóireacht á dhéanamh ar na hiarratais caiptil seo atá á lua. Ba chóir go mbeadh sé soiléir ar gach foirm iarratais cad atá an togra a dhéanamh maidir le cur chun cinn na Gaeilge agus na Gaeltachta, agus ó thaobh an teanga agus an cultúr atá againn.

An Leas-Chathaoirleach: I remind Senators we are on Committee Stage, and not Second Stage.

Senator Feargal Quinn: I listened very carefully to Senator Barrett and the points he made are worth considering. He is clearly saying that there should be a cost benefit analysis not only before but after the money has been spent. We have to be very careful in this area. We do not want to discourage entrepreneurship and to discourage a person who says “I have an idea; I think it can work; let’s have a go”. There will be failures and there will be occasions where a business decision does not work. Let us not then decide that heads must roll. If we are to run tourism like a business, there will be failures, so let us not be afraid to go back later and ask if we got good value for money. If it was not good value for money, we can at least identify the problem to help us not make that mistake again. The wording that Senator Barrett uses in his recommendation is:

(b) if the published appraisal in *paragraph (a)* indicates that the benefits do not exceed the costs of the proposed expanded allocation, the existing allocation will be maintained.”.

That seems to be a very sensible business. I will just touch on this point. In a business one takes chances, if one has an idea. It may not work but one tries it out. Every now and then one gets a great success and every now and then one gets a great failure as well. One has to be willing to look back and say it was worthwhile doing it. I was chairman of An Post for some years. I remember making a proposal on one occasion and the traditional civil servant said that we could not do that. On 10 January 1984, a proposal was made to have a St. Patrick’s Day card that was already stamped and could be sent all around the world. I went to the former civil servants in An Post with the idea. They thought it was a good idea and agreed to come back with prototypes by mid March. I replied that St. Patrick’s Day is in mid March. They asked: “Chairman, you did not mean this year, did you?” In fact we did manage to get prototypes and printers in three days but we did not go out and do all the traditional things. We sold 4 million cards and it worked very well. That was an idea that worked but we had others that failed dismally. In tourism and certainly in the case Senator Barrett has made, it is fair to say that there will be mistakes. Let us not be shy about making those mistakes. We ensure that we do the cost benefit analysis beforehand and then look back at it afterwards and ask if it worked. If it did not work, we have learned from it and will not make the same mistake again.

Senator Paschal Mooney: I am sure the Minister does not want to listen to a range of Second Stage speeches, having sat through an interesting debate yesterday. I will be as focused as I can. I was interested in Senator Barrett’s position on this and that he revealed that he had been on the board of Bord Fáilte in the 1980s. My experience was different to Senator Barrett’s. I agree and I am sure the Minister does as well, with the broad thrust that there should be accountability and all of that. However, I do not think we should throw the baby out with the bath water. As chairman of Fáilte Ireland north west, a regional organisation and I discussed this with Senator O’Sullivan from Killarney in the south west. We fought very hard for the money that was made available for the various projects. The money made available through the festival and special events budget with which the Minister will be familiar, which has been reduced considerably as a result of the recession, is still a vital cog in the marketing machine.

[Senator Paschal Mooney.]

The festivals and special events budget is allocated to festivals and events across every town and village in the respective area. As far as the north west was concerned, we did our best to ensure that we gave this as a support. It was not a great deal of money but it made the difference in some instances. In many of the cases that money was used for marketing purposes.

I am sure Senator Barrett was not suggesting it for one moment, but having listened to him, I got the impression that he felt money spent on marketing tourism was a waste of time. The evidence is different. I paid tribute yesterday to Mr. Niall Gibbons, CEO and the staff of Tourism Ireland for the job they have been doing in the most difficult circumstances in the past couple of years. They launched their marketing strategy for 2012 yesterday. The figures speak for themselves. There has been a turnaround, albeit a small turnaround, in all of our major markets and this did not happen by chance. Tourism is a very competitive business and any suggestion that the marketing budget be spencelled at a time when we need to get more people into the country does not make sense. Accountability is fine but a cost benefit analysis on a marketing budget is questionable. Senator Quinn will be aware of the age old adage that when one spends a euro on advertising one asks which 50 cent is effective? It is not an exact science, but no one should suggest that the marketing budget should be subject to a reduction at a time when we need to be out there selling Ireland. The facts show that increased funding in the past two years — and this Government, in particular gave increased funding for marketing at a very difficult time earlier this year — proved to be successful.

Deputy Michael Ring: That is right.

Senator Paschal Mooney: That should be acknowledged. I think it was an extra €15 million, which was ring fenced and was welcomed by the industry.

Last year there was an initiative in the UK which delivered the message of Ireland in a different way. They used what are called “flash mobs” operating at railway stations across the United Kingdom. The flash mobs in this instance, organised by Tourism Ireland, comprised Irish traditional musicians who appeared out of the blue at railway stations in the early hours of the morning right across the major cities of the UK to bring home the message. They then handed out fliers to passers by. Because there is a very strong attachment to Ireland in the UK — it is still to cool to be Irish — the figures this year showed an increase. I am convinced that it came about as a result of these marketing initiatives. Yesterday, I said that an increase in the cap was a vote of confidence by this Government in the tourism industry that it was not just about tying up the legal niceties.

It was also a vote of confidence. It could have been capped at €90 million or €100 million but it was capped at €150 million, which shows the capacity exists within this Government, if the money is available, to spend that money. This is based on the experience that has been clear over the past six or seven years.

I want to make a case, perhaps an opposing case to Senator Barrett, without compromising the central premise of the Senator’s argument that there should be accountability. We all want accountability but I do not agree that the tourism budget should be processed in a way involving a clutter of State agencies. Tourism is vital to the continuing economic well-being of this country and it is the second most important industry after agriculture. If there was a proposal that the agriculture budget could be subject to the sort of suggestions aired by Senator Barrett, I have no doubt the Irish Farmers Association and every associated organisation would be at the Minister of State’s doorstep, complaining bitterly that he would inhibit the development of agriculture worldwide.

I will not labour the point but I am interested in the Minister of State's comments on Senator Barrett's suggestion. I do not support the recommendation because of the manner in which it is suggested that, if implemented, it would in any way inhibit the orderly development of a tourism market that is vital not only to the national economy but to every town and village in the country. I said it yesterday but I will repeat it that I applaud the Minister of State for his enthusiasm in this regard. He comes from the west, which is particularly significant, and I do not wish to in any way suggest that because the Cabinet is Dublin-oriented, the people in it do not fully understand the matter. With the Taoiseach and the Minister of State responsible for tourism coming from Mayo, rural Ireland is in safe hands.

I applaud the efforts to bring more jobs to the tourism industry and I welcome the legislation before the House. I look forward to engaging with the Minister of State in future on the various initiatives to be brought forward. I hope this tourism year will continue to show the increases that have existed and that the improvements are not just a ship passing in the night.

Senator Cáit Keane: This is my first opportunity to speak on the Bill and I welcome the increase proposed in it. It is good to have some positive news on days when we have very bad news. This is one of the very few occasions when we have come here to witness an increase in funding. I welcome it.

I have not discussed the following matter with anybody but will the Minister of State seriously consider the recommendation? I understand what has been said about marketing but that is not mentioned in the recommendation. Senator Barrett may have made an off the cuff remark in his contribution but the recommendation seeks a review of public expenditure indicating the benefits to society as a whole. There is nothing wrong with considering the recommendation, as part of it indicates that the existing allocation would be maintained if the review indicated that money should not be spent in a certain way. That is reasonable. We have seen what we get where reviews have not been carried out on different assets, finances and regulation in this country. Checks and balances are necessary everywhere, and when the Government was put in place, we stated that we would work in a different way. This would be a way to do that. Rather than giving away money with the stroke of a pen, there should be certain clauses arising from a review.

The local authorities are great but I want to put in a word for the county tourism boards. I come from beautiful Connemara, as referred to by Senator Ó Clochartaigh, but I represented south Dublin before coming here. Before setting up the county development board in tourism, the south Dublin area was ignored in Fáilte Ireland proposals. I ask the Minister of State to ensure that county tourism boards are not neglected. I compliment the Minister of State's actions since taking office as the tourism sector has never got as much free advertising and positivity as it has from this Minister of State. He will have everybody out on bicycles on the western trail. He has gone over to America and brought back tour operators. This positive action, costing very little money, is marketing. That needs to be done.

I do not agree with cutting the marketing budget as one must spend a bit to get much money. Aontaím le Gaillimh le Gaeilge agus Baile Átha Cliath le Gaeilge. Ba chóir go mbeadh gach contae le Gaeilge ionas gur féidir ár gcultúr agus an saibhreas atá againn a chur chun cinn. Molaim é sin freisin.

Senator Ned O'Sullivan: The Leas-Chathaoirleach is being very lenient this morning and afternoon as I have never heard as many Second Stage speeches on a recommendation in my life. We had a full Second Stage debate yesterday and the Minister of State was very good to listen and respond to it. I will speak to the recommendation, with which I do not agree.

[Senator Ned O'Sullivan.]

We are not spending money but affording the Minister a facility whereby there will be no funding cap if suitable products arise in which he or she would like to invest. I am a businessman and any businessperson embarking on a development must get the ducks in a row to ensure there is a facility for laying out money. If I get a facility from my bank of €250,000 for a job, it does not mean I will spend that amount, although I will be sure I am not stuck for it. We are giving the Minister a reasonable and realistic amount, and if we keep developing as we have been, the existing cap will be gone by 2012. We are affording a facility to the Minister and there are checks and balances, which must be in place.

I understand the spirit of Senator Barrett's motion and there is evidence of waste from some of the Celtic tiger years, so perhaps checks and balances were not applied properly. I referred to that in my Second Stage speech yesterday. We do not want white elephants but we need good proven projects and proper business plans and management structures before anybody gets a shilling from the State. I cannot agree with the recommendation as it would impede the Minister's progress.

Minister of State at the Department of Transport, Tourism and Sport (Deputy Michael Ring):

I thank everybody for their comments. Senator O'Sullivan is correct and as I noted on Second Stage, this is enabling legislation. The checks and balances are working because when this legislation was introduced approximately ten years ago, the cap was set at €60 million. We are currently at approximately €44 million and in the next two years we will exceed €60 million. If there were projects in the pipeline at that time, we would have to come to the Oireachtas with emergency legislation. We are acting to put the appropriate legislation in place, and that does not mean the cap amount will be available. The Minister for Finance will allocate funding to my Department on an annual basis and that will go to Fáilte Ireland and Tourism Ireland. Money will be spent on projects but that does not mean there will be €150 million to spend.

People seem to misunderstand the idea. This money is not about marketing or administration; it is simply capital investment and projects. Such projects are assessed. We are discussing this legislation today but the Irish Film Board has the same problem as well as Enterprise Ireland. There is a cap set out for those bodies and if they reach that cap, the Oireachtas must give permission to spend further money. The Minister for Public Expenditure and Reform has a procedure in place and this year checks and balances were carried out in every Department, line by line.

Within Fáilte Ireland there is also accountability. A project coming to that body will be assessed by a committee, with inside and outside professionals taking part. I agree with Senator Quinn in that we have marvellous infrastructure in the country but we need funding for future infrastructure and to maintain, retain and upgrade existing infrastructure in the tourism product. We cannot just stand still; we must move forward. I agree with what Senator Barrett said and the sentiments behind his amendment but the checks and balances, including the role of the Comptroller and Auditor General, are in place. If, at any time, he or any Member of this House, is not happy with the checks and balances I have no problem with them raising it in an Adjournment debate. I will come and reply to the matter. I have no problem either with having an investigation to examine how the procedures are being used. I would be prepared to do that. Money is scarce at the moment and we need whatever funding we have.

On the issue of the marketing budget, which was raised by Senators Mooney and Quinn, one never knows what value one is getting for marketing spend. Senator Quinn, as someone who was in the supermarket business, knows that if one does not advertise, one is not in the game. One has to sell one's wares and let people know if one is offering value for money. That is what we are doing. When we came into government we talked to Fáilte Ireland and Tourism

Ireland. We told them we wanted more aggressive marketing and selling of this country. However, we should not cod ourselves. I was in Paris at the autumn fair to announce our autumn programme and the events and facilities we have in this country and thousands of other countries were selling their products.

