



DÍOSPÓIREACHTAÍ PARLAIMINTE  
PARLIAMENTARY DEBATES

# SEANAD ÉIREANN

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

*Dé Máirt, 6 Nollaig 2011.*

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# SEANAD ÉIREANN

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## DÍOSPÓIREACHTAÍ PARLAIMINTE PARLIAMENTARY DEBATES

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### TUAIRISC OIFIGIÚIL OFFICIAL REPORT

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*Dé Máirt, 6 Nollaig 2011.*  
*Tuesday, 6 December 2011.*

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Chuaigh an Cathaoirleach i gceannas ar 12.30 p.m.

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*Paidir.*

*Prayer.*

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#### **Business of Seanad**

**An Cathaoirleach:** I have notice from the Senator Trevor Ó Clochartaigh that, on the motion for the Adjournment of the House today, he proposes to raise the following matter:

Chun iarraidh ar an tAire Thalmhaíochta, Bia and Mara cathain a bhfuil sé i gceist aige deireadh chur leis an bac ar iascaireacht a dheánamh ar, agus cad atá sé i gceist aige a dheánamh chun tacaíocht a thabhairt don tionscail sin. To ask the Minister for Agriculture, Food and the Marine when he intends to lift the ban on eel fishing and what measures he intends to take to support that industry.

I also have notice from Senator Martin Conway of the following matter:

The need for the Minister for Social Protection to facilitate local authorities in the collection of housing rents in order to assist tenants in their day-to-day household financial management.

I also have notice from Senator Catherine Noone of the following matter:

The need for the Minister for Arts, Heritage and the Gaeltacht to clarify the arrangement between Bord Gáis and the Grand Canal Theatre and the rules governing sponsorship of Government-funded spaces.

[An Cathaoirleach.]

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

### Order of Business

**Senator Maurice Cummins:** The Order of Business is No. 1, motion regarding the appointment of a new Garda Síochána Ombudsman Commission — referral to Joint Committee on Justice, Equality and Defence, without debate; No. 2, Local Government (Household Charge) Bill — Order for Second Stage and Second Stage to be taken on the conclusion of the Order of Business and to conclude not later than 3.40 p.m., with the contributions of group spokespersons not to exceed eight minutes and all other Senators not to exceed five minutes, the Minister to be called on to reply to the debate, not later than 3.30 p.m. There will be a sos from 3.40 p.m. to 6 p.m. No. 3, statements on Budget 2012 to be taken at 6 p.m. and to conclude not later than 8 p.m. with the contribution of group spokespersons not to exceed eight minutes and all other Senators not to exceed five minutes and the Minister to be called on to reply not later than 7.50 p.m.

**Senator Darragh O'Brien:** We will be opposing the Order of Business, in particular we will be opposing the motion on the appointment of a new Garda Síochána Ombudsman Commission on the basis that it will not be debated in the Seanad and will go straight to the joint committee. When I saw the schedule last week I was uncertain about it. However, we will not agree to the motion being passed by the Seanad without debate on the basis that it was announced yesterday by the Minister for Justice and Equality, Deputy Shatter, not the Minister for Public Expenditure and Reform in his statement to the Dáil, that 31 urban and rural Garda stations will close across the country and another ten Garda stations will have restricted opening hours.

We have set aside two hours to discuss the Budget Statement 2012, so I will restrict myself this morning as we will have time this evening to comment on it. However, I ask the Leader and Deputy Leader to address the striking anomaly of the cuts to the disability allowance. The Government is proposing a decrease of €88 a week in the payments to a person aged between 18 year and 22, who lives at home; a decrease of more than €100 for a teenager aged between 16 and 18 years who lives at home, and a decrease of €44 for those aged between 22 and 24 years.

The social welfare Bill will not be introduced until next week. I am asking the Leader and the Deputy Leader, Senator Bacik, to talk to the Taoiseach and the Minister for Social Protection and to tell them they will not accept this cut. I understand that we are in a very difficult situation. My party understands that fully and realises that very difficult choices must be made in the budget. These young adults with disabilities face a hard life, and I ask that the Government does not proceed with this cut. I ask the Leader to give a commitment that both he and the Deputy Leader, Senator Bacik, will raise this specific matter. I know that everyone in this House is decent and I know that they cannot stand over this cut to young adults with disabilities.

I make these comments in light of the salary increase for a special adviser due to the direct intervention of the Taoiseach. That individual, Mr. Ciarán Conlon, was given a €700 per week increase against the advice of the Minister for Public Expenditure and Reform, Deputy Howlin, and the Minister for Finance, Deputy Noonan. In the interests of fairness, I ask the Leader to raise that matter.

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

**Senator Darragh O'Brien:** No, not on this issue. I am asking both the Leader and Deputy Leader — — — — -

**Senator Mary M. White:** Hear, hear.

**Senator Darragh O'Brien:** - — — — — to give a commitment to talk to the Minister for Social Protection and the Taoiseach to ensure that the cut in the payment to young adults with disabilities does not happen.

There will be a new EU treaty early next year. Things are moving in Europe but we are not at the table. In my amendment to the Order of Business I propose that time be given after 8 p.m. for the Minister of State with responsibility for European affairs or a relevant Minister to come into the House and explain the reason the Government has put no proposal to the European Commission.

**Senator John Gilroy:** That is nonsense.

**Senator Darragh O'Brien:** No proposal has been put forward by the Government.

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

**Senator Darragh O'Brien:** I am almost finished. My amendment to the Order of Business proposes that the Minister of State with responsibility for European affairs or another relevant Minister — perhaps the Minister of State, Deputy Fergus O'Dowd, who is still without portfolio — come to the House for a debate on the situation in Europe. I am calling for this debate to take place at 8 p.m. this evening. We are walking into this blindfolded and the Government has no proposals.

**Senator Ivana Bacik:** I am not clear to what Senator O'Brien's amendment to the Order of Business relates.

**Senator Darragh O'Brien:** I can clarify it.

**An Cathaoirleach:** Senator O'Brien had sufficient time to clarify it.

**Senator Ivana Bacik:** It is a matter of grave concern that ratings agencies are considering downgrading the credit ratings of almost all of the eurozone member states, including our own. It puts into perspective the very difficult decisions that had to be made in the budget.

**Senator Darragh O'Brien:** The activities of ratings agencies did not necessitate a reduction in disability payments.

**An Cathaoirleach:** Senator Bacik should be allowed to continue without interruption.

**Senator Ivana Bacik:** We are dealing with extreme difficulties across the eurozone and a financial crisis in this country.

**Senator Darragh O'Brien:** It will not be resolved by depriving the elderly of coal.

**Senator Ivana Bacik:** In regard to Senator O'Brien's point on the disability allowance, that a budget which is brought forward in such a difficult economic climate does not include a reduction in either the basic rate of social welfare payment or of child benefit must be seen as a significant achievement.

*(Interruptions).*

**Senator Ivana Bacik:** Let us not forget that the cuts in social protection are €190 million less than what was projected in the plan for last year. There has been a significant safeguarding of the social protection budget in the face of extreme constraints.

*(Interruptions).*

**An Cathaoirleach:** Senator Bacik without interruption, please.

**Senator Ivana Bacik:** We will have a full debate on the changes to the disability allowance. They are being made in the context of structural changes the Minister is making——

**Senator Darragh O'Brien:** Disgraceful.

**Senator Ivana Bacik:** ——in order to ensure that everybody has an entitlement to one weekly income support payment only. She is trying to align different social welfare payments. Her objective is to ensure that the rate of payment for claimants of disability allowance is aligned with the jobseeker's allowance in order to discourage people from entering training or employment at a very young age.

**Senator Darragh O'Brien:** We are talking about the disabled, not the unemployed.

**Senator Ivana Bacik:** Furthermore, and some Members seem to have missed the small print on this, the Minister is introducing a compensatory measure whereby the entitlement to domiciliary care allowance will be extended to 16 and 17 year olds.

**Senator Darragh O'Brien:** Not to 18 to 24 year olds.

**An Cathaoirleach:** Senator Bacik must be allowed to speak without interruption.

**Senator Ivana Bacik:** Under the new arrangement, 16 and 17 year olds will qualify for the domiciliary care allowance.

**Senator Darragh O'Brien:** The Senator cannot possibly stand over this.

**Senator Ivana Bacik:** My second point relates to another extremely serious and topical matter, namely, the climate change talks currently taking place in Durban.

**Senator Thomas Byrne:** Talk to Phil Hogan.

**Senator Ivana Bacik:** Reports today suggest that China is ready to do a deal on climate change. This constitutes a major development which feeds into what the EU has been demanding for some time. I ask the Leader to arrange a debate on this issue in the new year.

**Senator Jillian van Turnhout:** All of the talk of Ireland having experienced four years of hardship conjures up a notion that, before that, we had a shared prosperity. That simply is not true. Long before the economic downturn and subsequent slide into full-blown recession, tens of thousands of people lived in hardship, in poverty or at risk of poverty, struggled to raise families and care for elderly and disabled relatives, and hundreds slept rough on our city streets. Whatever way one looks at the measures put forward yesterday by the Minister for Public Expenditure and Reform, Deputy Brendan Howlin, they will impact overwhelmingly and disproportionately on those who have always been vulnerable. Following the Minister's delivery of the proposals in the Dáil yesterday, we were obliged to seek information from different Departments. That is not reform. Reform would involve all of the relevant information being made available at once.

I join Senator O'Brien in condemning the proposed change to the disability allowance. It is the provision which stood out most for me from yesterday's announcement. What is the rationale behind this measure? We are talking about young people with profound and multiple disabilities. They are not going into training schemes or work placements. In regard to the lone parent allowance, I have gone through every line of every document that was provided yesterday, but I cannot find the figures to justify this decision. What arrangements will be put in place for the transitional phase in respect of those who are currently in receipt of the allowance? A huge number of concerned lone parents are wondering what will happen on 1 January. There are no figures in any document produced yesterday from any Department which provide the rationale for this decision. Surely any decision which has such a significant impact on such large numbers of people should at least be an informed decision.

I am equally concerned about what is happening at EU level in advance of Friday's summit. Serious decisions lie ahead of us, decisions which may ultimately make today's discussion irrelevant. We must have a debate on what is happening in Europe. We are part of the EU and we must inform that debate.

**Senator Rónán Mullen:** I support every word of what Senator O'Brien said in regard to the cuts to the disability allowance. We should ask ourselves why this type of thing happens. Every utterance, every move from the Government these days is crash tested through a process of leaks and soundings with a view to determining which elements of public opinion need to be placated and prioritised. It is at times like these that vulnerable constituencies lose out and that we have cuts to overseas development aid contributions, for example, and to provisions affecting young persons with disabilities. It is unacceptable for Government spokespersons to refer to how the budget has been shaped as a "significant achievement". The least they could do is to apologise and say this is the best they could do. The changes to the disability allowance must be revisited.

We have had frequent calls in this House for a debate on media standards, but that debate has not yet taken place. Will the Leader schedule it for early in the new year? In recent days it has emerged that an Irish woman nearly lost her life in England due to a botched abortion carried out by a practitioner associated with Marie Stopes. It was not this individual's first such botch-up. The woman almost died as a consequence of parts of the unborn child being left inside her body. If a woman in Ireland came close to losing her life because of mistakes made while in the care of the health service, *The Irish Times* would issue a supplement on the matter and there would be a documentary by "Prime Time Investigates". In this case, however, only the *Irish Independent* has so far reported what happened.