One should remember that this is a small country. On RTE and local radio one hears criticism of councillors, Senators and Deputies when they go abroad for St. Patrick's Day. I was pleased to hear Senator Quinn say how lucky we are in this country to have a national day. On St. Patrick's Day the traffic is stopped in New York to let the Irish walk down the street. Can one tell me any other country that could do it? We will have people criticising us but in other countries they know about this country and what we have because of St. Patrick's Day. That is something we should promote. Senator Quinn worked on a festival committee which promotes the St. Patrick's Day festival in this country. We did not have a proper festival for many years. We need to build on the existing festival. In recent years it has been getting better and better. Cultural and other events are incorporated into it. We need to do that in this country if we expect people to talk about us on St. Patrick's Day. We have a good tourism product.

Checks and balances are included in the Bill and, accordingly, I will not accept the amendment. If at any time a Member of the House has a concern, he or she should raise it on the Adjournment debate and I will come to the House to listen to it and go back to the Department to examine the procedures. This is only a technical amendment to the Bill to give permission in the coming years. I wish there was €150 million available for capital projects and that there was more money for marketing but we did not get agreement on the travel tax with the airlines. To be fair to the Minister for Finance, he allowed us to use that money for marketing and it was well spent. As I indicated yesterday, this year is the first time since 2008 we have had an increase in tourism. We must build on that. The work will not be easy. We need everyone to work together.

I would like to come back to the House in the new year to see what Members of this House can do, and what we all can do on "The Gathering". We have an opportunity next year. We will have further announcements in that regard in the coming weeks. We are setting up committees on the matter in the Department. This will give everyone an opportunity — tidy towns groups, football clubs and cultural events. Everyone in the country can play their part. I will attend a few town hall meetings. We will go back to the old fashioned way again. We will bring people into town halls, not to tell them what we can do for them, but to ask them what they can do for this country.

Senator Feargal Quinn: On behalf of Senator Barrett, the recommendation is not being pressed because the Minister of State, Deputy Ring, has explained very well what Senator Barrett was trying to achieve. What he wanted to do, which he did very well, was to issue a word of caution. He also wanted to stitch in that this was a concern of his and that he felt it had not been fully explained. The Minister of State explained that it is enabling legislation to avoid having to come back to the House. I hope it will be used because it will be needed.

Senator Barrett has explained it very well. There is little doubt that it is capital expenditure. It is not just marketing. There was a concentration on the point, as Senator Mooney also responded on the marketing end of it. He was correct in saying that of every euro one spends, 50 cent is wasted, but in marketing we do not know what the 50 cent is wasted on. Nobody ever does, but it is possible to have a cost-benefit analysis. The Minister of State has indicated he will do that. Senator Barrett is anxious to ensure that it does happen.

The Minister of State has explained very well what the checks and balances are. That is the objective. Senator Barrett's anxiety was to make sure that his concern was stitched in. He

[Senator Feargal Quinn.]

introduced a note of caution. The Minister of State has explained it very well. The Senator will be quite happy with what the Minister of State has said. The onus of responsibility on the tourism business is a heavy one. A great deal is depending on it. The reason it is so important is that it can give an immediate response compared with other areas of the economy. If we manage to get tourism off the ground it will create jobs, wealth and income straight away whereas other endeavours might take years to achieve that. However, one can lose business quickly as well. On that basis Senator Barrett would say he is happy with the case made by the Minister of State. He was trying to stitch in a word of caution and he has done so.

Recommendation, by leave, withdrawn.

Section 1 agreed to.

Section 2 agreed to.

Title agreed to.

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

Sitting suspended at 12.10 p.m. and resumed at 3 p.m.

Credit Institutions (Eligible Liabilities Guarantee) (Amendment) Scheme 2011: Motion

Senator Maurice Cummins: I move:

That Seanad Éireann approves the terms of the draft scheme entitled Credit Institutions (Eligible Liabilities Guarantee) (Amendment) Scheme 2011, a copy of which draft scheme was laid before Seanad Éireann on 28th November, 2011.

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

For the benefit of Members a briefing document has been circulated giving details of the scheme.

Earlier today, the Minister for Finance, Deputy Noonan, proposed this motion to the Dáil, where it was passed. I am confident that the Seanad will also see the need for the scheme and the merit in approving it.

Senator Thomas Byrne: The Minister did not see the merit of it last year.

Deputy John Perry: Everyone is aware of the backdrop against which we are holding this debate.

Senator Thomas Byrne: I rise on a point of order. It is scandalous that a Minister of State would come to the House and completely ignore the way he and his party voted last year, when his party excoriated Fianna Fáil for supporting this measure. He has come to the Seanad as if nothing has happened. It is scandalous.

An Leas-Chathaoirleach: That is not a point of order. Senator Byrne should resume his seat.

Senator Thomas Byrne: This is a scandal and a disgrace. It is as if nothing had happened and as if Fine Gael had never been against this measure.

An Leas-Chathaoirleach: Senator Byrne has made his point. He should resume his seat.

Deputy John Perry: We are all aware of the seismic events in Europe and the uncertainty in the markets which the ongoing developments are causing. This makes it all the more necessary that the motion is recognised for what it is: a sensible step which will play its part in bringing certainty to a vital element in the economic and financial measures being taken as part of our economic adjustment programme. I am referring in particular to the actions that have been and continue to be taken in restoring our domestic banking system to health.

The Government announcement on 31 March last of its plans for the recapitalisation and re-organisation of the banking sector had a number of key elements. These were: the provision of additional capital to ensure adequate capitalisation under a rigorous stress scenario established by the Central Bank; the creation of two universal pillar banks in AIB and Bank of Ireland, with consequential mergers and restructuring; a significant deleveraging involving amortisation and sale of non-core bank assets totalling circa €70 billion; the provision of credit to SMEs and other important sectors; and a focus on addressing the banks' funding concerns through reaching a more prudent loan-to-deposit ratio, especially through first maintaining and then rebuilding deposit levels. The eligible liabilities guarantee, ELG, scheme remains of great importance in helping to achieve this latter objective.

Therefore, I would like to turn to the motion before the House to approve the draft statutory instrument entitled the Credit Institutions (Eligible Liabilities Guarantee) (Amendment) Scheme, 2011. The ELG scheme is one which has to be renewed, and indeed reviewed, on a regular basis. This is because it is not intended to be in place indefinitely but rather is of a short-term nature to deal with what we hope will be a short-term problem. I am speaking of the fact that the scheme is a backstop measure designed to provide absolute certainty to depositors and holders of unsecured bank debt in the credit institutions participating in the scheme that their money is secure. The institutions that originally joined the scheme, and are defined as participating institutions, are AIB, Bank of Ireland, Irish Life and Permanent and the Irish Bank Resolution Corporation, formerly Anglo Irish Bank and the Irish Nationwide Building Society, together with their subsidiaries, including EBS. Participating institutions benefit from a Government guarantee which covers deposits taken or debt issued by them, provided these liabilities qualify as eligible. This guarantee remains extremely important in providing confidence and security to the holders of eligible bank debt.

The scheme is a time-limited one which requires that any proposal to extend it be brought before the Houses of the Oireachtas for approval. The relevant legislation which governs this is Section 6 of the Credit Institutions (Financial Support) Act 2008, the CIFS Act, as amended. In November last year the scheme was extended in national law for a year with the result that, at present and without any prolongation, the scheme would expire at the end of this month if no action were taken. For this reason, the scheme needs to be amended in two respects.

First, amendment No. 1 will amend paragraph 3.1(b) of the Schedule to the scheme which sets out the period within which institutions may apply to join the scheme. The amendment will extend this period of application so that the current date of 31 December 2011 will be replaced by 31 December 2012, subject to the continuing approval of the European Commission. The amendment reflects the proposed extension in law of the scheme itself to 31 December 2012.

Amendment No. 2 will amend paragraph 11.1(c)(ii) of the Schedule to the scheme, which deals with the period during which eligible liabilities must be incurred if they are to be considered eligible under the scheme. The amendment will replace the current end date of 31 December 2011 with 31 December 2012, subject to the continuing approval of the European Commission. Again, this amendment reflects the proposed extension of the scheme in law to 31 December 2012.

[Deputy John Perry.]

The condition, in both amendments, of the approval of the Commission is necessary because all banking guarantee schemes are subject to EU state aid rules and these provide that such schemes be approved for a maximum period of six months in advance only. Therefore, in accordance with established practice, the ELG scheme will remain subject to six-monthly Commission approval, notwithstanding the proposed one-year extension in national law. This approval has already been sought from the Commission and is expected to be formally given within a matter of days. When given, this will mean explicit EU approval for the scheme until 30 June 2012. It is also necessary to seek the views of the European Central Bank in these matters and it has already given a favourable opinion on the proposed extension of the scheme, stating: "Taking into account financial stability considerations, a further extension of the ELG scheme would be beneficial." The authorities will review the requirement for the continuation of the ELG scheme in consultation with the Commission and the ECB in advance of 30 June 2012.

I shall now move on to details of the scheme itself and the reasons for its proposed continuation. The scheme, which commenced in December 2009, has been extended twice already from its original end-date of 29 September 2010, to the end of that year and, subsequently, from that date to 31 December of this year. It succeeded the CIFS scheme which had been introduced following on the announcement by the then Government of a blanket guarantee for all bank liabilities in September 2008. The ELG scheme is narrower in scope than its predecessor and does not guarantee asset-covered securities or dated subordinated debt. The scheme covers eligible liabilities as defined in paragraph 11 of the Schedule to the scheme. These eligible liabilities are: deposits; senior unsecured certificates of deposit; senior unsecured commercial paper; other senior unsecured bonds and notes; and other forms of senior unsecured debt specified by the Minister for Finance and approved by the EU Commission.

As regards deposits, it needs to be emphasised that because retail deposits of up to €100,000 are already guaranteed under another scheme — the deposit guarantee scheme — the ELG scheme only guarantees sums above this figure in such cases. Otherwise, all deposits, retail or corporate, in participating institutions are normally guaranteed under the ELG scheme. The participating institutions I have referred to are those credit institutions which joined the ELG scheme after its commencement. These institutions may take deposits and issue debt of the type I have described as eligible liabilities, with a maximum maturity date of five years, provided the liabilities have been incurred during what is called the issuance period. This runs from the date the institutions joined the scheme to the end-date of the scheme, currently 31 December 2011.

There are approximately €100 billion in liabilities currently guaranteed under the scheme. This figure is significantly reduced in comparison with that covered by the CIFS scheme at its inception, €375 billion, and that subsequently covered by both schemes, €256 billion, just before the expiry of the CIFS scheme. At the time that the new ELG scheme began to operate alone in the second half of 2010, the liabilities covered had further reduced to €147 billion. Much of the reduction from the €256 billion figure to €147 billion can be explained by the fact that certain liabilities, namely senior unsecured debt and deposits that existed under the CIFS scheme were not renewed. In addition, asset covered securities and dated subordinated debt which had been covered under the CIFS scheme were excluded from eligibility under the ELG scheme. Another factor, especially in the second half of the year and which accounted for a further fall in liabilities guaranteed to €113 billion by December 2010, was that the banking system lost access to market funding and that corporate deposit outflows accelerated against a background of an unsustainable rise in the cost of Government debt and negative market sentiment about our economic situation. The position since around June of this year is relatively unchanged on the whole, however, when account is taken of NTMA deposits covered by the

ELG scheme that were withdrawn from inclusion in the scheme and converted to capital in the banks.

Because of the current weak state of the market in terms of funding for the Irish banks, it is vital that we act in such a way so as to ensure that confidence in the banking system is maintained, especially in the critically important retail and corporate deposit sector. These deposits account for approximately 60% of the eligible liabilities of the participating institutions in the scheme and their importance cannot be underestimated. Present market conditions do not allow alternative sources of funds, such as debt securities, to be accessed in any significant quantity by the institutions. In these circumstances, the Governor of the Central Bank is of the strong view that an extension of the ELG scheme is essential to help maintain and promote confidence over the short term and that it would continue to complement the other initiatives that have been taken to stabilise the domestic banking sector. The bank therefore considers that the extension of the scheme for one year in national law is reasonable, while acknowledging that approval of the scheme beyond 30 June 2012 would be subject to EU Commission approval. The bank has pointed out also that one of the working assumptions made in the context of the prudential capital assessment review last March is that the guarantee would remain in place in 2012, again of course, subject to EU Commission approval.

The operator of the scheme, the NTMA, has also been consulted on this matter and is of a similar view. It believes that the continuation of the scheme is of paramount importance if the institutions are to be successful in normalising their funding profile and in reducing their reliance on Central Bank funding. In return for the guarantee provided by the Minister for Finance in respect of liabilities deemed eligible under the scheme, the participating institutions pay fees to the Exchequer. The fee structure is set down under recommendations which apply to all EU banking guarantee schemes, which are based on recommendations, dated 20 October 2008 of the governing council of the European Central Bank, on government guarantees for bank debt and on subsequent recommendations from the EU Commission set out in a DG competition staff working paper, dated 30 April 2010, which apply state aid rules to government guarantee schemes concerning bank debt issued after 30 June 2010.

The effect of the Commission recommendations was a gradual increase in fees payable by the institutions over the remainder of 2010. The level of fee applied was dependent on the maturity of the debt concerned and the credit rating of the institutions involved. The objective was to incentivise a reduction in dependence on short-term funding, especially that of less than three months' duration. At present, the fee structure applicable to eligible liabilities is as follows: for debt or deposits with a maturity less than 90 days, the guarantee fee is 160 basis points, excluding retail deposits, which attract a fee of 90 basis points, while all debt and deposits with a maturity of between 90 days and one year attract a fee of 90 basis points also. For longer-maturity debt, the fee is between 126.5 and 134.5 basis points.

As a result of the revised pricing structure now applicable, the level of fees earned by the Exchequer has increased in spite of a decrease in the amount of the liabilities guaranteed by the scheme. Participating institutions now pay an average of 100 basis points compared with the 50 basis points for short-term debt that was charged at the beginning of the scheme. The value of fees paid to the Exchequer to date is €1.8 billion. In excess of half of this amount, or €947 million, has been incurred in the first three quarters of 2011 compared with €855 million paid for all of 2010. It is understood that a new Commission fee structure will be in place from 1 January 2012 which will leave fees unaltered for short-term debt but may result in a small fee decrease for debt whose maturity is greater than one year.

In regard to the amending draft scheme, I have already detailed the two specific amendments proposed. In reality, they are, in themselves, minor amendments since the objective is to change

[Deputy John Perry.]

the operative dates involved and thus extend the life of the scheme rather than make any substantive amendments to the provisions of the scheme as a whole.

I should mention, however, that there are also two amending orders of a consequential, technical nature which will have to be made if the statutory instrument amending the scheme is passed. These are called financial support orders and will be made in exercise of the powers that are conferred on the Minister for Finance under section 6(3B) of the Credit Institutions (Financial Support) Act 2008, as amended. These orders do not have to be placed before the House as they are consequential to the proposed amendment to the scheme being passed in the first instance.

The first order specifies the issuance period during which financial support, that is, the Government guarantee, may continue to be given, in accordance with section 6(3B) of the Credit Institutions (Financial Support) Act 2008, in respect of liabilities incurred under the ELG scheme. Effectively, this allows the current end date of the scheme of 31 December 2011 to be extended to 30 June 2012 for the purposes of allowing the guarantee to continue to apply to new eligible liabilities incurred. The new issuance period will, therefore, run from 1 January 2012 to 30 June 2012, that is, the period approved by the Commission under state aid rules. It replaces the existing issuance period which runs from 1 July to 31 December 2011.

The second order sets down the end-date for financial support in accordance with section 6(3B) of the Credit Institutions (Financial Support) Act 2008 which allows the Minister for Finance to specify the date beyond which such support cannot be given. This date will now be extended to 30 June 2017 instead of the current date of 31 December 2016. The objective is to guarantee those liabilities under the ELG scheme which may have a maturity of up to five years and which would, therefore, have to be covered even if the scheme itself were to expire on 30 June 2012. For example, a depositor who made a fixed-term five-year deposit with an institution on 31 May 2012 would enjoy a guarantee of the sum involved up until 31 May 2017.

Before concluding, and to signal a positive note, I wish to mention a recent development relating to the scheme, of which Senators may be aware. There have been some recent indications that there may be a nascent demand from some quarters for the placement of unguaranteed deposits with the participating institutions. This manifested itself formally in written requests from these institutions to the Minister for Finance, made in accordance with paragraph 13 of the schedule to the ELG scheme, to be allowed to offer unguaranteed deposits to certain corporate customers. The Minister responded positively to this request by publishing the necessary technical notice under paragraph 13 on 16 November last which allowed such offers to be made subject to certain conditions. These make it quite clear, *inter alia*, that unguaranteed deposits must be clearly described as such in the relevant terms and conditions that apply to them. Moreover, since the unguaranteed deposits are aimed at corporate and institutional investors only, there is no risk of the normal retail investor being confused.

I would suggest the development I have described and initiated by the institutions is a positive sign which is also a necessary one if a start to the removal of the guarantee is to be made. However, one must wait to see if this new capability on the part of the institutions can be translated into a significant contribution to a growth in unguaranteed corporate deposits.

This motion deserves Senators' approval in order to ensure that an essential cornerstone of the support for the domestic banking system remains intact. It would be better if there were no need to extend the ELG scheme but unfortunately, we must deal with the situation as it is and that situation demands that the essential support and security provided by the guarantee for both banks and customers, respectively, be continued.

I assure Senators, however, that the need for the bank guarantee will be reviewed. In this regard, the requirement to obtain formal EU state aid approval every six months will ensure that the ELG scheme will be extended again only if necessary and only after a full consultation has taken place with the authorities concerned. I commend this scheme to the House.

Senator Darragh O'Brien: That was enlightening. I thank the Minister of State, Deputy Perry, for his attendance. I have much personal regard for him but I think most colleagues would agree it is somewhat disappointing that neither the Minister for Finance nor the Minister of State at the Department of Finance are here. That is no reflection on the Minister of State.

This is an important extension of the bank guarantee scheme. According to the Minister for Social Protection, Deputy Burton, the Labour Party stood alone in October 2008 in opposing the blanket nature of the guarantee. She said: "The wisdom of our position has been vindicated by events since then." That totally contradicts what the Minister of State said here on behalf of the Minister for Finance and what the Minister for Finance said in the Dáil today that the situation demands that the essential support and security provided by the guarantee for both banks and customers, respectively, be continued. That is perfectly correct. What is the difference between now and 2009, in particular, when the guarantee was amended? I am glad this has been a road to Damascus conversion. It has been a long road for the Labour Party, in particular, and we will note with interest how it votes this afternoon. Perhaps the Labour Party Senators will take the line of their colleague, Deputy Broughan, in the Dáil earlier or perhaps they will do a total flip-flop like Senator Whelan yesterday and what the party has continued to do since elected to Government, that is, saying one thing and doing another. That will be tested this afternoon.

Fianna Fáil believes the extension of this scheme is crucial, although it is not something the previous Government wanted to do but, of necessity, it was done. Fine Gael and Sinn Féin supported the original blanket guarantee in 2008.

Senator David Cullinane: That is not true.

Senator Darragh O'Brien: Sinn Féin abstained.

Senator David Cullinane: If someone is going to make statements, they should be truthful. We voted against the Final Stage. Senator Reilly put that on the record.

An Leas-Chathaoirleach: Senator O'Brien is wasting time. Some speakers will not get in.

Senator Darragh O'Brien: Obviously, some people's sensitivities are affected.

An Leas-Chathaoirleach: There should be no interruptions please. Given the time schedule, some speakers might not get in and they will be disappointed.

Senator Darragh O'Brien: To get back to the kernel of the motion, it is important this guarantee is extended. There is no alternative to this at the moment, in particular in light of the ongoing crisis in the eurozone.

I refer to the new Government's banking policy. The Minister of State and the Minister for Finance have taken a lot of the commendations they have been getting from the ECB and other commentators across Europe, although, effectively, it was the previous Government's banking policy, which is good. The only thing the Government has changed is that it is proceeding with the two pillar bank approach which is something this country will regret. If anything can be learned from the past number of years, it is that if we allow our banks to get too big — bigger than the economy itself — the risk to the State is grave. By insisting on the EBS which

[Senator Darragh O'Brien.]

was the only lender lending to first-time buyers being subsumed by AIB which is lending nothing, we will, effectively, have only two Irish banks, namely, Bank of Ireland and AIB. Thanks to the British Exchequer, Ulster Banks operates in Ireland. There was an opportunity to sell the EBS to a US consortium, which would have created a proper third banking force and we will regret that lost opportunity.

It is welcome that the covered institutions must pay fees. How much will be paid in cash or preference shares? Understandably, Bank of Ireland was mentioned prominently by the Minister of State. Two weeks ago the Government organised a perp walk to Government Buildings. It dragged in the banks and told them to pass on the 0.25% rate reduction or else. As the Minister for Finance, Deputy Michael Noonan, commented, AIB did it when it was probably the only one with a reason not to do so. Why have Bank of Ireland and the ICS Building Society not done so? The Taoiseach and the Tánaiste promised legislation to give the regulator power to insist on ECB rate decreases being passed on to customers. Where is that legislation? When the Government asked the regulator whether he wanted that power, he said, "No." As I have been reminding colleagues in the House, the Government is meant to govern. It is not meant to ask the regulator what he wants. It should do what the public wants. The extension of the liabilities guarantee should have given the Government a large stick with which to beat Bank of Ireland and AIB, not just in terms of mortgage interest rates, but also in terms of the €3 billion per year that they have promised to lend, something they did not do under the previous Government.

What steps has the Government taken? Although propping up the banks and saving their bacon again is the right action for the Exchequer to take, it is not pleasant. Why has the Government not insisted on the ECB rate cuts being passed on to customers? Why will the Government not insist on the covered institutions lending in the real economy? There is no lending. Day after day, businesses are folding because they are not receiving the same support we are giving to the banks.

Senator Michael D'Arcy: In this debate I hope we will stop trying to rewrite history.

Senator Thomas Byrne: It is the Government side which is rewriting history. The Members opposite voted against this measure last year, but they are now telling us with straight faces that all is well and that what happened last year was a mistake.

An Leas-Chathaoirleach: Please, Senator.

Senator Thomas Byrne: The Minister of State told the people lies in County Sligo and has told lies again today.

An Leas-Chathaoirleach: The Senator should, please, resume his seat, as he is wasting time.

Deputy John Perry: On a point of order——

An Leas-Chathaoirleach: The Minister of State cannot raise a point of order. He should allow Senator Michael D'Arcy to resume. If Members continue to interrupt, someone will run out of time, as I will be stopping at 4 p.m. on the dot. I have no choice.

Deputy John Perry: It is the legacy we inherited from the previous Government.

Senator Thomas Byrne: How can the Minister of State sleep at night?

An Leas-Chathaoirleach: Senator Michael D'Arcy to continue, without interruption, please.

Senator Michael Mullins: Senator Thomas Byrne is obviously not sleeping well.

Deputy John Perry: He has a short memory.

Senator Thomas Byrne: I voted for this measure last year and will vote for it again today.

Deputy John Perry: Fianna Fáil caused the problem.

An Leas-Chathaoirleach: The Minister of State should allow Senator Michael D'Arcy to proceed.

Senator Michael D'Arcy: We will try not to rewrite history. Fine Gael supported the previous Government because it believed it was the right choice to make. In my opinion and that of many others, the previous Government introduced this scheme because the then Minister, the Department and the then Government had been given incorrect information. I am being fair and honest. Sinn Féin also supported Fine Gael that night. The only party that stood outside was the Labour Party.

Senator David Cullinane: On that night, but let us be clear on the issue.

Senator Darragh O'Brien: The Senator is splitting hairs.