Why the silence? Is this another example of a bias in our media whereby certain issues are deemed to be worthy of coverage but the near death of an Irish woman as a consequence of an abortion in England is covered by only one broadsheet newspaper? Has there ever been coverage of the fact that in 2008 alone, 66 unborn children survived being aborted in England and were delivered alive, only to be left to die? That is going on in our nearest neighbouring country. Anybody with the most rudimentary sense of what human rights should encompass must ask questions about this. However, the Irish media apparently do not agree. I do not know whether we are getting close to the time when there will be a Leveson-style inquiry in this country about issues of privacy and how it is respected by media, but I certainly hope we have a debate in this House very soon. Such a debate will afford us an opportunity to raise these important questions in terms of how people are being treated by the media but also how the public is being treated when there is only scanty and selective reference to certain issues by the dominant media.

**Senator Fidelma Healy Eames:** We all knew this would be a tough budget. In that context, I compliment the Minister for Education and Skills, Deputy Ruairí Quinn, on protecting the pupil-teacher ratios in all public schools.

**Senator Darragh O'Brien:** Except Protestant schools.

*(Interruptions).*

**An Cathaoirleach:** Senator Healy Eames without interruption, please.

**Senator Fidelma Healy Eames:** When we consider that there are 70,000 additional pupils coming into the school system, this is an incredible achievement. I am delighted that the Minister is protecting the fabric of our society by safeguarding investment in young people from four years of age and upward.

**Senator Thomas Byrne:** What about the small schools in Galway that are going to have to close in view of the pupil-teacher ratio? What about the guidance counsellors? What about the Protestant schools?

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

**Senator Thomas Byrne:** They have all been affected.

**Senator Fidelma Healy Eames:** There is absolutely——

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

**Senator Thomas Byrne:** You are up there and ——

**An Cathaoirleach:** Senator Byrne, we have a tight timescale; please allow Senator Healy Eames without interruption.

**Senator Fidelma Healy Eames:** In light of what we are dealing with, it is an incredible achievement and also the resource teachers and special needs assistants have been maintained. I take my hat off to him because I know the pressure was enormous. I could criticise a number of decisions and if I were to sound a word of caution it would be about the issue of guidance teachers coming within the allocation of numbers. I suggest this could be examined with a view to resolving it. Guidance has not been great in this country in the past but, all in all, this is a job well done by the Minister. It is a drive towards a fairer, more equitable society——

**Senator Thomas Byrne:** Tell that to the small schools of Connemara.

**An Cathaoirleach:** Senator Healy Eames, without interruption, please.

**Senator Fidelma Healy Eames:** ——to protect that critical relationship between child and teacher. We have to mind our business at home and that is what both the Labour Party and Fine Gael are trying to do in this budget. It is a very tough budget but, as other speakers have said and I looked for it last week, I think it is time we had a very serious debate on the euro.

**An Cathaoirleach:** The Senator is only permitted to raise one issue and she is speaking on education.

**Senator Fidelma Healy Eames:** I am only making a request. We have to realise that we are part of——

**An Cathaoirleach:** The House has made a decision in this regard.

**Senator Fidelma Healy Eames:** I did not look for another debate. This is my first request for a debate.

**An Cathaoirleach:** Senator, you have been speaking on education for two minutes already and you are now out of time.

**Senator Fidelma Healy Eames:** Dear Cathaoirleach——

**An Cathaoirleach:** You are out of time, Senator——

**Senator Fidelma Healy Eames:** My question is that we have to realise we are part of the EU family——

*(Interruptions).*

**An Cathaoirleach:** The Senator is out of time.

**Senator Fidelma Healy Eames:** ——and I would like to see that debate this week.

**Senator Thomas Byrne:** I second Senator Darragh O'Brien's amendment to the Order of Business. What is particularly appalling about this budget is the targeting of specific sectors in society, for instance, the targeting of the young disabled, the targeting of the old, the sick and the handicapped who depend on the fuel allowance and the targeting of small schools for a cut in the pupil-teacher ratio, contrary to what Senator Healy Eames has said. Those schools were told they would receive an increase in their pupil-teacher ratio. They were also told by way of a press release to RTE last night, to consider their futures. All those students, teachers and parents involved would have been watching RTE last night when their school was told to consider its future. It is imperative to have a debate with the Minister, Deputy Ruairí Quinn, to discuss small rural schools. Fianna Fáil is proud to have invested heavily in these schools in many parts of the country and in particular in my own constituency. Many schools have 86 pupils or fewer and these schools have been told to consider their future. Senator Healy Eames is telling the people of Connemara and Galway — where I am sure there are many such schools — that the Minister had done a great job and that it is a job well done.

**Senator Fidelma Healy Eames:** No decision has been made.

**Senator Thomas Byrne:** The Senator should read the Minister's document yesterday.

**An Cathaoirleach:** Senator Byrne, without interruption.

**Senator Fidelma Healy Eames:** This is scaremongering.

**Senator Thomas Byrne:** I refer Senator Healy Eames to the press release and the leaflet issued by the Minister, Deputy Ruairí Quinn, yesterday and distributed to all of us. I also refer to the RTE news bulletin which reported that a Department spokesman told those schools to consider their future and that they would be better able to do so with a higher pupil-teacher ratio. While Senator Healy Eames is congratulating the Minister, Deputy Quinn, I am asking for a debate——

*(Interruptions).*

**Senator Thomas Byrne:** ——on small schools which are crucial to rural life.



*(Interruptions).*

**Senator Thomas Byrne:** The Government has attacked rural life, not protected it. It has targeted sectors——

**Senator Fidelma Healy Eames:** Ye never considered anyone's future, that is why we are taking these tough decisions now.

**Senator Colm Burke:** It is important to realise where we are coming from as regards this budget. We have ended up in a very difficult financial situation. Let us all be constructive about how we are going to manage this situation. The Government has presented its budget in the best way in order to ensure that we cater for those who are vulnerable. For instance, as regards the care of the elderly, an additional €55 million has been allocated to the fair deal scheme. I reiterate what other Senators have said about the need for a debate on European affairs and on Ireland's future in Europe and on the future of Europe. Particularly after next Friday it would be important to set time aside next week for a debate. This is not about Europe for the next 12 months but rather it is about Europe for the next five, ten, 15 and 20 years. The debate should consider how the issues directly affect Ireland and how we can play a constructive role in the future development.

**Senator Feargal Quinn:** I am very humble and very modest; this is one of my big points.

**Senator Terry Leyden:** If I had €200 million I would be humble too.

**Senator Feargal Quinn:** For some 16 years, I have been seeking that we and Britain should join Central European Time as this would give us an extra hour all evening, every evening of the year. I am delighted to inform the House that the British and the British House of Commons have listened to me and at a meeting last week, the Irish Government said that if the British were moving in that direction, we would do the same. It would appear that the British have decided to take the next step in the process of joining Central European Time. The advantages are significant and I will not bore the House with those details but they have been articulated in many ways. One of the figures mentioned last week was the savings in energy consumption which an extra hour of daylight all year would provide. We would be on the same time as central Europe and the only country left outside would be Portugal.

Sometimes in this House we may get tired of not being listened to when we ask for something to be done. However, this is a good news story for all of us. I think we are being listened to and I think it is quite likely there will be a three-year test of this some time in a couple of years. If the British are going to move and we move — I agree it is wise for us to move only when the British move because otherwise there would be a different time zone between Dundalk and Newry and between Dublin and Belfast. I think the benefits are such that the British will move. The Bill will go through Parliament in the near future and in my view, this House should take credit for it.

**Senator Tom Sheahan:** I call on the Leader to bring the Minister for Health to the House as soon as it is practicable to discuss the structure that is the HSE. A number of years ago, we were sold what I believe was a pig in a poke when we were sold centres of excellence. I congratulate the Minister, Deputy Reilly, on his efforts to free up public beds being used by private health insurers, free of cost.

A young man in Kerry was involved in a serious car accident last Tuesday in which he broke his jaw, his cheekbone, his nose, his ankle and a bone in his back. He is still in Kerry General Hospital today because there is no bed in Cork University Hospital, one week later. This is

not good enough and this is not what we signed up to when we signed up for a centre of excellence. I spoke to the consultant this morning and I asked why a hospital outside Cork could not be considered for this man. He has horrific injuries since last week and he has not been dealt with. This is not good enough.

**Senator David Cullinane:** Senator Healy Eames described the first part of the budget yesterday as a job well done. I am sure there are many families who are struggling who would not regard the budget as a job well done. We should look at what is in the budget and ——

**Senator Fidelma Healy Eames:** The Senator should quote me in context.

**Senator David Cullinane:** ——what has been announced.

**An Cathaoirleach:** Senator Cullinane, without interruption.

**Senator David Cullinane:** The disability allowance has been cut and in my view this is one of the cruellest cuts from any Government in a long number of years. To cut the allowance of young people who are disabled is an absolute disgrace. Child benefit has been cut and also rent supplement and the lone parent allowance. It is an untruth for anybody from the Government to say that social welfare rates have not been cut because a disability allowance is a social welfare rate. The disability allowance is a social welfare rate and the Government cut it. The Labour Party and Fine Gael cut it. This budget is a budget of broken promises because Labour, in particular, promised not to cut child benefit and it has. The Labour Party also promised not to increase student fees and it has. This is a budget of broken promises. The Government parties have not done what they said they would do in advance of the election which is, to protect the old, the weak, the vulnerable, students, young people. They have gone after people who cannot defend themselves such as people with disabilities. This is a very bad budget and there will be more today. There will be a 2% increase in VAT and a household charge of €100. When will this Government learn from the previous Government that austerity and cuts will simply not work?

There are families who do not have any more money to give. The well is dry yet the Labour Party and Fine Gael are again targeting the vulnerable.

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

**Senator Fidelma Healy Eames:** Will Sinn Féin make the lives of the vulnerable better?

**Senator David Cullinane:** Sinn Féin proposed alternatives in its pre-budget submission which is available for Senators to read. The Government had an opportunity——

**Senator Ivana Bacik:** Alternatives must be credible.

**Senator David Cullinane:** ——to target wealth and high earners and address the myriad of tax breaks and tax shelters available to the wealthy. It could have achieved public expenditure savings without targeting the young, disabled people and older people by cutting their fuel allowance while driving up the cost of fuel. It targeted the same people the previous Government targeted. The Labour Party and Fine Gael have betrayed those who voted for them in the previous election.

**Senator Fidelma Healy Eames:** Sinn Féin does not balance books.

**Senator Catherine Noone:** In some senses I agree with Senator Cullinane's sentiments on cuts, which are terrible. The Government must make difficult decisions and does not take any

[Senator Catherine Noone.]

pleasure in taking these measures. It is trying to implement a budget which will help the country get back on its feet. How many times does this have to be said? This time last year, people did not know whether we had a Government. At least now, the Government has taken charge and wants to make the country a better place as opposed to lining its pockets or anything of that sort.

**Senator Darragh O'Brien:** It is lining the pockets of friends such as Ciaran Conlon with €37,000.

**Senator Catherine Noone:** I would like to speak without interruption if Senator O'Brien does not mind. While it is natural that I, as a Fine Gael Party member, would do so, I welcome the Taoiseach's decision to tell the nation how bad things are. If this course of action had been taken this time last year, people would have at least had some notion of how bad things were. Instead, we were all left in the dark. We have come a long way since then, although I am aware that is small consolation to families who must deal with difficult financial circumstances. The Government is trying its best to remedy a difficult situation. Other than the statements on the budget scheduled for this evening, I will not trouble the Leader by asking for further debate on the issue.

**Senator Terry Leyden:** I ask the Leader to arrange a debate on the part of statement by the Minister for Public Expenditure and Reform, Deputy Howlin, that related to the Garda Síochána, specifically the closure of Garda stations. Only two stations in my county of Roscommon will be affected, namely, Cootehall Garda station in Boyle, which featured in the books of John McGahern, and Loughglynn Garda station in Castlerea. Strangely, major refurbishment works are under way at the station in Castlerea which is located in a rural area with a large hinterland. People in the area are deeply concerned about the proposed closures. In addition, Termonbarry Garda station will not be reopened as a single garda operation. Overall, the saving achieved through the closures is small. The Minister for Justice and Equality should review the decision in light of the repercussions of leaving the rural areas concerned without a Garda presence. The closures will give rise to more crime. Senator Sheahan noted the vital importance of having gardaí in rural areas at a time of increasing crime rates in the countryside. Last night, the president of the Garda Representative Association outlined on "The Frontline" programme the importance of the knowledge obtained by gardaí in rural areas. We should consider the effects the proposed closures will have on rural areas. I call for the Leader to arrange a specific debate on Garda resources in rural areas.