Senator Michael D'Arcy: I am being accurate.

Senator David Cullinane: I support the Senator in that respect. At least that bit is accurate.

Senator Michael D'Arcy: I am trying to be fair. The circumstances changed and people did not believe some of the information revealed.

Senator David Cullinane: And voted against the measure.

Senator Michael D'Arcy: Positions changed. Let us stick with the facts and try not to rewrite history. There is no choice but to support this measure. I would like the €100 billion liability removed from the State, but there comes a time when there is no choice. This is such a time. Some €80 billion of the amount guaranteed is made up by accounts of less than €100,000 held in the retail banks by Joe Citizen. If someone walks out of the Chamber and does not support the scheme and something occurs——

Senator Thomas Byrne: The Senator is referring to a separate guarantee scheme.

Senator Michael D'Arcy: It is all part of the guarantee.

Senator Thomas Byrne: It is not.

Senator Michael D'Arcy: According to the note, this is the aggregated figure. Anyone who does not support the scheme is not acting in the public interest. We must address these facts. Other deposits are guaranteed——

Senator David Cullinane: The Government is acting in the interests of the banks and bondholders.

Senator Thomas Byrne: This measure relates to deposits of more than €100,000.

An Leas-Chathaoirleach: Senator Michael D'Arcy to continue, without interruption, please.

Senator David Cullinane: Senator Thomas Byrne is correct.

Senator Michael D’Arcy: I am addressing the matters involved in an open and fair manner. I know what I would like to tell the unsecured bondholders who account for a figure of €38 billion, but there comes a time when one cannot change course, even after one has been handed new information. For this reason, Fine Gael and the Labour Party in government are advancing the scheme. Handed it in mid-stream, we can either drop the ball and see where the cards fly or we can maintain the scheme in a correct and prudent manner by passing the motion.

On the night of 28 September 2008 the figure guaranteed was €375 billion, a colossal sum. From my memory of that debate, the only person who questioned whether it was a liquidity or an insolvency crisis was Deputy Michael Noonan, now Minister for Finance. The clear answer from the then Minister, the late Brian Lenihan, was that it was purely a liquidity crisis. We now know this was incorrect.

I have only one minute remaining, but as I was interrupted, like Senator Darragh O’Brien, I would like some leeway.

I have been harsh on Bank of Ireland. While the guarantee is expensive, a great deal of money has accrued to the Exchequer in 2011 as a result. Bank of Ireland has behaved treacherously towards the State.

Senator Darragh O’Brien: Hear, hear.

Senator Michael D’Arcy: It has taken and taken, but it only gives to its clients when it is charged a fee. My accusation of treachery relates purely to its treachery towards its clients who are being overcharged.

The State’s third banking force is Ulster Bank. That there will only be two pillar banks is a concern. When there were only two banks in the 1950s, 1960s and 1970s, they loaned in a very conservative way. I do not want to revert to that scenario and hope Ulster Bank can return to profitability soon in order that it can be more competitive. Other correctly capitalised banks will have an opportunity to enter the Irish market.

I commend the motion to the House. Like every Senator, I would prefer not to be here, but there are options. Not extending the guarantee is not one of them.

Senator John Gilroy: This is a technical extension of the——

Senator Darragh O’Brien: What does the Senator mean?

Senator John Gilroy: Is it technical or is it not?

Senator Thomas Byrne: No more than the guarantee which the Senator’s party has bitterly opposed for the past few years but for which it is now voting.

An Leas-Chathaoirleach: No interruptions, please. Please allow Senator John Gilroy to speak.

Senator David Cullinane: Does he remember the phrase “economic treason”?

Senator Thomas Byrne: That is what the Labour Party accused us of doing. I got that phrase in the neck on the streets of my constituency. I was an “economic traitor”. The Senator’s party leader accused us of that because of the guarantee the Labour Party is now cynically supporting.

An Leas-Chathaoirleach: The Senator should resume his seat.

Senator Thomas Byrne: The Labour Party does not care about the people.

An Leas-Chathaoirleach: The Senator should respect my decision and resume his seat. Another minute has been wasted.

Senator John Gilroy: Senator Thomas Byrne is constantly shouting down speakers. He did so last night also for reasons to do with petty party political point scoring.

Senator Thomas Byrne: This is sickening.

Senator John Gilroy: Clearly, he has nothing sensible to add to the debate. We should carry on and ignore him. Does the Minister of State agree?

Deputy John Perry: Yes.

Senator Thomas Byrne: “Just ignore it,” is that what cancer sufferers in County Sligo are saying?

Senator John Gilroy: I hope the Leas-Chathaoirleach will allow me to recover the one minute I have lost.

An Leas-Chathaoirleach: I will, but the Senator should try not to draw fire either. He should not be like the bee in the honey pot.

Senator John Gilroy: This measure is required if we are to retain personal and company depositors’ confidence and avoid causing unnecessary concern or undermining the fragile confidence we have painstakingly built since entering into government. The Governor of the Central Bank has strongly recommended that we take this course of action.

Senator Thomas Byrne: The Governor of the Central Bank also recommended it last year, when Senator Gilroy’s party voted against it.

Senator John Gilroy: We are slowly but surely returning to a more normal banking system and it is crucial that we maintain the course. We can see evidence of this in the fact that the Irish banks have successfully issued €6.7 billion worth of unguaranteed bonds over four months. That is a clear indication of the bank policy we are pursuing.

Senator Darragh O’Brien: Senator Gilroy should try to say that with a straight face.

Senator John Gilroy: The Labour Party did not support the bank guarantee scheme in 2008, not because we were fundamentally opposed to it but because we were worried about the extent of the liabilities covered by it. Our position has been proved correct. The Labour Party was the only party to do so——

Senator Ivana Bacik: Hear, hear.

Senator David Cullinane: That is not correct.

Senator John Gilroy: ——and when the previous Government entered into this contract, it became a contingent obligation for this Government to follow the course of action. We have no choice. We would prefer not to——

Senator Thomas Byrne: We said that last year and the Labour Party voted against it.

Senator John Gilroy: We were not in government last year.

Senator Darragh O’Brien: This is the same old nonsense.

Senator Thomas Byrne: Fianna Fáil is doing the right thing now, not just opposing it.

An Leas-Chathaoirleach: Senator Gilroy should be allowed to make his contribution.

Senator Thomas Byrne: This is the worst day for democracy in this country ever.

Senator John Gilroy: If we have regard to the law of the land, it is a contingent obligation that we pursue the contracts entered into by the previous Government.

Senator Darragh O'Brien: This is a renewal, the Government does not have to do it.

Senator John Gilroy: The strategy pursued has been a difficult one and the original amount guaranteed by the previous Government was a crippling €375 billion——

Senator Darragh O'Brien: That was amended in 2009.

Senator John Gilroy: ——because it covered all historic issuances and exposed the country to a very grave risk, one that has been described by most commentators as reckless. Today, the guaranteed amount in credit institutions is €100 billion, which remains an enormous amount of money. However, these funds were issued in the window since 2009. It allows banks to access current funding. Would we prefer if banks could not access current funding? Perhaps some people here would.

Senator Thomas Byrne: We are supporting the scheme.

Senator John Gilroy: This is entirely consistent with the position adopted by the Labour Party. The key points, which some Opposition Members do not understand, and which some choose not to understand, is that the narrowing of the parameters of the guarantee reduces the exposure of the State——

Senator Darragh O'Brien: When was that narrowing done? It was in 2009 and the Labour Party opposed that as well.

Senator John Gilroy: ——and if our position had been adopted at the time, things might work better.

Senator David Cullinane: Who is rewriting history now?

Senator John Gilroy: The argument has moved on since 2008, having regard to EU state aid rules and the opinion of the European Central Bank. It has been said that the train has left the station and I suppose it has. We need to move with the changing situation. We have secured a substantial discount in our interest rates and while we have not claimed to have cured the situation, we are moving in the right direction. Any fair-minded commentator would agree with that. The Labour Party is supporting the extension because we do not wish to return to the uncertainty and chaos caused by the Fianna Fáil-Green Party Government. If we are to reach our goal of reclaiming our economic independence, protecting jobs and adding and maintaining confidence, it is vital that we do so today.

Senator Sean D. Barrett: I welcome the Minister of State to the House. Every day realises the damage that banks have done to this country. In one sense, they have achieved political unanimity in the Joint Committee on Finance, Public Expenditure and Reform under the chairmanship of Deputy Alex White. Every member of the committee, from Deputy Richard Boyd Barrett to this Barrett, agrees that the banks do not realise the damage they have done to the country and have been largely insulated from the consequences of what they have done. The

lesson is that Parliament in general must watch what the regulators are up to. The regulation of Irish banks was appalling.

The meeting in late September 2008 was not a proper Cabinet meeting; it was incorporeal and that is not the way to do business. The guarantee that was given surprised Madame Lagarde and the UK Chancellor, Alistair Darling, in its generosity. During the committee meeting one of the bankers said, in reply to Deputy Pearse Doherty, that he had been subject to unfair criticism. Relative to GDP, this was the biggest case of regulatory capture and the largest guarantee ever given. We suggested that they had got off lightly although the criticism was deserved. This was the failure of financial regulation in Ireland.

The defective design of the euro was pointed out from Japan today. We must consider these faults. They are putting in temporary money but we must reform it. There is no exit mechanism and there was a one size fits all design, which gave us low interest rates and a property boom when we needed higher interest rates because the economy was doing well. The IMF is keen on a mechanism where, if a small country such as Ireland faces massive capital inflows from a country such as Germany, there are methods of sterilising the money before it destroys the real economy, as it did here.

Yesterday, we debated legislation to ensure that people in a field were of good repute, professional competence and good financial standing. It referred to bus drivers and truck drivers and it is a pity we did not have it for banks. It is a pity we still do not have it for the banks. The reform of banks, and the criteria for people to be directors of banks, has been promised by Mr. Elderfield but is now overdue. The other reform we need is after the chartered accountants regulatory body, CARB, reports. Accounts were prepared for the banks whose representatives walked into Government Buildings in September 2008 and walked away with a huge guarantee. Where are the accountants? Small accountants down the country are charged with producing misleading accounts for a vegetable business. If we are to restore any credibility, those accountants must come up with some decision about the accuracy of the accounts prepared for the banks we had to rescue.

The idea of too big to fail turns out to be too costly to save. As with other Senators, I am a sceptic about the pillar bank idea. Page 4 of the document refers to the fact that new institutions may apply. I hope not and I hope this is a period we have put behind us and that we never get caught in this exercise of extending such a provision. The Minister referred to outflows from the banks. The banks must reflect on how they conduct themselves in this House when they appear before the Joint Committee on Finance, Public Expenditure and Reform and the way they treated their shareholders with contempt. AGMs of the Soviet party under Mr. Joseph Stalin treated the members of the audience with more respect than the banks treated their shareholders. It is no wonder that people pulled their money out.

I welcome the statement on page 14 of the Minister's speech that there is a revival in unguaranteed deposits but the Parliament must assert itself. We should not have had those Cabinet meetings. People say that we should now reflate the economy once again but we now know some of the costs. One of them is that the banking system becomes obsessed with lending to Government and loses all contact with the real economy. We must try to restore banks to do what they are supposed to do.

I refer to the power of the lobby groups. The debt mountain grows each time and absorbs more tax revenue, which builds up a huge bureaucracy. We do not need to go back to the markets but back to balanced budgets. I support the Minister's proposal. This is a period in Irish economic policy from which we need to learn many lessons of regulatory behaviour, the behaviour of banks, the need for more competitions, the behaviour of lobby groups and their easy access to Government, along with the way Parliament was bypassed. With regard to the

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way we will reform the Seanad, checks and balances and scrutiny of events such as this will be part of the continuing active role of this House in Irish public life. This is an episode, the like of which, from every point of view, must never happen again.