**Senator John Gilroy:** It is difficult to accept being shouted at by Sinn Féin Senators. When one examines its pre-budget submission, as we were invited to do, one finds that most of it is based on a newspaper report published four years ago, namely, *The Sunday Times* rich list, and informed by two reports compiled by the banking sector, an industry Sinn Féin has repeatedly accused of lying over the past three years.

**Senator Fidelma Healy Eames:** I note the cuts Sinn Féin is implementing in Northern Ireland.

**Senator John Gilroy:** We also see in its submission a Kevin Cardiff type double accounting calculation which leaves a €200 million hole in Sinn Féin's figures. We see the cutbacks it is implementing in the North on behalf of Her Majesty's Government, yet it berates us.

**Senator David Cullinane:** The Minister, Deputy Rabbitte, got his answer last night on the North. The Labour Party does not know anything about the Six Counties. Its members waltz in here and speak mistruths.

**An Cathaoirleach:** Allow Senator Gilroy to continue without interruption.

**Senator David Cullinane:** They do not have the first notion of what is happening in the Six Counties. I would welcome a debate on the Assembly.

**An Cathaoirleach:** Senator Cullinane has spoken and must resume his seat.

**Senator David Cullinane:** Labour Party Senators waltz into the House every week with the same nonsense, telling lies about what is happening in the North.

**An Cathaoirleach:** Please allow Senator Gilroy to continue without interruption.

**Senator John Gilroy:** It is disappointing but I predicted I would be shouted at by Sinn Féin. I will not waste any more time of the House or invite any more abuse by the Sinn Féin side. I ask the Leader to arrange a debate on the budgetary process as a whole in the new year. The House needs ample time to discuss this issue.

**Senator David Norris:** The Leader played a significant and constructive role on the debates on the defamation legislation. He will recall that the Government at that stage promised to introduce a privacy Bill to balance out the Defamation Bill. I am glad to note the Privacy Bill 2006 is No. 12 on the Order Paper. In light of the previous debates in which both the Leader and I took part, will the Leader inform the House when the Bill will be moved? Having recently reread the legislation, it is in general well drafted and well considered. I would welcome its passing by this House and the other House. If it is helpful, I would be pleased to add my name to the legislation and, if the Government wishes, to move that we make time available next Tuesday to start the process.

I am all in favour of a free press and media that are capable of proper investigative journalism. On the subject of journalism, I am reliably informed by my distinguished academic colleague, Senator Barrett, that the ratings agencies are just another form of journalism. I wonder if we cannot do something about them as well, as I have been asking for the past three or four years. They are causing mayhem across international stock exchanges today by presuming, as a group of journalists — a form of low critic as far as I can see — to de-rate most of the European Union. I wonder if it is tolerable that a private institution of economic journalists should be permitted to do such damage without being held to account, particularly in light of the agencies' highly sinister history.

**Senator Mark Daly:** I look forward to a debate on registration fees for third level colleges, an issue raised by other Senators. We are all familiar with the famous photograph which will become infamous from here to eternity of the Minister and then Deputy Quinn signing a pledge not to raise fees. It was a little like the Treaty of Limerick in that not only was the ink not dry but before he picked up the pen he knew he could not stand by the pledge. The €250 increase in registration fees will not be allocated to the colleges as it is a tax that the Government will put in its back pocket and use for other purposes, including paying special advisers.

While previous speakers raised the issue of Europe, no one is talking about democracy. The issue has not been raised by our Government or any of the other European Union governments. The European population is being forced into a united states of Europe against its will, as was clear when the treaty of Nice was rejected in France, the Netherlands and Ireland and the treaty of Lisbon was rejected here. We are being placed in a position in which the Germans and powers-that-be in Brussels will essentially run the Department of Foreign Affairs. It is ironic that if I was to tell people in County Kerry and throughout the country on this, the

[Senator Mark Daly.]

anniversary of the signing of the treaty of 1921, that the Chancellor of the Exchequer in Westminster will have oversight of the Irish budget from here to eternity——

**Senator John Gilroy:** That is the fault of the Fianna Fáil Party.

**Senator Ivana Bacik:** In that case, it should not have signed up to the IMF-EU deal.

**Senator Darragh O'Brien:** The current Government should not have amended it.

**An Cathaoirleach:** Please allow Senator Daly to continue without interruption.

**Senator Darragh O'Brien:** The Labour Party is cutting disability allowance for teenagers. Its Senators should be ashamed of themselves. They can sit there laughing all they like.

**Senator Mark Daly:** My colleagues have misinterpreted what I said. As we know, the EU-IMF bailout is a temporary measure. Other countries that have gone into such a programme, including the United Kingdom, have come out of it. The Government does not seem to have a counter-proposal to what will be proposed next Friday.

**Senator John Gilroy:** No proposal will be made next Friday.

**Senator Mark Daly:** I thank the Senator for admitting it.

**Senator John Gilroy:** There is no proposal.

**Senator Mark Daly:** There is no proposal. Ireland is not putting forward a proposal.

**Senator John Gilroy:** Where is Senator Daly's proposal?

**Senator Mark Daly:** Germany and France are saying what they have agreed between themselves.

**Senator John Gilroy:** We should send Senator Daly over there to save us all.

**Senator Mark Daly:** They are asking the rest of us——

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

**Senator Mark Daly:** Yes. I am asking the Leader to organise a debate on the lack of a reference to democracy during the debate on the euro. Democracy should be central. Europe is always telling us about the importance of decision-making. Decisions are now being made by bureaucrats. This week marks the 90th anniversary of a treaty that was agreed without consultation with the people. It led to dire consequences.

**Senator John Gilroy:** The Senator and his colleagues should be ashamed of themselves, on the 90th anniversary.

**An Cathaoirleach:** Does Senator Daly have a question for the Leader of the House? We are out of time.

**Senator John Gilroy:** They destroyed the country twice.

**Senator Darragh O'Brien:** What will Senator Gilroy tell the people of Cork about the cut in the disability allowance?

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

**Senator Mark Daly:** I have.

**Senator Darragh O'Brien:** How will Senator Gilroy stand over that one?

**Senator Mark Daly:** I would like to ask the Leader to organise a debate. It is ironic that my colleague has admitted that the country is destroyed.

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

**Senator Mark Daly:** I do not think the country is destroyed.

**Senator John Gilroy:** The country has been destroyed by Senator Daly and his colleagues.

**An Cathaoirleach:** Senator Daly is out of time.

**Senator Kathryn Reilly:** Every young person is advised to go to school, go to college, get a job and raise a family. What happens when it is not feasible for one to go to school or college because neither one nor one's family can afford it? What happens when there are no jobs for one or one's friends? What happens when one is forced to emigrate? What happens when one cannot afford to survive because one's income is being hacked away every year?

For many young people, this budget will offer a choice between hardship in education, hardship at home and an uncertain future. It offers them the prospect of dole or emigration. Other Senators have referred to the cuts in the payment made to people with disabilities between the ages of 18 and 24. Similarly, the jobseeker's allowance paid to people under the age of 25 was reduced in a previous budget. Last week, I asked the Leader to facilitate a debate on youth unemployment. I would like to go a bit further today by asking the Leader to provide for consultation with groups advocating on behalf of young people, just as he did with groups advocating on behalf of older people. If we bring youth organisations to the House for a discussion, we can open a dialogue on how Ireland treats young people, especially people under the age of 25 who are being butchered and targeted by cuts. I ask the Leader to facilitate such a debate in the upcoming period, if possible.

**Senator Labhrás Ó Murchú:** A current RTE series that deals with the drugs trade is a realistic re-enactment of what is happening on the ground in the capital. It depicts a criminal underworld which is absolutely ruthless, powerful and brutal. It results in the ruination of thousands of young lives and the commission of murders with impunity. The criminal underworld in rural and provincial Ireland is equally brutal, arrogant and ruthless. It is destroying thousands of young lives. Murders are regularly committed by gangs in rural Ireland. The proposal to close Garda stations is contrary to common sense. It will not guarantee the safety of people in rural Ireland. It will not protect young people against drug pushers. It sends the wrong message to criminal gangs that are operating as we speak. In the long run, it will not achieve any savings.

The fallout from these crimes will eventually have to be dealt with by the taxpayer. I am keenly aware of the difficult task faced by the current Government and by any Government that tries to frame a budget at a time of crisis. I say to the Government genuinely, as I did when the Army barracks were being closed, that we have never needed a heightened security profile in every corner of Ireland more than we need it now. Above all else, we must give priority to people's lives. We must protect young people from being destroyed. I appeal to the Government to revisit the proposal to close 34 Garda stations. It is wrong. It is wrong. It is wrong.

**Senator Marie-Louise O'Donnell:** I would point out to Senator Daly that it ill-behoves him to be talking to me about democracy. I can tell you, with respect and affection, that I will not listen to it. Our democratic structures were levelled in 2008 when your leader was in a room signing our lives away.

**Senator Darragh O'Brien:** What is the Senator talking about?

**Senator Marie-Louise O'Donnell:** Do not lecture me about democracy.

**An Cathaoirleach:** I ask Senator O'Donnell to address her remarks through the Chair.

**Senator Marie-Louise O'Donnell:** I would also like to point out——

**Senator Darragh O'Brien:** Is she suggesting that democracy should be forgotten?

**An Cathaoirleach:** Senator O'Donnell, without interruption.

**Senator Mark Daly:** If a Taoiseach's appointee wants to lecture us about democracy, that is fair enough.

**Senator Marie-Louise O'Donnell:** I would also like to point out——

**Senator Mark Daly:** To make decisions on the basis of second-hand information——

**Senator Marie-Louise O'Donnell:** Senator Daly, I will not be lectured on democracy by you. Pick another subject.

**Senator Mark Daly:** If you want a debate on it, you are entitled to a debate.

**Senator Marie-Louise O'Donnell:** I would also like to point out——

**Senator Mark Daly:** If you want to address me outside the Chamber, there is no problem in the world with that.

**An Cathaoirleach:** I ask Senator Daly to allow Senator O'Donnell to speak.

**Senator Mark Daly:** If you are going to address me in the Chamber and not give me the right to reply——

**Senator Marie-Louise O'Donnell:** I would also like to point out——

**Senator Mark Daly:** If you are going to dismiss me, that is entirely up to you.

**An Cathaoirleach:** I ask Senator Daly to respect the Chair.

**Senator Mark Daly:** If Senator O'Donnell would respect the rules of the House, that would be fine.

**Senator John Gilroy:** Senator Daly is a great democrat.

**Senator Mark Daly:** Stay quiet.

**Senator Marie-Louise O'Donnell:** I would also like to point out——

**Senator Mark Daly:** Senator Gilroy has given me an endorsement.

**An Cathaoirleach:** Can we hear Senator O'Donnell without interruption?

**Senator Marie-Louise O'Donnell:** I would also like to point out to Senator Reilly that she should temper her language. When she is talking about young people in primary, secondary or third level education, she should not use words like “targeted” and “butchered”.

**Senator Darragh O'Brien:** On a point of order, is it in order for Senators to lecture their colleagues on what they should and should not say?

**Senator Ivana Bacik:** Senator O'Brien does it all the time.

**Senator Darragh O'Brien:** I doubt that it is.

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

**Senator Darragh O'Brien:** That is the job of the Chair, rather than Senator O'Donnell.

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

**Senator Mark Daly:** If the Senator wanted the banks to fail on the morning in question, she was quite entitled to hold that opinion.

**Senator Sean D. Barrett:** I would like the Leader to congratulate Dublin City Council on the decision it made last night. I particularly congratulate the residents of Clontarf on their success in preserving the amenities there. It is important to emphasise that politics does work from time to time. All three local Deputies, who represent different parties, supported the skilled campaign that was organised by the local residents. We had proposed to the Leader that the flood plain area north of the Bull Island causeway could be used to protect that amenity. The new terms of reference should involve looking at ways of developing water-based sports, for example, in that amenity. I would like the Leader to thank those involved and to express the support of the House for talking as part of the political process. I hope we have many more initiatives of this kind. That is why we admire the body politic so much.

**Senator Maurice Cummins:** I assure Senator Darragh O'Brien that we will have a debate on the budget later today. A number of Senators spoke about various aspects of the budget. The difficult decisions that are being taken are needed to get Ireland working again. The Government's four-year strategy to fix the economy will create jobs and get people back to work. The Government was elected to fix the problems the country inherited from years of mismanagement.

**Senator Darragh O'Brien:** It was not elected to cut the payment of disability allowance to teenagers.

**Senator Maurice Cummins:** It will be difficult to get there——

**Senator Darragh O'Brien:** I asked the Leader to raise the matter with the Minister, Deputy Burton.

**Senator Maurice Cummins:** ——but we will get there

**Senator Darragh O'Brien:** That is all I asked.

**An Cathaoirleach:** The Leader, without interruption.

**Senator Maurice Cummins:** My personal view is that the salaries of special advisers should not be more than those of Deputies.



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

**Senator Maurice Cummins:** That is a personal opinion. I want to clarify the Government's position on special advisers. This Government has reduced the cost of special advisers by more than 25%, by comparison with the previous Government.

**Senator Darragh O'Brien:** Is the Leader factoring in the increases in travel and subsistence expenses that were announced by the Minister, Deputy Howlin, yesterday?

**An Cathaoirleach:** The Leader, without interruption

**Senator Maurice Cummins:** The biggest reduction in pay is in the Taoiseach's Department, with a 47% decrease in costs——

**Senator Darragh O'Brien:** They increased yesterday.

**Senator Maurice Cummins:** ——of €576,000, compared to €1.1 million——

**Senator Darragh O'Brien:** The Leader's figures are not up to date. They are not correct.

**Senator Maurice Cummins:** ——for the previous Fianna Fáil-led Government.

**Senator Darragh O'Brien:** They are not correct.

**Senator Maurice Cummins:** That is a 47% reduction.

**Senator Darragh O'Brien:** A 28% increase was passed yesterday. The Leader is wrong. His figures are wrong.

**An Cathaoirleach:** The Leader, without interruption.

**Senator Maurice Cummins:** That is what happened with the last Government.

*(Interruptions).*

**Senator Darragh O'Brien:** Those figures have gone into the record.

**Senator Maurice Cummins:** If the Senator wants to listen and hear what the facts of the situation are——

**Senator Darragh O'Brien:** We will read the incorrect figures into the record, if the Leader wishes.

**Senator Maurice Cummins:** There is a saving of €500,000 on special advisers in the Taoiseach's Department. These are the real facts and these are real savings.

Senator Bacik addressed the social welfare Bill. We will have a debate when the Bill comes before the House.

A number of speakers asked for a debate on European affairs and we will try to arrange one. I reiterate, however, the House has a programme of legislation arranged from now until December 16. I do not know whether I will have time to allow statements. I will try my best, especially in regard to the situation in Europe because what will happen this weekend is so important for this country.

**Senators:** Hear, hear.

**Senator Maurice Cummins:** Senator Bacik also raised the issue of climate change talks. I am sure the Minister for the Environment, Heritage and Local Government, Deputy Hogan, will be willing and welcome to come to the House to discuss the matter during the new year.

Senator van Turnhout spoke about the painful process of adjustment. It is a painful process and the Senator will have an opportunity to make her remarks when the House hears the Budget Statement today.

Senators Mullen and Norris spoke of a debate on media standards and the privacy Bill. I will inquire as to when that Bill will be taken. This will not happen before Christmas but I am sure it will happen in the new year. I shall return to the Senators on that.

Senators Healy Eames and Byrne and others spoke about education and schools. As Senator Healy Eames stated, the protection of the pupil-teacher ratio at primary level and in disadvantaged secondary schools has been maintained as per the commitment given. There is no reduction in the numbers of special needs assistants and resource teachers working in the education system which must be welcomed, especially in view of what many people stated in this regard in recent months.

**Senator Tom Sheahan:** Hear, hear.

**Senator Maurice Cummins:** The roll out of high-speed broadband for all second level schools in the coming three years will also be welcome by all Members of this House. A further 300 assistant principal posts will be provided at second level. Many good things have arisen as a result.

**Senator Fidelma Healy Eames:** That is acknowledged.

**Senator Darragh O'Brien:** The Government cancelled language classes for 500 primary schools.

**Senator Maurice Cummins:** Senator Quinn mentioned Central European Time which the United Kingdom appears to be about to adopt as, obviously, will this country. Members in this House listen to the Senator and I am glad the Governments of both jurisdictions are also listening to him.

Senator Sheahan spoke of the structure of the HSE and details concerning a gentleman. Perhaps the Senator might raise that as a motion for the Adjournment debate which the Minister for Health should attend. As outlined by the Senator, it is a very serious situation.

We will not rehearse the debate on the budget as Senator Cullinane requested but will debate the issues this evening.

Senator Noone spoke about making decisions to get the country working again. Most of the points raised today relate to budgetary concerns. Senators Leyden and Ó Murchú mentioned budget allocations within the justice sector and there is no doubt these are very challenging. However, the Minister has plans to ensure that the most critical areas within the justice sector are protected. The recommendations for the closure of the Garda stations in question came from the Garda Commissioner via superintendents throughout the country.

**Senator Darragh O'Brien:** On the instruction of Government.

**Senator Maurice Cummins:** Senator Gilroy asked for a debate on the budgetary process in the new year which we can arrange.

Senator Daly is not in the Chamber. Senator Reilly asked for a debate on youth unemployment which is a matter we can consider for the next session of the Seanad Public Consultation

[Senator Maurice Cummins.]

Committee. I have received requests from the Ombudsman for Children that children would be discussed at this committee, too. We may be able to include youth issues there but that will be a decision for the committee.

Senator O'Donnell made some salient points on democracy. We are glad the issue of flood defences in Clontarf, as mentioned by Senator Barrett, has been solved, temporarily, anyway.

**Senator Darragh O'Brien:** I hope it does not rain at the weekend.

**Senator Maurice Cummins:** One hopes a proper decision will be made in the future.

**Senator Rónán Mullen:** On a point of order, did the Leader give a commitment to having a debate on media standards?

**Senator Maurice Cummins:** The Senator was not present at the time. That was covered in my reply.

**Senator Rónán Mullen:** I would like to know if there is such a commitment.

**Senator Maurice Cummins:** I replied on that issue.

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

**Senator Rónán Mullen:** In that case, I may put the question again at the next opportunity.

**An Cathaoirleach:** I regret I had to rule out of order a matter raised by Senator Noone which I had stated to be in order, as the Minister has no responsibility in that matter. There will be only two Adjournment motions, therefore, those of Senators Ó Clochartaigh and Conway.

Senator O'Brien moved an amendment to the Order of Business: "That a debate take place at 8 p.m. on the financial situation in Europe." Is the amendment being pressed?

**Senator Darragh O'Brien:** Yes.

Amendment put.

The Seanad divided: Tá, 20; Níl, 26.

Tá

Barrett, Sean D.  
Byrne, Thomas.  
Cullinane, David.  
Daly, Mark.  
Leyden, Terry.  
Mac Conghail, Fiach.  
Mullen, Rónán.  
Norris, David.  
O'Brien, Darragh.  
O'Sullivan, Ned.

Ó Clochartaigh, Trevor.  
Ó Domhnaill, Brian.  
Ó Murchú, Labhrás.  
Power, Averil.  
Quinn, Feargal.  
Reilly, Kathryn.  
van Turnhout, Jillian.  
Walsh, Jim.  
White, Mary M.  
Zappone, Katherine.

Níl

Bacik, Ivana.  
Brennan, Terry.  
Burke, Colm.  
Clune, Deirdre.  
Coghlan, Paul.  
Comiskey, Michael.

Cummins, Maurice.  
D'Arcy, Jim.  
Gilroy, John.  
Harte, Jimmy.  
Healy Eames, Fidelma.  
Heffernan, James.

Níl—continued

Henry, Imelda.  
Higgins, Lorraine.  
Keane, Cáit.  
Kelly, John.  
Landy, Denis.  
Moloney, Marie.  
Moran, Mary.

Mullins, Michael.  
Noone, Catherine.  
O'Donnell, Marie-Louise.  
O'Keeffe, Susan.  
O'Neill, Pat.  
Sheahan, Tom.  
Whelan, John.

Tellers: Tá, Senators Terry Leyden and Ned O'Sullivan; Níl, Senators Paul Coghlan and Susan O'Keeffe.

Amendment declared lost.

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

The Seanad divided: Tá, 32; Níl, 14.

Tá

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

Kelly, John.  
Landy, Denis.  
Mac Conghail, Fiach.  
Moloney, Marie.  
Moran, Mary.  
Mullen, Rónán.  
Mullins, Michael.  
Noone, Catherine.  
Norris, David.  
O'Donnell, Marie-Louise.  
O'Keeffe, Susan.  
O'Neill, Pat.  
Quinn, Feargal.  
Sheahan, Tom.  
van Turnhout, Jillian.  
Whelan, John.

Níl

Byrne, Thomas.  
Cullinane, David.  
Daly, Mark.  
Leyden, Terry.  
O'Brien, Darragh.  
O'Sullivan, Ned.  
Ó Clochartaigh, Trevor.

Ó Domhnaill, Brian.  
Ó Murchú, Labhrás.  
Power, Averil.  
Reilly, Kathryn.  
Walsh, Jim.  
White, Mary M.  
Zappone, Katherine.

Tellers: Tá, Senators Paul Coghlan and Susan O'Keeffe; Níl, Senators Terry Leyden and Ned O'Sullivan.

Question declared carried.

### **Garda Síochána Ombudsman Commission: Referral to Joint Committee**

**Senator Maurice Cummins:** I move:

That the proposal that Seanad Éireann, noting that the Government on 1st December, 2011 nominated Mr. Simon O'Brien, Mr. Kieran Fitzgerald and Ms. Carmel Foley for

[Senator Maurice Cummins.]

appointment by the President to be members of the Garda Síochána Ombudsman Commission and Mr. Simon O'Brien to be its chairperson, recommends, pursuant to section 65(1)(b) of the Garda Síochána Act 2005, that Mr. Simon O'Brien and Mr. Kieran Fitzgerald be appointed and that Ms. Carmel Foley be re-appointed by the President to be members, and Mr. Simon O'Brien to be chairperson, of the Commission, be referred to the Joint Committee on Justice, Defence and Equality, in accordance with Standing Order 70A(3), which, not later than 9th December, 2011, shall send a message to the Seanad in the manner prescribed in Standing Order 73, and Standing Order 75(2) shall accordingly apply.

Question put.

The Seanad divided: Tá, 33; Níl, 15.

Tá

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

Kelly, John.  
Landy, Denis.  
Mac Conghail, Fiach.  
Moloney, Marie.  
Moran, Mary.  
Mulcahy, Tony.  
Mullins, Michael.  
Noone, Catherine.  
O'Donnell, Marie-Louise.  
O'Keeffe, Susan.  
O'Neill, Pat.  
Quinn, Feargal.  
Sheahan, Tom.  
van Turnhout, Jillian.  
Whelan, John.  
Zappone, Katherine.