Senator Kathryn Reilly: This is a U-turn. Members may recognise this from Fine Gael and Labour Party U-turns on issues such as increases in the college fees, hospital closures and cuts to child benefit or social welfare. Today we have another U-turn, one on which election promises were made and votes were hard won. This is the U-turn that brought phrases such as “not one more red cent would go into the banks”, “Labour doesn’t do blank cheques” and that the Government would “break the vicious cycle of the massive dependence of the banks on the State”. Today we are being asked to saddle the Irish State and the Irish taxpayer with an unknown liability on top of the existing guarantee of €100 billion. We are being asked to write a blank cheque for the banks, including Anglo Irish Bank. Given the volatility in the eurozone, it is likely that the scale of this liability will increase. The Government is asking us to do this as uncertainty and volatility in the banking system increases and, with it, the level of risk to the taxpayer. The Government is asking us to support a decision that Fine Gael and the Labour Party rejected numerous times in 2009 and 2010. They want us to give a vote of confidence to Fianna Fáil’s banking strategy, to which they were vehemently opposed. So much for the programme for Government’s commitment to end the previous Government’s “blank cheques for banks policy”.

Senator John Gilroy: Sinn Féin voted for it.

Senator David Cullinane: The Labour Party is voting for it today.

Senator Darragh O’Brien: We are the only consistent party on this issue.

An Leas-Chathaoirleach: The Senator has only two minutes and it is very unpatriotic to interrupt her.

Senator Kathryn Reilly: The truth hurts. The Labour Party might want to highlight the fact that it alone rejected the bank guarantee and is only dealing with the legacy of the mess left by Fianna Fáil but it is wrong. Today does not just herald that U-turn, marked by Deputy Doherty in the Dáil, it happened in June behind closed doors in Government when the ink on the programme for Government was barely dry. The Cabinet, including Deputies Joan Burton, Richard Bruton and Michael Noonan, vocal opponents of the bank guarantee legislation, agreed to extend the guarantee to the end of this year and sought Commission approval for it.

Today the Government Senators must vote to endorse what is universally regarded as the most costly and damaging decision ever taken by an Irish Government. Sinn Féin will vote against it, as we voted against the previous ELG extensions. If the Senators want to look at the response from the Minister for Finance to a parliamentary question, “The formal statutory legal basis for the guarantee was provided by the Credit Institutions (Financial Support) Act 2008 and the Credit Institution Financial Support Scheme 2008. That was formally approved by both Houses of the Oireachtas on 17 October 2008.” Sinn Féin voted against that and no banks were able to sign up to it until 24 October. If Senators read the transcript, it is there and they will see it.

Senator David Cullinane: The Labour Party accused Mr. Brian Cowen of economic treason and is doing exactly the same here today. Labour’s way or Frankfurt’s way; it is obviously Frankfurt’s way.

Senator Thomas Byrne: The House will excuse the passion of my interjections today but I am passionate about this issue because I am passionate about consistency, honesty and decency in politics.

Senator Michael D'Arcy: On a point of order, Senator Byrne said the worst day for democracy was today but the worst day was the day the previous Taoiseach was drunk on the radio.

An Leas-Chathaoirleach: That is not a point of order.

Senator Thomas Byrne: I have never done that on the radio, and I have never told people with cancer that they would get services when I knew they would not be delivered.

Senator Darragh O'Brien: On a point of order, in fairness I do not think Senator D'Arcy meant to say that and I ask him to withdraw those remarks.

Senator Michael D'Arcy: I will withdraw those remarks.

Senator Thomas Byrne: I will withdraw the L-I-E word from earlier because I realise that it is unparliamentary. This is a dark day for democracy, it is a day that proves there is no honesty and the public are right to be cynical about politicians. All of us are done down because of that.

Senator John Gilroy: We will not take a lecture on honesty from Fianna Fáil.

Senator Thomas Byrne: Fine Gael was opposed to the very same motion last year; it voted against it. Now it comes in with a straight face hoping we will support this very necessary measure. Yes, we will support it, we have a consistent position, it is our policy and we will not run away from it, we will not do a U-turn, we will not lie to the people, we will not tell them one thing and then do another, which is exactly what Fine Gael is doing. This is the bonfire of the promises and the people of Ireland are at the top of the bonfire and that is the uncomfortable truth for the Labour Party. The Labour Party Senators should show consistency and decency like Deputy Broughan, who believed in something and said he could not support a measure because it was wrong. I disagree with him but he is consistent.

The public voted for change but it got much worse. Politics and democracy are at stake. How can people trust anyone running for election given the record of the Government parties? They should have been honest and admitted that they would have to vote for it; they still would have been elected to Government but it is in the nature of Fine Gael and the Labour Party to tell people one thing and do another. The civil servants sitting there are the civil servants who did an excellent job in recent years in advising Ministers, even though the Labour Party and Fine Gael were highly critical of them personally in recent years.

Let us try to be honest, let us try to have a new day for democracy in politics, when representatives vote according to what is right for the people. Fianna Fáil is starting that today by voting for the Government motion, even though we are right to criticise it for the inconsistencies and untruths told to people. Let us do a deal with the people that this will not happen again because it is shameful and disgraceful and the Government consistently voted against this before the election.

Senator David Cullinane: On a point of order, it is absolutely outrageous that on an issue such as this, which is of fundamental importance, only one hour was given to discuss extending a guarantee that will cost this State a fortune; €38 billion more of senior unguaranteed debt being signed off here today. We have been accused in the past of being of asleep at the wheel. A single hour of debate is a disgrace. The Government should be ashamed of itself.

An Leas-Chathaoirleach: That is not a point of order. The Order of Business was agreed this morning. The Senator must resume his seat.

Senator David Cullinane: The Labour Party and Fine Gael should be ashamed of themselves.

Senator Michael D'Arcy: The Order of Business was agreed and there was no vote on it. Sinn Féin agreed to it.

An Leas-Chathaoirleach: We must conclude at 4 p.m. so I ask Senators to allow the Minister of State to respond.

Minister of State at the Department of Jobs, Enterprise and Innovation (Deputy John Perry): I thank Senators for their contributions on this important motion. We are a peripheral country and our economic welfare depends on the influence of the wider European and global economic environment. It is within this context that we must continually review our policies and make adjustments to meet the challenges the situation brings. The motion before the House today to approve the draft statutory instrument amending the end date of the ELG scheme is a reflection of the Government's commitment to restoring the banking sector to financial health and, in this way, to contribute to the overall recovery of the economy as a whole.

All important deliberations, such as the request for the approval of today's motion, must be realistic and objective in assessing the facts before reaching a conclusion. What are the facts relevant to this motion? We are making progress in restoring stability to the Irish banking system through the combination of interlocking initiatives that make up the financial measures programme referred to earlier.

A key element is to address the funding problem being experienced by the participating institutions in the deposit and debt issuance markets. Part of the approach used in the bank funding area is the eligible liability guarantee scheme. We have seen progress on funding on a number of fronts here, with the cessation of deposit outflows from institutions in the past six months and a marked reduction in dependence on the European Central Bank funding since April. A number of liability management exercises since April, which led to savings of approximately €15.2 billion, have been completed within two of the participating institutions. Large international banks have recently given an indication there may be some demand in the near future for non-guaranteed deposits for certain corporate customers.

Notwithstanding these positive indications, market sentiment continues to be negative towards the participating institutions and the Irish sovereign as the external economic environment has deteriorated with the intensification of sovereign debt concerns in Europe, turbulence in the global financial markets and concerns regarding world economic recovery.

The main reason for the motion to approve the extension of the ELG scheme is the considerable uncertainty regarding the impact on individual banks and domestic financial instability that could result from non-extension. The risks posed and the potential consequences of the non-continuation of the guarantee are too great to ignore, including a threat to bank deposits. In this context the Minister for Finance has been advised by the Governor of the Central Bank and the NTMA that an extension is essential in present circumstances to maintain the competence of investors and deposit holders in the banks and to ensure the continued recovery of the banking sector. The EU Commission and the ECB agree the scheme should be extended. The requests for the extension of the ELG scheme should be seen in the light of the consensus of the Irish and European authorities that such an action is absolutely necessary.

The announcement to extend the guarantee helped to raise, support and promote the continuing work of the Government and Irish authorities in repairing and restructuring the banking system.

Senator O'Brien asked about the interest rate cuts. Bank of Ireland operates at arm's length from the Government, and its management assesses mortgage and deposit rates in a very competitive environment. The State shareholding is approximately 15% following the sale of the equity stake to a consortium of international investors. The regulator has stated that he does not require legislation to manage mortgage interest rates. The topic remains an area of focus for the Government and the Department of Finance. The fees for the ELG have been paid on a quarterly basis in cash, not preference shares.

An Leas-Chathaoirleach: I am sorry to interrupt the Minister of State but as it is 4 p.m. I must put the question.

Question put: "That the motion be agreed to."

The Seanad divided: Tá, 35; Níl, 3.

Tá

Bacik, Ivana.
Barrett, Sean D.
Bradford, Paul.
Brennan, Terry.
Burke, Colm.
Byrne, Thomas.
Clune, Deirdre.
Coghlan, Paul.
Conway, Martin.
Cummins, Maurice.
D'Arcy, Jim.
D'Arcy, Michael.
Gilroy, John.
Harte, Jimmy.
Healy Eames, Fidelma.
Heffernan, James.
Henry, Imelda.
Higgins, Lorraine.

Keane, Cáit.
Leyden, Terry.
Moran, Mary.
Mulcahy, Tony.
Mullen, Rónán.
Mullins, Michael.
Ó Murchú, Labhrás.
O'Brien, Darragh.
O'Donovan, Denis.
O'Keeffe, Susan.
O'Neill, Pat.
Power, Averil.
Sheahan, Tom.
van Turnhout, Jillian.
Whelan, John.
White, Mary M.
Wilson, Diarmuid.

Níl

Cullinane, David.
Norris, David.

Reilly, Kathryn.

Tellers: Tá, Senators Paul Coghlan and Susan O'Keeffe; Níl, Senators David Cullinane and Kathryn Reilly.

Question declared carried.

Irish Film Board (Amendment) Bill 2011: Second Stage

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

Minister for Arts, Heritage and the Gaeltacht (Deputy Jimmy Deenihan): I am grateful to the House for facilitating us in taking this Bill at short notice. It has a simple but important objective, namely, to increase the statutory limit on the cumulative capital outlay, commitments and liabilities that the Irish Film Board may incur. As is the case with some statutory bodies that receive public funding, a limit was set by statute on such outlay when the Irish Film Board

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Act 1980 was enacted. This limit must be updated by the Houses of the Oireachtas every five to six years.

The Irish Film Board (Amendment) Act 2006 increased the limit from €101.5 million to €200 million. In the absence of amending legislation, spending by the IFB will reach this statutory limit by the end of the year. It is proposed, therefore, to increase this limit to €300 million to allow the IFB to continue to operate within an appropriate statutory limit, subject to the normal annual Estimates process.

The IFB has a dual mandate to develop Irish filmmaking and audiovisual production talent that can engage audiences at home and abroad, and to maintain and build the resources, craft and skills of the Irish industry through attracting international productions to Ireland. The primary function of the IFB is to provide development and production finance for Irish film and television production projects. Development loans are given to allow a project to be brought from the drawing board to the stage of being a properly researched and developed project ready to be taken to the production stage. Production loans contribute towards the cost of producing a finished film or documentary project.

Evidence of the necessity for this legislation is borne out by the activity of the Irish Film Board in recent times. Since 2000 the Irish Film Board has assisted in the development of 856 feature film projects, 142 documentaries and 74 animation projects. In the same period, the IFB has granted production finance to a total of 154 feature films, 140 documentaries, 385 shorts, 33 animation projects and 30 television drama projects.

The past six years have seen the environment in which the IFB operates undergo significant and constant evolution and development, domestically and internationally. The IFB has reflected and adapted to these changes. One cannot stand still in any endeavour if it is to succeed and the film sector is no exception. One must adapt to changing circumstances in the type of projects being developed, the audiences to be reached and the markets to be targeted.

The film and television production industry is labour intensive and, by its very nature, any investment in production creates employment. On average 70% of each production budget is spent on labour. In the past six years from 2006 to 2011 the IFB-induced spend was as follows: a total budget of the productions was €501 million; IFB investment was €58 million; and Irish spend on the productions was €252 million. Therefore, for every €1 investment by the IFB in production there is a nearly a tenfold return on that investment. In looking specifically at the value of the industry in 2010 the recent IBEC audiovisual review of film and television production in Ireland gave a total production value of €388 million for that year, a 57% increase on 2009.