Níl

Byrne, Thomas.  
Cullinane, David.  
Daly, Mark.  
Leyden, Terry.  
Mullen, Rónán.  
Norris, David.  
O'Brien, Darragh.  
O'Sullivan, Ned.

Ó Clochartaigh, Trevor.  
Ó Domhnaill, Brian.  
Ó Murchú, Labhrás.  
Power, Averil.  
Reilly, Kathryn.  
Walsh, Jim.  
White, Mary M.

Tellers: Tá, Senators Paul Coghlan and Susan O'Keeffe; Níl, Senators Terry Leyden and Ned O'Sullivan..

Question declared carried.

### **Local Government (Household Charge) Bill 2011: Order for Second Stage**

Bill entitled an Act to require the owners of certain residential properties to pay an annual household charge in respect of each such property to the local authority in whose functional area the residential property is situated; to require the furnishing of information relating to each such property to enable the preparation of a database of residential properties in the State; to amend the Local Government Act 1998; to amend the Local Government (Charges) Act 2009; and to provide for related matters.

**Senator Cáit Keane:** I move: “That Second Stage be taken today.”

Question put and agreed to.

### **Local Government (Household Charge) Bill 2011: Second Stage**

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

**Minister of State at the Department of the Environment, Community and Local Government (Deputy Fergus O'Dowd):** I am pleased to open the debate in this House on the Local Government (Household Charge) Bill 2011.

The EU-IMF programme of financial support for Ireland commits the Government to the introduction of a property tax for 2012. The programme reflects the need, in the context of the State's overall financial position, to put the funding of locally delivered services on a sound financial footing, improve accountability and better align the cost of providing services with the demand for such services.

In light of the complex issues involved, a property tax, requiring a comprehensive property valuation system, would take time to introduce and, accordingly, to meet the requirements in the EU-IMF programme, the Government decided to introduce a household charge in 2012. The household charge is an interim measure and proposals for a full property tax will be a matter for consideration by the Government in due course.

The charge will be set at €100 and will apply to the majority of owners of residential property in the country on a point in time basis. It is expected to raise some €160 million, on full collection, and the revenues from the charge will support the provision of the vital services provided by local authorities. Internationally, local services are administered by local authorities and financed by local service charges. In Ireland, local authorities are responsible for, among other services, fire and emergency services, maintenance and cleaning of streets, street lighting, planning and development services, public parks, libraries, open spaces and leisure facilities.

The household charge will be administered on a self-assessment basis and is to a significant extent based on the arrangements applying to the €200 charge on non-principal private residences introduced under the Local Government (Charges) Act 2009. As such, it will be a matter for owners of houses concerned to register and pay the charge. It is intended that the liability date will be 1 January with payment due at the end of March. The Department of the Environment, Community and Local Government and local authorities will undertake a national information campaign to advise people of their responsibilities in relation to payment of the household charge and I am confident that all residential properties owners in the State will be fully aware of their liability or otherwise to the charge.

The liability date is the date upon which persons will have to assess whether, as an owner of a residential property, they are liable to pay the household charge.

The actual payment of the household charge can be made from this liability date up to and including 31 March 2012. Persons will have a full three months from the liability date to pay the household charge. Late payment fees and late payment interest will only apply if the household charge is not paid in respect of a liable property by or on the due date of

2 o'clock 31 March, or if persons do not apply for payment by instalments. These are similar provisions to those that apply under Revenue legislation in respect of the late filing and payment of certain taxes and will act as an incentive to pay the self-assessment household charge on time. In addition, any household charges, late payment fees and late payment penalties will remain as a charge against the property concerned.

[Deputy Fergus O'Dowd.]

The Government recognises that the charge represents an additional cost for all homeowners and it is proposed to facilitate homeowners by allowing it to be paid in four equal instalments of €25, if the householder so wishes. My colleague, the Minister for the Environment, Community and Local Government, Deputy Phil Hogan, will set out in regulations the dates on which each instalment will fall due and the arrangements for the payment of the instalments.

While it is intended that the charge will apply to the majority of residential property in the State, the Government proposes that a small number of exemptions to the household charge will apply. The proposed exemptions are as follows: properties that are part of the trading stock of a business and have not been sold, occupied or been the source of any income since their construction; properties vested in local authorities or voluntary and co-operative housing bodies for social housing, as making such properties liable would lead to a circular flow of income and be unnecessarily bureaucratic; properties owned by a Government Department or the HSE and used or let in the performance of their functions, as, again, making such properties liable would lead to unnecessary circular administrative structures; properties to which commercial rates apply — as with the non-principal private residence, it is intended that this charge would operate as an alternative to commercial rates, that is, a property will be liable for either commercial rates or the household charge, if it is domestic property, but not both; where a person is forced to vacate a property because of long-term mental or physical infirmity — this exemption was included in the Local Government (Charges) Act 2009 as a compassionate measure intended to provide for elderly people who have no choice but to move out of their sole or main residence into a residential nursing home; and where a charity owns a property.

In addition to these exemptions, two important waivers will apply to the charge. The programme for Government commits to giving consideration in the context of introducing a property tax to the impact that such a tax would have on the number of households in mortgage distress. The Government therefore proposes to exclude from the household charge households in receipt of mortgage interest supplement from the Department of Social Protection. Mortgage interest supplement provides short-term support to help eligible households pay mortgage interest payments and has, as a condition of eligibility, that the household could afford the mortgage repayments when the mortgage commenced. In excess of 18,000 households will benefit from this waiver.

The Government also intends providing a waiver for households in certain categories of unfinished housing estates. The report of the advisory group on unfinished estates identified two categories of households in particular difficulty: category 3 estates — some 1,112 estates — where a developer is in place but there is no onsite activity and where there are significant planning, building control compliance and public safety issues to be addressed; and category 4 estates — some 188 estates — where the developer or site owner is effectively not contactable and/or where no receiver has been appointed and serious public safety problems similar to category 3 exist. Again, the Minister, Deputy Hogan, will set out the list of the estates to which the waiver will apply in regulations. The Minister will be informed by local authority returns to his Department from the 2011 national survey of unfinished housing estates. This waiver will benefit residents of such estates as they work with other stakeholders in developing resolutions for these problematic developments. The costs of introducing this waiver will abate over time as more estates are resolved through the site resolution process and property owners become liable for the charge. The exact number of households to benefit from this waiver will be known when the Minister signs the necessary regulations into law.

Similar to the €200 charge on non-principal private residences, an online system is being developed by the Local Government Management Agency, LGMA, to enable homeowners pay the household charge by credit card or debit card. In addition, homeowners will be able

to make payments by cheque, postal order and so on through the post to the LGMA. A bureau will be put in place in the LGMA to administer the charge on a shared service-agency basis for all local authorities.

It is recognised that the existing revenue base of local authorities is narrow by international standards. This was a consideration in the introduction of the €200 charge on non-principal private residences, NPPR, in 2009. While the NPPR charge represents a dedicated source of funding for local authorities which is relatively stable, it does not go far enough in addressing the imbalance in the sector's financing. A proper broadening of the revenue base for local government will come about as a result of the introduction of the household charge in 2012 and the subsequent property tax in due course. This measure is significant because it recognises that local authorities should not be disproportionately dependent on central government funding.

The proceeds of the household charge will be paid directly into the local government fund. The Minister for the Environment, Community and Local Government will disburse moneys back to local authorities in general purpose grants. It is considered that this approach is preferable to allowing local authorities directly retain all moneys collected from the household charge in their areas, as it will make it possible for the Minister to introduce equalisation into distribution, thus ensuring that those local authorities with lower populations than others do not suffer unduly as a result.

We all now know too well that our economy, especially our tax revenue, was overly reliant on activity in the construction sector. The decline in the yield from transaction taxes, such as stamp duty, capital gains tax and VAT on property generally, has been a major factor in the imbalance in the public finances. The correction is sharp and difficult and, unfortunately, more needs to be done. The introduction of the €100 household charge on residential property is one of the measures that needs to be taken, reflecting the EU-IMF programme of financial support for Ireland, to close the gap between expenditure and revenue. However, it should be seen as more than simply a measure to raise revenue. It is a structural change to Ireland's revenue raising systems, providing an alternative revenue stream that will not be subject to the volatility associated with the transaction-based property taxes to which I have referred. As the household charge will accrue to the local government system, Exchequer support of the local government fund is also being ended.

The Bill is a relatively short and straightforward legislative measure. Essentially, owners of liable residential property will be required to pay to the LGMA an annual charge of €100. Given the relatively modest level at which the charge is set, I consider it important to minimise the costs associated with its collection. Accordingly, county and city councils will delegate their functions in administering the charge to the LGMA, which will collect the charge on a shared services-agency basis. The LGMA will be paid the costs of administering the charge from the proceeds of the household charge.

Liability arises each year on a point in time basis. Ownership of a relevant residential property on a specified day, known in the Bill as the liability date, gives rise to the requirement to pay the charge. It is intended to designate 1 January as the liability date for 2012 and subsequent years. This liability date was chosen due to its fit with the overall annual financial cycle of local authorities and will allow moneys collected to be expended by authorities in the year collected. It also provides clarity as to ownership on the liability date as there are likely to be very few, if any, property transactions on New Year's Day.

The charge is a self-assessment measure because it is for the owners of residential property, in the first instance, to assess whether they are liable to pay the charge. As the household



[Deputy Fergus O'Dowd.]

charge is a self-assessment charge, the LGMA will not issue bills or invoices to those persons who own property liable for the charge.

Nonetheless, the charge is a relatively simple and straightforward measure and is easy to understand. The Department, the LGMA and local authorities will undertake a national information campaign to advise people of their responsibilities regarding payment of the household charge. In addition to the normal sanctions involving a fine on conviction of an offence, the Bill incorporates late payment fee and late payment interest provisions, which should act as a real incentive to pay the household charge when it falls due.

From a drafting perspective, the Bill starts from a position where all residential property is liable for the household charge. It goes on to exempt certain buildings and owners from this liability. In other words, it identifies what is not liable within the totality of residential buildings, rather than taking as a starting point buildings and owners that are liable. Section 2 provides that these include properties owned by a Minister, the HSE or which are vested in local authorities or voluntary and co-operative housing bodies for social housing. Other exemptions to the charge are provided for in section 4, including properties owned by charities and certain discretionary trusts and where a person has to leave their home due to long-term mental or physical infirmity. Waivers are provided for persons in receipt of mortgage interest supplement or residing in certain unfinished housing estates on the liability date. The household charge will apply to immovable property and, therefore, mobile homes and vessels are exempted.

The Bill provides that the charge shall be paid to the county and city councils under section 3, who will delegate their collection functions to the LGMA under section 13. The estimated annual yield, if collected in full, is €160 million. Like any new taxation measure, however, knowledge of the yield will only come with experience of its operation. In the event of non-payment of a household charge for which a person is liable by a certain date, section 7 sets out that late payment fees and late payment interest of 10% per month or part thereof will apply thereafter. The late payment fee to apply in the case of a household charge paid not later than six months after the due date is 10% of the amount outstanding; 20% of the amount outstanding if not paid later than six months and not later than 12 months after the due date; or 30% of the amount outstanding if not paid later than 12 months after the due date. These penalty provisions are proportionate to the level of the household charge and are similar to the provisions that apply under Revenue legislation in respect of the late filing and payment of certain taxes. They will act as an incentive to pay the self-assessment household charge on time. The rolled-up late payment fee should not be underestimated and non-payment of a charge for two years will result in a liability of €280 when account is taken both of the charges, the late payment fees and late payment interest.