The IFB has a crucial role in the development of Irish film and television production projects. It continues to play an essential part in providing the opportunities needed by emerging Irish talent and it has launched the careers of several young Irish film makers. The Irish Film Board also supports more established companies in producing Irish films which have significant commercial prospects.

For example, the IFB-funded comedy thriller “The Guard”, starring Brendan Gleeson and Don Cheadle, has become the most successful independent Irish film in Irish box office history, grossing more than €4.13 million and is continuing its success worldwide taking more than \$4 million at the US box office to date. The John Michael McDonagh-written and directed film has taken more at the Irish box office than international films such as “The King’s Speech”, “The Hangover 2”, “Transformers: Dark of the Moon” and “Pirates of the Caribbean: On Stranger Tides”. The film is also finding audiences around the world and has been in the top 10 in the UK, Australia and New Zealand. In the US, it has taken more than \$4 million to

date. With further releases planned for later this year in Germany, France, Italy and Holland the film is expected to become one of the most successful and valuable Irish film export in recent times. Such an international success will ensure that an Irish story filmed in Ireland will be projected all over the world, highlighting not only the wealth of talent and creativity the country has to offer but promoting Ireland as a film and tourist destination.

A large number of major international feature films and TV series have chosen Ireland as a film location as a result of the work the IFB does to promote Ireland at international film and television markets. The positive impact of this work is three-fold in creating jobs in Ireland; creating spend on local goods and services; and promoting Ireland on the big and small screen to millions of audiences internationally. A major 12-part mini-series, "TITANIC: Blood and Steel" is an example of this work. It is being filmed in Dublin and Wicklow over 12 weeks with a budget of €12 million. I was on the set recently and I must say I was very impressed.

Senator Paul Bradford: Are you an extra?

Deputy Jimmy Deenihan: I hope I might have a main role given my past interest in the film industry, of which Senator Bradford may not be aware.

Senator Paul Bradford: You were a star on the GAA pitch.

Deputy Jimmy Deenihan: There is a big difference between the GAA pitch and the film industry.

The Irish-Italian television series which it is planned to broadcast at the time of the 100th anniversary early next year of the infamous vessel's launch and subsequent loss will provide approximately 200 jobs for Irish cast and crew.

Other highlights for home-grown production in 2011 include Rebecca Daly's "The Other Side of Sleep", which has been selected for the prestigious Toronto International Film Festival as well as the Director's Fortnight at the Cannes Film Festival in 2011, and Thaddeus O'Sullivan's "Stella Days", starring Martin Sheen. International film productions which were filmed here include the major US feature film "Haywire", directed by Steven Soderbergh; the Toronto International Film Festival selected "Albert Nobbs", starring Glenn Close in what many are tipping as an Oscar worthy performance; and Paolo Sorrentino's "This Must Be The Place" starring Sean Penn, which was selected for official competition at the Cannes Film Festival in 2011.

Another potentially significant project this year was the first Bollywood blockbuster to shoot in Ireland, "Ek Tha Tiger" which stars two of Bollywood's biggest stars and was recently filmed over five weeks on location in Dublin. It is estimated that the production contributed €1.5 million to the Irish economy and created more than 1,000 short-term jobs with many Irish cast and crew involved in the shoot. The film used an abundance of Dublin locations for spectacular dance sequences and stunts, including Trinity College, IMMA, the quays, South King Street, Mount Street, the Shelbourne Hotel, Temple Bar and St. Stephen's Green to name a few. It is set to be distributed to 24 countries. This means images of Ireland and Dublin will be projected on the big screen across the globe, especially to new untapped demographics such as India's burgeoning middle and upper classes, not to mention the Indian diaspora throughout the world. All of this will provide promotional opportunities for Tourism Ireland to exploit Ireland as a tourist destination. According to Fáilte Ireland figures, 20% of all tourists who visited Ireland in 2010 did so because of images of Ireland they saw on film.

The IFB, with Government support, has adopted a strategic approach to meeting these challenges. Through its varied schemes and programmes, it aims to assist projects at the earliest stage of development through to the pre-production phase and finally to production and post-

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production. Through its funding of Screen Training Ireland, the IFB addresses the training needs of the industry, with more than 500 people receiving training in all aspects of the film-making process each year. Thus, training supports can be put in place to match the requirements of the market place and render its participants relevant to the sector they want to enter.

The significant challenge now is to continue to provide as supportive an environment as is possible. The audiovisual industry is “smart”. It combines tradition with the advent of each new technology and is in fact about tradition, translation and transmission. The sector provides natural alliances between education and culture. It is, therefore, uniquely positioned to lead, contribute to and enhance the smart economy.

In this regard, I recently published a five-year strategy for the sector, Creative Capital -Building Ireland’s Audiovisual Creative Economy. This report will deliver on issues regarding talent development, convergence, sectoral growth, education and the digital opportunities for Ireland, as well as reporting on industry leadership, State agency roles and innovation. It will provide a road map for the coming years and will assist in enabling the domestic audiovisual content production sector to develop into an internationally traded sector for product and services over a five year period from 2011 to 2015 and to increase employment levels to 10,000.

Success in recent years at film festivals and award ceremonies is one measure which confirms policy in this area is working. The year 2010 was a great year for Irish film-making, with Irish talent picking up awards and nominations and some of the industry’s highest accolades. Highlights include the Irish film industry receiving five Academy Award nominations, three of which were for the IFB supported films “The Secret of Kells”, “Granny O’Grimm’s Sleeping Beauty” and “The Door”, while Irish animator Richard Baneham and his team picked up the Oscar for best visual effects for his work on “Avatar”.

These successes continued from previous years. In 2009, Colin Farrell and Gabriel Byrne won Golden Globe awards and Brendan Gleeson and Dearbhla Walsh won Emmys. In 2008 “Once”, which was made for only €300,000 with support from the IFB, was awarded the Oscar for best original song. Also in 2008 “Hunger” won the Camera D’Or award at Cannes and in 2007 “Garage” also won an award at Cannes.

Another important success happened this week with the animated series “The Amazing World of Gumball”, co-produced by Dublin-based animation company Boulder Media, picking up awards for animation and writing at the British Academy Children’s Awards. These awards help to give confidence and increased profile to the sector and are significant evidence that productions emanating from Ireland are of a very high calibre.

Also in recent days the IFB announced details of its latest round of funding decisions that will generate production activity worth an estimated €38 million to the Irish economy over the coming months. Among the projects being supported are six projects from the animation sector from production companies such as Boulder Media, Brown Bag Films, Igloo Films, Monster Distributes, Magpie6 Media and Monster Animation.

Confirmation was also provided on funding for Neil Jordan’s latest major feature film “Byzantium”. Produced by Alan Moloney and Stephen Woolley, it is estimated that “Byzantium” will result in a net inflow of just under €7 million to the Irish economy in terms of spend on local jobs, goods and services. The film will star well-known Irish actress Saoirse Ronan.

Another interesting aspect of this funding round is the first co-production between Ireland and Singapore. “Mister John” is a feature-length film produced by Samson Films, and represents a further move by the IFB to create new production opportunities by opening up the Asian market for Irish producers.

In tandem with supports for the IFB, my Department's primary operational role in supporting the film sector relates to the administration of elements of the section 481 tax relief scheme. In 2010 a total of 57 projects, an increase from 44 projects in 2009, were approved for funding through section 481 with an Irish spend of €164.65 million. These 57 projects supported substantial employment for crew, cast and extras and had the effect of maintaining and creating jobs in a very difficult climate, while at the same time producing a product that will help to sell Ireland abroad.

To date a total of 44 projects have been approved for funding with an Irish spend of more than €89 million. While at this stage it looks as if we will not reach the level of last year, the number of projects remains high. It should be pointed out that 2010 was an exceptionally good year for Irish film-making. Section 481 has been extended to the end of 2015. This will assist in giving the sector continuity and certainty for the future and will allow projects to proceed in the knowledge that this important underpinning of the industry will be there for the next four years.

Our cultural and artistic identity as a nation gives us a competitive advantage that now more than ever must be exploited. The benefits of high levels of film and television production in Ireland will include increased international investment in the economy, increased employment in this sector, positive spin-off effects in promoting Ireland as a tourist location and the improvement of Ireland as an industrial location for all aspects of creative endeavours.

I appreciate Senators' co-operation — I thank the three Senators present for their attendance — in the enactment of this short but important Bill which I commend to the House.

Senator Labhrás Ó Murchú: I welcome the Minister and assure him that everyone on this side of the House will support the Bill.

Everyone is conscious of the importance of the film industry to Ireland and of the role of the Irish Film Board. That role is about more than promoting the commercial and creative elements of film making, in that the board also ensures training for up and coming participants in the industry. One of its main roles is to promote Ireland. All of these elements must be considered together when we discuss the industry.

Prior to the Irish Film Board's establishment, we had established a tradition of film making. In the past fortnight I watched "Ryan's Daughter" on television again and I am sure many Members had an opportunity to do likewise. When it was first released, I saw it in a cinema in London. Although I did not look on film making as an industry at the time, I realised the PR impact films made in Ireland must have had on the country's image and reputation. Consider the scenery in that film and "The Quiet Man".

We have been lucky. We have realised the importance of the arts, culture and film making, not just to Ireland's well being and the development of Irish characteristics but also to generating finance for Ireland at home and abroad. In the space of five years there was an investment of €1.1 billion in these sectors. This indicates our acceptance of the importance of the arts, culture and film making, even in difficult times. At all times, we must endeavour to sustain, maintain and develop them.

There is a propaganda element to film making. I look back on the days when I used to watch cowboy films. I thought the cowboys were always right and the Indians were always wrong until I realised the medium was being used as a propaganda tool. A film on Cyprus presented the freedom movement *Ethnikí Orgánosis Kipriakouí Agónos*, EOKA, in such a way that I believed it was right. I have since realised propaganda delivered in a soft manner is important. If we view it in the context of publicity and public relations, we can see the power of film making. I will not suggest how the film industry or the Irish Film Board should address this

[Senator Labhrás Ó Murchú.]

issue, as they are keenly aware of the importance of portraying Ireland in the best way possible. There will always be films on the edge and of a controversial nature, issues that need to be addressed and causes that need to be voiced, but it is important that we do not deliberately set out to damage the country's image among a foreign audience.

While I have not seen much that could damage us, I have seen the excellence of people involved in film making. Big television programmes such as "The Year of the French" and "Strumpet City" were magnificent productions. We never realised years ago that we were capable of putting on productions of that nature. They were not only entertaining, they were also informative, given the historical aspects. Both series showed the tenacity of the Irish character. We are discussing the commemoration of the 1916 Rising and the great lock-out of 1913, which brings us back to "Strumpet City". If we are to include the great lock-out in our commemorations in 2016, I hope "Strumpet City" will be aired again. It is a timeless series and airing it would cost nothing. Anyone of a particular age who watched it previously would be only too delighted to watch it again. There is no such thing as a film one would not watch again. I have watched "Doctor Zhivago" five times and could watch it again, but I will not discuss the more romantic movies. Films are timeless and we were capable of producing something of that quality.

"Ryan's Daughter" was made in the Minister's county. I recall a newspaper advertisement in which the film's makers offered the exceptional set they had built on the mountain to any organisation which would have been able to take it over and use it as a tourist attraction. I visited it and would have been interested in putting together a non-political coalition to take it over. Unfortunately, 16 landowners were involved in the village. If we make epic films such as those I have mentioned, we should keep their locations in mind on an ongoing basis. The Irish and people from abroad would undoubtedly like to visit the places where such films were made. Perhaps we might consider matters of legality, continuity and so on to ensure a further spin-off as a result of the State's investment.

The source of our talent can be found in the Abbey Theatre and other theatre companies, from local drama groups up. When major films needed extras, they drew on local drama societies, as well as on people with no histrionic experience. If people are in a film, their pride becomes part of the catchment area's folklore. It would not take much business acumen or ingenuity to tap into that pride during and following the film's creation.