I want the message to go out clearly to those liable to pay this necessary charge that it will be simpler and considerably less expensive to pay the charge when it falls due or in instalments, as provided for, than to attempt to evade it. Local authorities will also have power to take prosecutions against owners who fail to discharge their liability to pay the charge. Prosecution will be by way of summary proceedings and a court may impose a class C fine under section 5(4) of the Fines Act 2010 of between €1,000 and €2,500. Where a property liable for the charge is being sold, the Bill provides under section 10(3) that the vendor will be required to discharge all outstanding household charges, late payment fees and late payment interest on or before the date of transfer. This should prove a strong incentive for a purchaser's solicitor to ensure that all outstanding charges are paid before a contract to sell the property is executed.

Under section 14 provision is made for data exchange between local authorities and the Private Residential Tenancies Board, PRTB, the Electricity Supply Board, ESB, and the Revenue Commissioners. This data should assist local authorities to identify properties liable

for the charge. The PRTB holds data on rental properties and the ESB's systems can generate data on residential properties where electricity is used. The Revenue Commissioners hold data on certain property transactions such as stamp duty, VAT and capital gains taxes.

Payment will be accepted on behalf of any local authority through a website, which has been designed and constructed by the Local Government Computer Services Board and which is broadly similar to the NPPR charge system. The revenue accruing will be relayed automatically and at intervals to the bank account of the local government fund. Payment will not be accepted in local authority offices. Although payment can be made through the postal system to a bureau to be established in the LGMA, I ask everyone who can do so to use the website for his or her own convenience. This will minimise costs associated with the administration and collection of the charge and ensure that the maximum amount of the revenue generated will go towards the provision of vital local services in our communities.

In addition, other amendments and insertions are being made to the Local Government (Charges) Act 2009 in respect of the definitions and other provisions contained in this Bill in order to mirror in the Act the provisions contained in the Bill. The 2009 Act exempts properties leased to a local authority under the rental accommodation scheme, RAS. The RAS exemption was included in order to encourage take-up of the then relatively new scheme. As the scheme has been in existence for a number of years, an incentive is no longer required. Similar long-term leasing arrangements with private property owners are now being entered into in respect of meeting social housing needs. As leases under RAS, now a mainstream social housing option, are subject to the same legal framework applying to private leases under the Residential Tenancies Act 2004, it is not justifiable that a landlord group should continue to receive added incentives from inclusion of their properties in social housing arrangements. The Government has agreed that the charge will apply to properties in this group and that, furthermore, the opportunity will be taken to amend the Local Government (Charges) Act to remove the NPPR exemption with effect from 2012. The exemption for properties leased to the HSE is linked to this and it will fall to be treated in the same way as RAS.

It is also intended to take this opportunity to amend the Local Government (Charges) Act 2009 to provide for a €10 charge on over-the-counter transactions in respect of the NPPR. Initial take-up of the online payment option was encouraging, with 85% of users choosing to pay online in October 2009. By December 2010, this figure had fallen to 59%. It appeared that the early payers were more likely to use the online option, while those that had left it late preferred to pay over the counter. Anecdotal reports suggest that most of these over-the-counter payments are made in cash. Such payments are resource heavy for local authorities and this should be reflected in an additional charge if somebody chooses to use an administratively expensive payment option when others are available. A €10 transaction charge was also recommended by the local government efficiency review group to apply to all payments other than those made electronically but, at this stage, it is only proposed to apply the additional administrative charge to over-the-counter payments for the NPPR. Given that some people may still not have access to electronic means of payment and the fact that broadband is not universally available, an electronic option may not be a realistic alternative to a postal payment for many people, particularly the elderly in rural areas. It is, thus, not proposed to apply the charge to postal applications.

Senators will be aware of the significant role which the local government fund has played in the financing of local government since it was established in 1999. The fund has been financed from a combination of an Exchequer contribution and the full proceeds of motor taxation up to and including 2011. Total funding for 2011 amounts to €1.16 billion. The 2011 fund comprises an Exchequer contribution of €164 million and the proceeds of motor tax, which is projected at €998 million this year. Local authorities were allocated general purpose grants of €790 mil-

[Deputy Fergus O'Dowd.]

lion in 2011, which represents approximately 29% of local authority current funding. Some €398 million was provided to the Minister for Transport, Tourism and Sport from the fund for the provision of roads and public transport infrastructure. As announced yesterday by my colleague, the Minister for Public Expenditure and Reform, the Exchequer contribution to the fund will cease this year and will be replaced by the proceeds of the household charge in 2012.

The footprint of the local government sector has reduced significantly over the past five years. Local authority investment and service provision capacity has reduced from a record €11.7 billion in 2007 to an estimated €7 billion in 2011. The reduction has been most pronounced in the local government capital programme, the figure for which has declined from €6.8 billion in 2007 to an estimated €2.2 billion in 2011.

It is important that the funding of locally delivered services be on a sound financial footing, with better alignment between the cost of providing services and the demand for those services. It is clear that local authorities require sufficient funding to ensure that they can operate effectively across their range of functions and responsibilities but this must be balanced with the need to limit the direct financial contribution required of business through rates and charges and having regard to the need for a reduced footprint for the sector generally. Notwithstanding the importance of this source of funding, the Government is mindful of the need to minimise the burden on business, particularly business that may be especially vulnerable in the current difficult economic environment.

As local authorities approach their budget period, elected representatives will be called upon to make difficult choices to adopt balanced budgets for 2012. The emphasis to date has been on cost reductions and efficiencies that will reduce the costs to business, the maintenance of front-line services, broadening of the funding base and the refocusing of capital investment. However, with income from all sources under pressure, each local authority will have to strike a balance between the competing demands for resources. Against this background, local authorities continue to face significant challenges in collecting income arising from rates and local charges.

The Government is not solely focused on the funding of local government. We are also concerned to ensure that local government delivers the services that our communities expect as efficiently and effectively as possible. The Minister, Deputy Hogan, is determined that local authority cost bases will continue to be examined rigorously and reduced to maximise efficiencies which, in turn, impact positively on business. The realisation of the savings and other efficiencies identified in the local government efficiency review report will involve implementation over a focused and achievable timescale. In this context, the Minister established, earlier this year, an implementation group with an independent chairman and business expertise to drive and oversee implementation of relevant prioritised recommendations of the report of the local government efficiency review group.

The implementation group is focusing on key recommendations in areas such as shared services, procurement, ICT and human resources that will remove costs and yield early financial savings for the local government sector. The Minister is due to receive the implementation group's first report this month and this will include an assessment of progress made to date. This work must take account of the reduction of over 6,500 staff posts in local authorities over the past two years. This is well ahead of any other area of the public service. This is the biggest single contributor to efficiency and productivity.

The Government's commitment to align the community development sector with local government will also see an expanded role for local authorities in local enterprise and community development. This, in turn, will maximise the impact of investment to produce jobs at

a local level. The Department of the Environment, Community and Local Government will continue to work with the County and City Managers Association to identify best practices in the local government sector in building stronger sectoral approaches and in eliminating variances between local authorities.

A properly resourced local government sector is vital to local democracy. I take this opportunity, however, to refer briefly to another issue that is equally important to the well-being of the local government sector. A range of work relevant to the reform and development of local government is also under way, in accordance with the programme for Government, and significant progress has been and is being made.

With regard to structural reform, the Government announced, on 28 June 2011, its decision to create a single local authority to replace Limerick city and county councils with effect from the local elections in mid-2014. In addition, the Government decided to establish a unified county council in Tipperary, also with effect from the next local elections. Implementation groups have been appointed to oversee planning, preparatory work and initial implementation of the reorganisation process in both Limerick and Tipperary, and their work is proceeding. The Minister for the Environment, Community and Local Government has established a local government committee under the Local Government Act 1991 to consider whether the creation of a unified authority in Waterford would be desirable. That committee is in operation and is due to report by the end of February 2012.

These measures are being progressed ahead of more comprehensive policy proposals which will be brought to the Government in regard to local government structures at regional, county and sub-county levels. The local government sector is a willing and able partner in this agenda and recognises that public sector transformation is an integral part of the solution to Ireland's current economic difficulties. In this context, greater coherence and synergy between different levels of Government and the public service are fundamental to more efficient and effective operation. The Department of the Environment, Community and Local Government and the local government sector are working closely together to advance broad public service initiatives for a more integrated public service which can achieve better value for money and enhanced customer services.

The Local Government (Household Charge) Bill 2011 is a short and straightforward legislative instrument. The revenue stream to which it will potentially give rise is significant, at €160 million annually. The Bill establishes a new funding source for local authorities. It builds on the experience of the charge on non-principal private residences and further broadens the revenue base of local authorities. Its provisions will ensure that charges raised nationally are put to good use locally in providing the wide range of local authority services that the public needs and expects. Arguably, it would serve the interests of local democracy still better if local authority members themselves determined, perhaps within certain limits, the level of the charge, as is the case with commercial rates. There may be scope to devolve other aspects of the charge to local authorities. These are issues that will be revisited in the context of a full property tax to replace the interim household charge in due course. In this context, the Government has decided that an expert interdepartmental group will be established in the new year to consider the approach to the full property tax and report back by mid-2012.

I thank the Senators for their co-operation in facilitating the early consideration of the Bill and I commend it to the House.

**Senator Brian Ó Domhnaill:** The manner in which the Bill has been brought before the House is regrettable, to say the least. It was not published and circulated until last evening, and those in the Opposition benches had to have Committee Stage amendments tabled by 10 a.m. this morning. We found this wholly unacceptable. The timeframe did not give the Oppo-

[Senator Brian Ó Domhnaill.]

sition parties in the Seanad sufficient time to scrutinise in detail the content of the Bill. I am not sure who is responsible but it was wrong and should not have happened.

This legislation is to impose a household charge of €100 on almost every house in the country, with the few exceptions outlined by the Minister. The Government, and particularly the Labour Party, was very vocal about the problem of imposing a property charge on a private principal property when it was trying to get into power and gain the votes of the people. The Labour Party said it would fight the charge at every corner. However, when it got into power, it turned very quickly to burning any promises it made prior to the election, as we have seen.

We have no doubt that the decision to take the Bill today and delay its publication until yesterday was simply to try to spare the blushes of Government Senators and Deputies, who have been caught once again misleading voters. That the Government, and the Labour Party in particular, could stand over a Bill that offers none of the protections or exemptions that the most vulnerable citizens expect and deserve says a lot about the values that Fine Gael and the Labour Party are bringing to Government.

The Government parties will spend a lot of time saying their hands were tied and that they had no choice but to bring forward the charge because of the EU-IMF funding deal. Ordinary families will not fall for this falsehood. Both Fine Gael and the Labour Party spent the past nine months telling the people that they had influence in Europe and had been successful in renegotiating the terms of the deal. The Government thought it was impossible to renegotiate the funding deal to allow it to launch a raid on pensioners and the pension levy. Why was it not considered important enough to reach agreement on protecting those who cannot afford the household charge? The truth is that the EU-IMF deal only sets out the overall targets. It does not set the specific elements of household charges or other budgetary measures.

This legislation expects people to pay a household charge after they were raided in yesterday's budget announcement. The most vulnerable people were attacked. The Government can hide behind the fact that there were no front line cuts in the weekly payment rates but the budget was much worse than that. A young child or teenager who previously received a domiciliary care allowance of €188 per week will receive €71.30 from January. A disabled person aged between 18 and 22 person will face a cut from €188 to €100 per week. That will impact on families.

Last night, I met in my clinic a family with two disabled people who cannot fend for themselves. Their weekly payments will be reduced by a couple of hundred euro, not to mention the other social welfare cuts they will be forced to bear. They are still being asked to pay the €100 household charge and the septic tank charge. They simply cannot afford to pay these charges.