The economy is entering a competitive period. We were all involved in yesterday's debate on the tourism industry, an industry which has become competitive and in which prices must be kept down, etc. In terms of the arts and film making, our culture and traditions, the very things tourists are looking for are exclusive to us. They do not have our culture; they have their own wonderful cultures. Discerning visitors who now account for many of our tourists are seeking an exceptionally different experience. As we have exclusive rights to our arts, culture and so on, we should be marketing and sustaining them. In a competitive world one must realise that our scenery, people, culture and arts are exclusive to us and that there seems to be much demand for them. We must consider how we package this experience. I have only touched on four areas, but there are 20 or 30 others in that context.

The Minister welcomed the three Senators attendance. Like me, he and his officials know that this debate is on an important issue. It is not one on which there would be a confrontational debate. We are keenly aware of the track record of the Irish Film Board and the film industry and, in particular, their potential. I commend the Minister for his contribution today. He pointed to the successes we have had which put Ireland centre-stage but they do much more than that. When we have successes in sport, literature or music with the likes of U2, we puff out the chest a little bit more and realise that we can now take our place among the nation's

of the Earth in all of these areas. The Minister has outlined a catalogue, some of which we had forgotten. It is important to remind ourselves not to take these achievements for granted as they improved the morale of the nation's people each time we tasted success.

I endorse the Minister's comments and I hope he will avail of an opportunity to return for another debate on this area, not so much in a legislative context but for a discussion involving ideas and experiences that other Members may have. I have no doubt in my mind that once the ball is kicked in, there will be many to follow it. The Minister has kicked it today and as he has already said, he will not have any opposition in this House, which is rather unusual. We had a debate on a transport Bill recently and we ended up talking about political prisoners and other issues. This is an issue in a pure context with which we can all identify. It is good for our people, the economy and the image of the country. It is an area where we will definitely have consensus.

Senator Paul Bradford: I welcome the Minister to the House. We are not large in numbers this afternoon but we are here to support the passage of the legislation and ensure the Irish film industry will continue to progress. It is fair to say that the Minister brings to his Department a great sense of enthusiasm and drive, which is required not just in his Department but across all Departments. If we want to turn the Irish economy and society around and produce hope and the jobs that are required, a new type of thinking and level of enthusiasm is required throughout the Departments of State. The Minister's enthusiastic approach to his portfolio is very welcome and will produce results in his area. I hope that will spread throughout Government thinking.

The Minister would fully acknowledge that Ireland is not and will not ever be Hollywood but we can be Bollywood. There was a time when a country such as India would not have been known for film-making expertise or the export of films across the world. India set certain targets, funded them and achieved results, and we can do likewise. The Irish people are among the most literary and cultured peoples of the world. One can list the great poets, scholars and musicians of Ireland, and the list is almost endless. In that regard it is rather surprising that we have never been at the top of the league for film production. I hope that as a result of this legislation we can continue to make the levels of progress that have been made recently. Much more needs to be done. We must set very high targets and we can achieve them.

I mentioned India in passing but I am no expert on the Indian film industry. We could also learn much from Australia. There was a time up to the early 1970s when there was no Australian film industry but as a result, I presume, of Government initiatives, policies, drive and finance, the Australian film and television drama industry took off. In early or mid 1980s we lived with one or two channels on television and there was a lovely television drama called "All the Rivers Run". It gave me a significant interest in Australian life, culture and scenery, and it shows what film can do.

The Minister's speech was very interesting, with one line summing up what he, his Department and this Bill are about. The Minister mentioned that according to Fáilte Ireland figures, "20% of all tourists who visited Ireland in 2010 did so because of images of Ireland they saw on film". That is an impressive, interesting and challenging figure. If we increase film production and the selling of Ireland through cinema, television and drama, we will increase tourist numbers significantly. We debated tourism in the House yesterday, with many of us making the point that it is one of few industries where jobs can be created instantly. If we can marry the efforts of the Minister in this Department with those in the Department responsible for tourism, we can certainly make the type of progress required. We have moved in the right direction but there is a long way to go.

[Senator Paul Bradford.]

We must look at specific opportunities. The previous speaker mentioned “Strumpet City” and I recollect that drama. Perhaps it could be revisited, especially as we come to what some people wish to call the 1916 commemoration and others want to call the decade of commemorations. I will not get excited about that argument but there are many major historical moments that will bring reflection and commemoration over the next few years. Television and film will have a major role to play in bringing those events to life.

I was at a meeting earlier this afternoon unrelated to this Bill and which concerned education matters. The point was made by one or two of those present that there are moves afoot in the Department of Education and Skills to slim down the teaching of history in schools. It was news to me and I was disappointed to hear it. If history is slimmed down in our education, film could play a significant role in ensuring we do not forget who we are, where we are from or what we are about. The 1916 Rising and the lock-out could be effectively examined by way of television drama and film. If one had a limitless budget, I am sure the First World War and the history of Irish people serving abroad at the time could be the subject of a drama because it is such a complex story. We need the funding and people in place and we must formulate ideas. There is an opportunity to marry tourism, education, history and film in one jigsaw. I know the Minister is thinking in that direction and I wish him well.

When I turned on the radio yesterday morning in time for the news at 9 a.m., one of the lead stories was about Ashford Castle in Mayo going into receivership. The presenter did not say that the hotel in Cong, County Mayo, had gone into receivership and instead the description was that it was the hotel which featured in “The Quiet Man”. It is amazing to think that after so many years, that hotel and region strikes a chord and has a resonance because of that film. “The Quiet Man” and “Ryan’s Daughter”, which, like Senator Ó Murchú, I saw recently, or “The Field” have a profoundly important place in our culture, history, geography, job creation and the selling of Ireland abroad. We must build them as best we can and I am confident the Minister is thinking along those lines.

There is a tremendous number of jobs in the film industry, for example. We will not replay the presidential election — Senator O’Keeffe supported President Higgins strongly during the campaign — but President Higgins presented the argument many times during the election campaign that he worked as a Minister for culture, with jobs created in the film industry. The figure mentioned struck a chord because it is surprising to see such a substantial number. We must build on that work.

The Ballyfermot film college and other outlets provide a great opportunity for young people to take up jobs, and people can become actors, extras in a film and scriptwriters. They have potential in many spheres.

I very much welcome the Bill. It is part of an exciting script, if one will excuse the pun, in the Minister’s Department where one can start with a fairly blank page and set one’s own agenda. Obviously, we require money and we all appreciate it is fairly tight at the moment. However, money has never been the total problem as far as this industry is concerned. It is a question of vision, leadership, support and prompting, and I know the Minister will not be found wanting in that regard.

I wish the Minister well with the passage of this Bill and I hope the result in the weeks, months and years ahead will not just be Academy Awards for Irish actors, directors and film producers but jobs, advertising revenue, promotion of Ireland and reflection on our history, culture and strengths as a people. That is what the Bill can help sustain and promote.

Senator Susan O’Keeffe: I welcome the Minister. I am slightly confused but rather delighted by the lack of opposition, both physically and mentally. This is a technical Bill which allows the Minister’s Department to make available money to the Irish Film Board should it need to do so. It raises the amount from €200 million to €300 million. I am sure the Minister would like to have the money his pocket to hand out but it is a sign of the Government’s intent to continue to support the very good work the Minister discussed in the roll of honour he gave today. It is always great to have a moment to reflect on the successes we have had.

By happy accident, I would like to pay tribute to a Kerryman, Tom Cooper, who made the first feature film in Ireland called “The Dawn” in 1938. Tom Cooper understood the idea of vertical integration because he wrote it, produced it, directed it and acted in it. All his friends did too. It was a fine example of that sort of entrepreneurial spirit in the film industry but it was also an example of choosing that mechanism to discuss history, as my colleague, Senator Bradford, discussed. He could have gone into politics and talked about the legacy of the Civil War but instead he chose a very unique way to tell that story. It had resonance not only in Kerry but beyond.

I would like to say how proud I am that Tom Cooper was my uncle. As a very young child — I must have been shorter than the table — there was a public showing of “The Dawn” in his hotel in Killarney and lots of adults flocked to it but did not notice the small child underneath the radar. I had absolutely no idea what the film was about because it was far too complicated for me but it had those sort of shaky black and white images which had a serious impact on me.

Tom Cooper showed an enormous entrepreneurial spirit and a drive to do something that was completely outside the norm at that time. Indeed, he went on to have the first multiplex cinema in Ireland, long before the idea of having more than one cinema in the same place had been thought of.

I am sure Tom is with us today as we talk about the success story that is the Irish film industry. He would be smiling and possibly sitting in the Minister’s chair if he was here trying to organise and drive the film industry further.

Deputy Jimmy Deenihan: He would be very worthy of this position.

Senator Susan O’Keeffe: In that sense, he had great vision.

We are at a moment when we need great vision again. We are in the 21st century when technological changes in the film industry will drive it ever further. The area of CGI effects, for example, is one in which we should invest and ask whether Ireland can become good at CGI and a place to come to for post-production.

The film industry is not simply about making the wonderful films to which the Minister referred and we all remember. Indeed, I am old enough to remember “The Quiet Man”. In recent times, we have had the modern versions, including “The Secret of Kells”, “The Door”, “The Wind That Shakes the Barley” and “The Amazing World of Gumball”, which won an award this week from that fine institution, the British Academy. We have come from “The Dawn” to “The Amazing World of Gumball” and there has been a lot in between. I look forward to what is coming next.

The Irish Film Board was not set up until 1980 but was subsequently disbanded for a while. The President, Michael D. Higgins, reinvigorated and re-established it. The film industry now employs approximately 5,000 people. My uncle would laugh at the idea because he was the film industry in 1938. We will look forward to a great increase in those numbers if the strategy from the Minister’s Department is anything to judge by.

[Senator Susan O’Keeffe.]

A dilemma facing the Irish Film Board is, ironically, the number of stakeholders involved in film which include Enterprise Ireland, the IDA, Culture Ireland, the broadcasters, Forfás, the Digital Hub and the third level institutions. There is a large network or support group involved in the film industry. The Irish Film Board is central to that but it is a bit of a dilemma for the board to have to have relationships with all of these stakeholders, which are all terribly important. However, I do not know whether that can be streamlined in some way or whether the Irish Film Board can find a way to engage with those organisations in an even more organised way than in the past.

Much of this has been built up on an *ad hoc* basis as people have found their own way. As my uncle would have found his own way, people have kind of stumbled around and found their way. We are now coming to a more grown up version of this industry. The onus is on the Irish Film Board to be at the heart of that. Part of that is the dedicated business development unit which will be an aspect of the Minister’s strategic plan. I hope that within that business development unit, there would be scope for it to have the capacity to be the lead player in this area and that it would drive it.

A small criticism of the Irish Film Board is that it very much welcomes to itself organisations and companies funded by it. However, if one manages to gain funding from elsewhere and if one is not wearing the Irish Film Board hat, one is sort of viewed as being slightly outside the Pale. This is an anecdotal thing about which people in the film business talk. In a way, that has grown up out of where the Irish Film Board came from. The potential exists for the business development unit to take ownership of all film makers in Ireland and to represent them all. In large part, I suspect this has occurred because of the size of the Irish Film Board. It can only achieve so much and it cannot stretch beyond its own area. Increasingly, there will be an onus on it to assist, to represent and to be all-embracing of those other film makers who may not be in receipt of its funding now, although perhaps in the future.

The other thing we have learned from the film industry in Ireland is that it is remarkably resilient. It has never had a boom and that is probably a good thing because we know what booms do — they go bust. It is good that it has been steady and slow and has been built up gradually, and yet when we look back at the names of the people and of the films which have succeeded, it goes back rather a long way. As a model, it is probably a very good one.

In the west, there has been a particular emphasis on creativity and the Western Development Commission’s research document stated that the nature of the work carried out in the creative sector is innately bound to the unique geography of the place. In simple terms, people go to that place because of the quality of life and the way they feel. That invites a building of creativity. There is a unique Creative West concept and I would dearly like to see that becoming part of the creative capital strategy as a very specific and stated aim of it and that it would recognise the work that has been done and the sort of graduation of people to that area. It is not that it should replace other activity; it should complement it. Creative West could be a brand that could be supported. It would obviously grow on the jobs that already exist and perhaps offer a unique sort of creativity which is very Irish and represents the best of our culture and of our heritage.

It is good to be able to talk about something so positive. Although we do not know whether there are cowboys or Indians in or outside the House, we all feel good about the Irish film industry, how it can be built up and the direction it is taking. The industry provides an opportunity to represent Ireland in a positive light, reinforces our cultural heritage and creates jobs. Most of all, it provides pleasure. The film industry and its associated areas provide pleasure

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for people, which is not a bad thing. It is an industry which is growing, particularly in the area of gaming and where people create their own films and try to find ways to promote them.

It is good that we are in positive position and building on that. However, we are at a point in the history of film making in Ireland where what we do in the next five years will be crucial to how we grow in a way we have not done previously. I am not advocating a boom, just steady as she goes.

Minister for Arts, Heritage and the Gaeltacht (Deputy Jimmy Deenihan): I thank sincerely the three Senators for their important contributions to this debate. They bring significant knowledge of the industry and have raised a number of issues on which I would like to respond.

Like Senator Labhrás Ó Murchú, I too saw “Ryan’s Daughter” in London, probably in 1971 or 1972, and from a Kerry perspective, I was very proud of it. I was in school in London at the time as I spent a year and a half in school in a place called Strawberry Hill. A number of us went to see the film and I was very proud among Irish friends of being from that part of Ireland. The film also resonated with the audience, who were a multicultural audience. The film was on in the West End and the scenery had a wow factor. While the story line was very good, it was the scenery that really captured people’s attention and appreciation. I have met several people since over the years, in places like the top of Brandon Mountain, who were in west Kerry because of “Ryan’s Daughter”. I totally agree with the Senator about the village. There is a proposal currently to rebuild the village in a different place and somebody was on to me last week about that. The loss of the village was a national loss and it was short-sighted to bulldoze it away. We can only imagine the attraction it would be now.

This gives me the opportunity to raise the issue of where “The Quiet Man” was filmed in Cong. This is something about which we may be able to do something. The cottage used in the film is now just a ruin and only some of the walls are left because people have come and taken away some of the stones. The cottage now only has a footprint on the ground and as a nation we should do something about that. The owner of the property lives in America and should be approached to lease or hand over the property to the nation. It does not reflect well on this country that the cottage where “The Quiet Man” was filmed is being allowed become derelict, while at the same time we are putting emphasis on the importance of the film. We celebrated its 60th anniversary this year and I was in Cong for the celebration, which was a major event. However, just down the road, the cottage used in the film will not exist for much longer. I am glad Senator Ó Murchú raised the issue and perhaps we can do something about it. I know a group has been set up to try to do something about preservation and I would like to help it in every way possible. The site should be preserved for the future of the film industry here. This would be advantageous for Cong and for the country. It is an important part of the archaeology of the Irish film industry.

I agree that film generally projects the country in a positive way. “The Field”, “Ryan’s Daughter”, “Saving Private Ryan” and all the other great epic films I have mentioned have had considerable impact here. It is amazing too that “The Guard” has enjoyed such success, not alone here but abroad. It resonates and connects with audiences all over the world and will be one of the most successful films with an Irish connection ever made.

Senator Ó Murchú also raised the issue of the commemorations due to take place in the coming years, including 1916 and the Dublin lockout. I am chairman of the commemorations committee. It will all start next year. What triggered off 1916, which led eventually to the signing of the Treaty and the subsequent Civil War, was the introduction of the third Home Rule Bill in April 1912. People may not be aware of that, but that is where it all started, because that drew a response from Unionists, not only in Ulster but throughout the country. It led to the signing of the Ulster Covenant, which was signed by approximately 500,000 people,

[Deputy Jimmy Deenihan.]

30,000 of whom were from the South. On the other hand, there was a massive movement in support of the third Home Rule Bill. At the time, Redmond was as powerful as O'Connell or Parnell would have been previously. He addressed a meeting in O'Connell Street and the people were gathered so densely together that the commentator said one could walk on top of the people from the Parnell monument right down to the O'Connell monument. There were four platforms for speakers. Redmond was on one near the O'Connell monument, Pearse was on another and he spoke to the audience in Irish, MacNeill was on the third and I forget who was on the fourth. That was a major event because it drew that reaction from the Northern Unionist community, led by Carson, who was a Dublin man. The response was the Ulster Covenant and the setting up of the Volunteers, which was replicated here to support the Home Rule Bill.

It is important this is recognised and analysed. The third Home Rule Bill was giving us much more than the previous two unsuccessful Home Rule Bills. That process was interrupted by the war and what happened afterwards. However, that is where the commemorations will start. The cross-party committee will, hopefully, have a meeting before Christmas. We have already had one meeting and are considering a number of issues, including the future of Moore Street, and we will come up with a number of proposals. An academic group will also be assembled under the chairmanship of the former Senator, Maurice Manning, who is a very distinguished historian. He will assemble historians from the main colleges and universities here and elsewhere and they will consider the historical facts around 1916 and will direct the historic commemoration. I agree with Senator Ó Murchú that film can play an important role in the commemoration of 1916 and the other commemorations. There is important archival material available and it is important RTE has a strategy in that regard.

I was on the set of "Saving the Titanic" and spoke to some of the people there, the majority of whom were from local drama groups around the country, from Meath, Dublin, etc. It was extraordinary how enthusiastic they were. They were learning all the time and they said they would be much better at amateur drama, which is what they do, because of that experience. I thank the Senator for that contribution. Last year, 20% of visitors came to Ireland because of what they saw on an Irish film.

I say to Senator Bradford that we may not become Hollywood, although in some ways Bollywood is bigger than Hollywood. There is a thriving film industry in India. It was a major development when two of the best known Indian film actors came to Dublin recently to film in Trinity College. Senator Bacik probably saw them.

Senator Ivana Bacik: I saw them on set. Just as the Minister was on the set of the *Titanic* film, they were on the campus of Trinity College. Perhaps we should refer to Dollywood for Dublin.

Deputy Jimmy Deenihan: We can get an even more creative name. Before we ever had Bollywood or Hollywood we had the O'Kalem films in Beaufort in Kerry. The Kalem company produced several silent films there between 1913 and 1916. Some very famous films were produced at that time.

Senator Susan O'Keeffe: There is something in the Kerry water, evidently.

Deputy Jimmy Deenihan: I was delighted to learn that Mr. Tom Cooper was Senator O'Keeffe's uncle. I was not aware of that connection. Every year we honour people at three film festivals in Kerry. There is the Charlie Chaplin Comedy Film Festival in Waterville, the Dingle Film Festival and the Kerry Film Festival. I have yet to hear of anyone honouring Tom Cooper. This has given me a very good opportunity. "The Dawn" is a very famous film. It is

the one we are always reminded of when we speak of film in Kerry. I have been given many ideas as to how we should recognise that. I hope to speak to Senator O’Keeffe again about this.

Senator Bradford referred to Australia. A very good film industry has been built there. Australia’s neighbour, New Zealand, has done wonderful things, particularly with the “Lord of the Rings” series. That series made New Zealand as a tourism destination. The country really capitalised on those films. New Zealand has been sold in a major way through “Lord of the Rings”. Major emphasis is being placed on the film industry in that part of the world. I know this from young Irish people who are working in the film industry in Australia. I received an e-mail last week from someone telling me we could learn from what is happening in Australia and New Zealand.

The Irish Film Board is responsible for the creation of approximately 31,000 jobs in the last five years. Those figures stand up because it is easy to quantify jobs in the industry. Some are part-time and some are on longer projects, but when one adds the various types of jobs and calculates part-time equivalence, one sees that the industry is job intensive. At present, about 5,500 people are working in the film industry. There are peaks and troughs depending on the level of activity at a particular time. Generally, there has been much activity in several aspects of the film industry, including documentary, animation and the commercial sector. There are great opportunities in the commercial sector, which is worth about €60 million. Many more commercials could be made in Ireland.

Senator O’Keeffe obviously has a passion for the film industry. It is good to know there is someone in the House with that passion. Her family connection with Tom Cooper and with Kerry is very important. I look forward to speaking to her in the future about the film industry. In that context, she may be able to come to one of the events in Kerry and even speak about Tom Cooper. He deserves to be honoured. We hear about “The Dawn” but we do not hear about Tom Cooper.

I can not claim credit for the report, Creative Capital: Building Ireland’s Audiovisual Creative Economy. It was presented to me when I came into the Department. My officials, Mr. Niall O’Donoghue and others, have been very much involved in this project. It is an ambitious report. The objective is to have 10,000 people employed in the film industry in five years time producing more than €1 billion. That is achievable from what I see. It brings together different elements of the industry, as can be seen in Appendix IV of the report. The idea of a dedicated business development unit is covered in the report.

The Creative West brand is also important. A large number of productions come from India to places like Switzerland simply for the landscape. They are not aware of the landscape we can offer. The landscape of the west of Ireland is unique, because of our latitude, our weather, our coastline, our biodiversity and many other natural factors. Those companies could come and do some of their shooting of commercials or films in Ireland. We have not fully capitalised on that.

There is great scope for co-productions. Last summer, I signed a co-production agreement between Luxembourg and Ireland. That will lead to important funding for “At Swim-Two-Birds”. That film will happen now. Co-productions are important and we are quite good at doing them.

Last summer, film interests came together in Galway and formed the Galway Film Partnership. For anyone who wants to make a film in Galway, the partnership provides a contact person with the Garda, the county council, the Irish Film Board and other bodies. The Galway Film Partnership could be a prototype for the rest of the country.

Senator Susan O’Keeffe: Galway could be a hub with spokes in smaller towns such as Sligo, Castlebar or Ballina.

Deputy Jimmy Deenihan: The Galway partnership is connected with Mayo, Sligo and Clare. It does reach out. When I launched the partnership I asked that very question and met people with film interests in the different counties. This is a good example of what Creative West could do. The west has unique characteristics and attractions for film producers. It is a directors' and producers' dream. One does not need to create anything. It is already there. One does not have to create effects because one can get them from nature.

I thank Senators for their contributions. I know other Senators who are present would like to have made a contribution. It is for the Cathaoirleach to say whether they will have a chance to speak.

I would like to come back to the House to speak about the decade of commemorations, which Senator Labhrás Ó Murchú mentioned. I hope our decade of commemorations will challenge our attitudes, the way we treat each other and our creativity. I hope the decade will be a cultural event and that we can celebrate the commemorations in a more mature fashion than we could have done 50, 30 or even 20 years ago. We have developed as a nation. Senator Ó Murchú is aware of a concert I was involved in last Saturday night in the Ulster Hall in Belfast, with performers from south and north of the Border. I was there with my counterpart in Northern Ireland, Carál Ní Chuilín, MLA, and it was a very successful event. However, ten years ago one would not have been able to do this because it would have posed a security risk. It was just like being at an event in the National Concert Hall. People have changed their attitude towards each other and matured a great deal. We can now have a mature debate on the issue of commemorations. I am really looking forward to it because it will challenge us as a country. However, it will give us a great opportunity to break down barriers and challenge old suspicions. It will also provide us with a platform from which we can build a new Ireland, a new republic. We could have a very interesting debate on the issue. That is the reason I would like to return to the Seanad to provide all Members with an opportunity to express their views on what they believe should be commemorated. In one day in this House I am sure I could pick up a number of good ideas to set the agenda for a period of ten years. I again thank Members and look forward to having that opportunity.

Question put and agreed to.

Irish Film Board (Amendment) Bill 2011: Committee and Remaining Stages

Amendment No. 1 not moved.

Section 1 agreed to.

Section 2 agreed to.

Title agreed to.

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

An Cathaoirleach: When is it proposed to sit again?

Senator Ivana Bacik: At 12.30 p.m. on Tuesday, 6 December 2011.

The Seanad adjourned at 5.25 p.m. until 12.30 p.m. on Tuesday, 6 December 2011.