I appeal to the Minister of State, on the second day of the budget double whammy, to go back to the drawing board on these exemptions because they do not go far enough. The exemption threshold is very narrow. Exemptions will be made for properties that are part of the trading stock of a business, which is fine because rates are already being paid in respect of them, or which are owned by the Government, the HSE or local authorities. Waivers will be offered for those who live in unfinished housing estates or the 18,000 people in receipt of mortgage interest supplement. What about medical card holders or those whose disability allowances were cut in yesterday's announcement? Some of these young people are living with their parents but others are living on their own. What about those who are in mortgage arrears? According to the latest figures, 63,000 mortgages, or 8.1% of the total, were in arrears in September. What about the people who are in negative equity or those who are unemployed and receiving social welfare benefits? I meet on a weekly basis people who do not have the

money to put bread on the tables or heat their houses. What about elderly people who are living alone and will have to deal with the cut in the fuel allowance from 32 weeks to 26 weeks? Why are they not exempted under the legislation? The Fianna Fáil Party will seek to amend the legislation to provide exemptions for these groups of people who cannot afford to pay the €100 household charge.

The liability date gives rise to further issues. The charge will apply from 1 January. I can only imagine that the Government parties are endeavouring to pass the Bill through the Seanad this week and the Dáil next week. It is unacceptable that householders will have until 31 March to pay the charge. Why can they not pay it over the full course of the year? If they pay it late, they will have to pay an additional 10% in subsequent months.

**Deputy Fergus O'Dowd:** For clarity, there will be four dates beyond 31 March on which they can pay for the entire year. They will be able to do that without a penalty by the due date, which will be fixed by the Minister.

**Senator Brian Ó Domhnaill:** We will propose an amendment to allow the charge to be paid on a monthly or weekly basis. I cannot understand why a €10 charge can be imposed on over-the-counter transactions for the NPPR when the same option is not being afforded under this legislation. If somebody wants to pay a charge in a local council office, he or she should not be penalised for doing so. Not everybody has Internet access. We will be opposing the legislation in its current format because it has insufficient exemptions for the most vulnerable.

**Senator Cáit Keane:** I welcome the Minister of State. Further to what Senator Ó Domhnaill said about the short notice we received on this Bill, I would welcome improvements in this regard because some of us had to burn the midnight oil last night to get up to speed on it. It is not a nice thing to be required to do. Given that the Senator intends to oppose the Bill because it does not offer sufficient exemptions, I presume he supports the principle of a property tax. For the past several years there has been speculation about the possibility that a property tax would be introduced. Property tax is not a recent innovation in this country. The rates levied until the late 1980s or 1990s were a form of property tax. I am surprised that the Senator is surprised.

**Senator Darragh O'Brien:** They were abolished in 1977.

**Senator Cáit Keane:** They were abolished in 1977 by Jack Lynch. I know. It was an opportunistic decision.

**Senator Denis Landy:** Does Senator O'Brien remember it?

**Senator Darragh O'Brien:** I do not. I was three at the time.

**Senator Cáit Keane:** He was a good man but he did not always make the right decisions. As the measure is set out in the EU-IMF agreement, we are left with no choice but to implement it. It is one of the fairer ways of raising tax because the tax that exists at present hits businesses and everything else. The previous Government set a precedent on property tax in the €200 levy on private rented properties.

**Senator Darragh O'Brien:** The second home tax.

**Senator Cáit Keane:** It is not a home tax. It affects holiday houses. The Fianna Fáil Party's renewed programme for Government included a site valuation tax for non-agricultural land. I am delighted to learn it is addressing the exemptions. Perhaps they can go further than they

[Senator Cáit Keane.]

currently stand. The issue of disabilities and disabled children, where people face hardships, could be reconsidered. They should be dealt with through an appeals system. Households that can afford to do so will be required to pay the €100 charge.

Section 6 relates to the provision of information in declarations by owners of residential property related to the household charge. In addition, provision is being made to allow the Minister to prescribe such information as he considers necessary to enable the preparation of a comprehensive database of residential properties in the State. Every other European state has such a database and it is time we moved in that direction. The collation of information in a national database would be of significant assistance in the context of the Government's consideration of the full property tax.

In addition, provision is made in section 12 for data sharing. The Minister for Social Protection discussed data sharing recently in the House. This is a first and I welcome it. We are talking about data sharing by people with local authorities and by local authorities with Ministers — and, as the Minister has outlined, all the relevant bodies such as the ESB and Bord Gáis. All of this data sharing is necessary and I welcome that provision in the Bill, because it is positive to keep channels open at local and national level, and indeed to prevent tax evasion and so on.

Section 10 will require the discharge of all household charges and late payment fees due to local authorities in respect of properties that are being sold or transferred. This is an important new provision which is being introduced to stop the practice whereby agents of property or property sellers are, in effect, passing on any liability for the charge on non-principal private residences to the subsequent owners through clauses contained in conveyancing agreements. The solicitors were taking it upon themselves to dictate who should pay the property tax. That was not right, and it is now being stopped. I welcome the provision.

The Minister of State has also informed us and the public of his decision to introduce this tax in the early part of the year and that there is a three-month period in which people can pay the charge. I welcome the public information campaign announced by the Minister of State, because it is important that people know what is coming down the line and that they have several months to pay the charge. A project board will be established by the Department of the Environment, Community and Local Government and the County and City Managers Association, CCMA, on the introduction of the charge, as well as a bureau.

Because we now have all of these online services and payment options, I ask the Minister to consider introducing a facility for charges to be deducted at source. This would deal with late payments, non-payments and people putting things on the long finger. In addition, something should be written into the Bill to encourage people who are not online — who do not have the facility — to use free online facilities in libraries and local authorities, and similarly, these organisations should be encouraged to facilitate and help people to do things online. The communication that goes out should tell people they can drop into their local library or whatever and they will be helped to pay the charges online. As well as educating people in the use of computers for other services, it would be a service to the community to provide this facility free.

The Minister of State has gone through the list of waivers and exemptions to the charge. It is important to restate that people who live in social housing will not have to pay the charge nor will those who have to leave their properties due to long-term illnesses. I will not go into the list of exemptions given by the Minister, but it is important to point out that the vulnerable and the poorest in society are not being asked to pay. Those who are in receipt of mortgage interest supplement from the Department of Social Protection are not being asked to pay either, and that is important, because people are experiencing hardship with their mortgage

payments and everything else, and we do not want to frighten them further by scaremongering and saying that the poor will be affected. There are people, as I said, who are in receipt of mortgage interest supplement from the Department of Social Protection, and they are not being asked to pay. I ask the Minister to reconsider the case of disabled people — to look at their household income, examine whether they are in the same position as people who are in receipt of mortgage interest relief, and perhaps introduce a similar exemption.

Those who are already paying commercial rates on a property will not be asked to pay the charge. We all said while in local government that those paying commercial rates were always being hit and that this was not good for society, for productivity or for business. Now the charge is being spread. All the business people in the country will welcome this charge, which will yield positive results. The Commission on Taxation, when reviewing the structure, efficiencies and appropriateness of the Irish taxation system in 2009, recommended the introduction of a value-based property tax. While the initial charge of €100 is probably not value-based, the Minister of State has stated that the Government is committed to introducing a value-based property tax to replace the household charge, and he has indicated that work on this is to commence early in the new year.

I remind anybody who might be tempted to say that it is unfair and that there is no such tax in country A, B or C that in Northern Ireland the rates system was reformed to become a local tax based on the capital value of dwellings, which meant that all properties were required to be revalued for tax purposes, and there are limited reliefs for pensioners and those on low incomes.

The charge will be administered by local authorities. The effective system of local government is bringing power back to local authorities. We have had too many centralised decision makers. Local authorities will have discretion over how this money will be used.

**Senator Denis Landy:** I welcome the Minister of State to the House and commend him on his detailed outline of the Bill. I also welcome the fact that the Fianna Fáil Members have agreed with this legislation and have only expressed concerns about the exemptions. That is not unexpected in view of the fact that it was their party that signed us up to this.

**Senator Darragh O'Brien:** The Senator's party opposed it before the election. Carry on anyway. We are used to this.

**Senator Denis Landy:** Does Senator Byrne have the floor or do I have the floor?

**Acting Chairman (Senator Jillian van Turnhout):** No, Senator Landy has the right to the floor.

**Senator Denis Landy:** With regard to the Bill, I welcome the waivers and exemptions that have been included, which, as things stand at the moment, will cover 250,000 households. However, I agree with Senator Ó Domhnaill, who outlined the situation with regard to other sectors of society which do need to be considered with a view to granting them exemptions. The Minister of State is from an urban area. Let us take, for example, a person living in a purchased local authority house who is now unemployed due to the economic downturn, or a pensioner living on his or her own. Those people, as the legislation stands, will be liable for this property tax. I ask the Minister of State to reconsider these groups because I believe they will be discriminated against. A person who lives in a local authority estate and has made an effort to purchase his or her own house during his or her working life will have to pay the charge, while his or her next door neighbour who did not choose to purchase the house will be exempted.



[Senator Denis Landy.]

It is estimated that approximately €160 million will be collected from this charge if it is collected in its entirety. Can the Minister of State give us an outline of how this will be disbursed among local authorities? Will it be based on the collection rates within the various local authority areas or will it be distributed with no consideration to that? This is important because some areas will have high collection rates while others will not.

With regard to the payment methods that are outlined in the legislation, I welcome the introduction of instalment payments, which is very important. I also welcome the fact that people can pay online. However, in rural Ireland, people traditionally use the post office to pay practically everything. I ask the Minister of State to consider contracting An Post to provide payment cards, as it does for other payments such as local authority rents. This should be explored with An Post, particularly in view of the fact that rural post offices are under pressure in cases in which the commercial business does not justify the doors being kept open. This would assist An Post in providing a service that it is currently providing, in some cases, at a loss.

I would also like some information about the local government management agency, LGMA, which will be paid to administer this service on behalf of the Government and local authorities. Will it be paid based on the administration costs or based on the amount of money it collects? In other words, will there be a *pro rata* payment on a percentage basis?

Unfinished housing estates are given specific mention among the exemptions. Who will actually decide whether a housing estate is unfinished? Will it be based on the list that has already been drawn up by the former Minister of State with responsibility for housing, Deputy Penrose, or will people be able to claim inability to pay because their housing estates are not finished? Will the housing estate be required to be taken in charge by the local authority? The taking in charge of an estate by the local authority is a definitive indication that the estate is completed, because it is not actually completed until such time as all the services within the estate have been checked, have been seen to work correctly and have been confirmed as operational. Residents could claim that their estates are unfinished, so we need some clarity in this regard before we move any further.

I welcome the fact that the Department is having discussions with the CCMA about this legislation and how it will be implemented when we move from a flat rate to a full rate of payment that is based on the actual value of a house. The sooner that is introduced, the better. I agree with some media reports that both a millionaire and a householder on low income will be charged the €100. That is not the basis of any property tax in Europe or throughout the world, so the sooner we have the new system, the better.

The Minister referred to negotiations with the County and City Managers Association, CCMA. However, as I pointed out about four times in this House, the local authority members' representative bodies, such as the Local Authority Members Association, LAMA, the Association of County and City Councils, ACCC, and the Association of Municipal Authorities of Ireland, AMAI, have been left out of the loop in these negotiations. They are the people who make the difficult decisions. The Minister said that local authority budgets are due to be passed. My local authority, South Tipperary County Council, is drawing up its budget on Monday. It is the elected representatives who pass the budget and make the hard decisions, yet all the Departments negotiate with the CCMA. There are no negotiations on these matters with the elected representatives or their associations. I have suggested to the Minister, Deputy Phil Hogan, the Minister of State, Deputy McEntee, and other Ministers that they negotiate with the representatives of the county, city and town councillors who will be asked to implement these charges.

**Senator Feargal Quinn:** I welcome the Minister of State. We did not get much notice of this Bill and, as Senator Keane said, we had to burn the midnight oil to get some details on it. There is little doubt that all new taxes are unwelcome and hard to stomach, especially when it is a tax that affects so many people. However, we are probably in need of more tax revenue to pay our expenses and we are one of a few countries, if not the only one, that does not have some form of tax on property. Its introduction is understandable.

I welcome that the Minister is giving people a chance to pay the charge with instalments of €25 per month rather than in one amount at the beginning of the year. I do not agree with Senator Ó Domhnaill that it should be paid in monthly instalments, rather than four instalments of €25. However, there should be an incentive for those who pay at the beginning of the year. It would be in the Government's interest to do that, whether it is an incentive or a disincentive for those who pay by instalments.

The Bill is being put through this House while all eyes are on the Budget Statement. Perhaps that is the reason we were given such short notice. The charge will quickly rise once the Minister finalises the long-term charges based on the value of a property. Clearly, the charge must be based on the value of the property in the long term. Could the Minister give a rough estimate of what the charge is likely to be in future? Take the example of a three-bedroomed semi-detached house in north Dublin worth €200,000. What is the average household charge likely to be when it is introduced? It will probably be 2015 before the scheme will be fully in place. Will the charge be €200, €300, €400 or €500 per year? I am sure the Minister of State will be unable to give me an exact sum but it is likely that the Government has an estimate of what it could be.

Many people are sceptical about this charge. They argue that they already signed an agreement for services, such as sewerage or water, with a county council when they originally got planning permission for the house. However, the situation has changed beyond recognition and we will have to pay. I am worried about some of the older people in our society who might be asset rich, but cash poor. They might have had their house for generations and own their home but they rely on State pensions. They might not be able to afford to pay this charge. The €100 in the first year is probably manageable but if it increases, they might not be able to pay it. I am not sure the Government has thought that aspect through fully.

The Minister has indicated that the money raised will go into the local government fund and will be allocated to local authorities to pay for the provision of services such as fire and emergency services, street maintenance, public parks, waste management, libraries and leisure facilities. However, South Dublin County Council is proposing to introduce domestic fire service charges next year. I hope I have the figures correct but it proposes a first hour rate fee of €500 for call outs to domestic fires, €610 for vehicle fires and €610 to attend a chimney fire. There is also a proposed first hour fee of €610 for road traffic incidents. I can understand it proposing those charges if the service costs that amount, but how does the household charge fit in if people will be subject to these charges?

Nine or ten years ago I woke up in my house at 2 a.m. to hear a crackling sound. The house next door to mine had gone on fire. It was uninhabited at the time. I telephoned the fire brigade and the gardaí. The fire brigade arrived and saved the house. In fact, the tree in the neighbouring garden was touching the tree in our garden, so the fire could easily have spread. It was August, there was no wind and I was frightened for my house. The other house was burnt out. Who pays the fine in that situation? The owner of the house was not there and I made the telephone call. Would I or the owner of the house be obliged to pay the charge? What are the Minister of State's thoughts on that? I do not know how often something like

[Senator Feargal Quinn.]

that tends to happen, but is there a danger that charges for calling out a fire brigade will deter people from calling it, particularly if the fire is not in their house?

There is also the related issue of water charges. Recently the EU has been putting pressure on Ireland to recover the full cost of water provision, and just last month Ireland was the sixth member state threatened with legal action on water charging. If Ireland fails to reply within two months, the Commission may refer the matter to the European Court of Justice. Some people, including the economist Dr. Richard Tol, suggest that this could mean a charge of €500 per year per household. This charge pales into insignificance when one considers that cost. I am worried about those who say they will boycott the levy. They must be properly informed that this could cost them another €10 per month surcharge and put them under further debt strain, even to the point of being pursued by debt collection agencies. Some residents who tried to avoid waste charges in Dún Laoghaire-Rathdown ran up bills of more than €1,000 in avoiding those charges. Home owners must be realistic.

I do not disagree with the need for a property charge, but I disagree with a flat charge. I know why the Minister is introducing it at this stage and acknowledge the intention that it will be related to the value of the property in the future. If ours is one of the few countries that does not have a property tax, we will have to introduce it. Furthermore, it is a way of funding local government. I do not disagree with the introduction of the legislation, but there are some issues with it which have been raised by both sides of the House. The Minister would do well not to rush this legislation through the House although I realise he is anxious to have this introduced before 1 January next.

**Senator Thomas Byrne:** I will start by quoting from the programme for Government regarding legislation and rushing it through the Oireachtas. It states:

While recognising that there may be exceptional circumstances in which debate may need to be concluded by a given deadline, we will restrict the use of guillotine motions and other procedural devices ..... We will also deal with the related problem of legislation being shunted through at high speed and will ..... provide a minimum of two weeks between each stage of a Bill, except in exceptional circumstances.

That is another promise on the bonfire.

The exceptional circumstances are when a Bill is properly debated in both Houses. The Government has made promises and commitments in the programme for Government that it simply refuses to keep. It is absolutely outrageous in a democratic society that legislation is handed to us on a Monday for debate and passage on a Tuesday. It is extraordinary there were no objections from Members on the Government side of the House. If this continues the Seanad will become a rubber stamp. We will simply turn up every four weeks, pass everything through with a rubber stamp and go home.

**Senator Fidelma Healy Eames:** This Bill has been flagged for months.

**Senator Thomas Byrne:** This legislation comprises 34 pages and 20 sections. The Dáil and the Seanad are entitled to debate it at proper speed and give it due consideration. Instead, it is being rushed through because today is a good day to bury bad news, because there so much other bad news. This charge affects everybody, not just the sectors that were targeted in yesterday's expenditure measures. It is a matter of extreme regret for me personally that my party is supporting it, but I support my party's position.

I had many long arguments with the former Minister, the late Brian Lenihan. I believe there was a fundamental unfairness in imposing a standard flat rate charge on every sector of society. Most disappointing, the Government elected last February and March appears to have done nothing to alleviate this fundamental unfairness. It seems no work has been done to bring in a site valuation tax but merely a promise to start that work in the new year.

**Senator Fidelma Healy Eames:** It was an unfairness that Fianna Fáil started and created.

**Senator Thomas Byrne:** My colleague, Senator Ó Domhnaill, referred to the issue of waivers and I agree with him. Another fundamental unfairness in respect of this charge is that the local authorities are not being asked to make efficiencies under the legislation while members of the public is being asked to pay €100 or they will go to prison or be fined or convicted in a criminal court. The crimes the Government is coming up with always seem to affect ordinary people whether they relate to septic tanks or a household charge. The Government view is that people will be brought to court if they do not pay such and such and that they will be convicted of a criminal offence. This is a regressive manoeuvre and a measure the current parties in Government fought hard against previously in respect of fisheries legislation when they sought administrative penalties. Instead we have criminal penalties whereby the long hand of the law is forced on people. We should consider administrative penalties rather than criminal penalties.

There is a different system for the non-principal private residence, NPPR, charge. Why is this? Why did the Government not merge the two systems and put in place a different charge for one and for the other? One can pay for the landlord's tax in an office but one cannot pay or this tax in an office. Why should anyone pay such a charge in cash? Last week  
3 o'clock the Italians moved to stop all transactions in their economy greater than €300 in cash. There should be no cash payments of €100 in local authority offices by landlords of residential properties. I call on the Minister of State to consider this. Why can they not pay by cheque or bank transfer? At least if they are paying in a different way with a bank record it is better for the Government.

Members have welcomed the issue of mortgage interest relief and I welcome any waiver in this regard but fewer people will get mortgage interest relief as a result of the Government measures. I disagree with the points made by Senator Quinn on the instalment issues. Most people take care of their bills on a monthly basis. There should be a monthly direct debit facility. People do not take care of their bills on a quarterly basis. Most people here are living from pay cheque to pay cheque or welfare cheque to welfare cheque. The requirement to pay quarterly is problematic. I am disappointed that we cannot pay through the ESB billing system. The Greeks managed to do it. At the least we should have a monthly system whereby one pays whatever is due every month.

**Senator Denis Landy:** They pay €600 for a 150 sq. m house.

**Senator Thomas Byrne:** It is not about the amount. We are not the Greeks. The public will not pay the charge if they do not see efficiencies from the local authorities or if they telephone local authorities and get no answer.

Apart from putting a burden on the citizen, this charge will place considerable responsibility on local authority staff to ensure they do their jobs properly. Most of them do so but I hear of complaint after complaint about telephone calls not being returned or members of staff being ignorant to members of the public or dismissing complaints. This cannot continue because the public will be paying for it directly and the local authorities must respond to that. I hope they do so.

**Senator Trevor Ó Clochartaigh:** Is mór agam deis a fháil labhairt, fáilte a chur roimh an Aire Stáit agus an Bille seo a phlé. Ach an oiread leis na cainteoirí a chuaigh romham, táimid iontach míshásta leis an bhealach a tugadh an Bille seo isteach. Mar a dúirt an Seanadóir Healy Eames, this has been flagged for months. Therefore the Bill should have been made available to us with a reasonable amount of time to examine it. There is no point in our second guessing what is in a Bill. We were informed last week by the Minister, Deputy Hogan, that we should not do so and that when we tried to second guess what was in the septic tanks Bill we were all wrong. We cannot be expected to second guess what will be contained in a Bill on the one hand only to be given a Bill late and then be expected to rush it through the Houses, especially important legislation such as this. It is disrespectful and it is the height of political chicanery by the Government to push through this Bill during this week when we are all aware the media focus is completely on the budgetary issues rocking the State at present.

We are considering a Bill that has a start date of January 2012. It is clear it has been in planning for some time and it is completely out of order and unfair not only to us as parliamentarians but to the citizens of the State to introduced it in this way. Serious issues arise in this Bill which cannot simply be teased out overnight and I wish to raise some of them.

We are opposed to this charge and to this type of charge because it is completely inequitable. It does not take into account the income of the people involved. A flat charge such as that proposed is the wrong way to go and it should not be introduced. This is where we differ from our colleagues in Fianna Fáil. I note that it is termed a “charge”. Normally, if I go into a shop or an institution and I get charged for something I get something in return. What do the people or citizens who own their houses get in return for this so-called charge? The Government should call a spade a spade and say that this is an extra tax on the citizens of the country which happens to be connected to the fact that they own a house. This is not a charge because no extra service ensues as a result of it. Let us call a spade a spade.

The Minister of State remarked in his comments that this is a relatively modest fee. Everything is relative. Perhaps if one is a Minister of State it might be modest but to the people I talk on a daily basis, no matter how high the charge, it is not modest. I am unsure whether the Government representatives get the point. People are strapped for cash. A lady called me during the weekend and said to me that the money the Government proposes to take from her family allowance represents the difference between being able to put two meals and three meals on the table every day. What is relatively modest to a Minister or a member of the Government parties differs completely from what is relatively modest to normal citizens. Many will fall through the tax net when it comes to the waiver system. This point has been echoed across the House and it should be re-examined.

It is ironic that the Government parties appear to be taxing us into the grave with this proposal. One measure in section 7 proposes that even when a person dies, the Government will go after the money. This should be reconsidered. Even if someone is deceased the full penalties and charges will issue. Is this not going too far in the case where someone has lost a relative or a parent? It represents taxing people to the grave to make them pay these charges. Let us consider the case where a waiver applies to the owner of a house. If that person is a parent who has lived in a family house and that person is then deceased and the house is passed on to someone else who is also in a waiver situation, then the surviving person should be considered for the waiver as well. Such a person might be on social welfare or in receipt of a limited income and they should be entitled to a waiver. We cannot tolerate a situation whereby a parent passes away and the house passes on to the child, the son or daughter, who is then liable for these charges. It is going too far to follow such people to the grave to look for the money. An inability to pay clause of some kind should be provided for. The measures included

do not cover people on medical cards, those in negative equity or those who genuinely are unable to pay. There are a great many such people around.

I refer to the €10 over-the-counter charge. The Bill provides that this is waived if one goes on-line, etc. However, if one goes on-line to make a payment or if one makes a payment by cheque then one is paying money to the banks. People are budgeting so tightly these days that they are avoiding such charges, including credit card fees and banking fees. Many people who chose to pay by cash are doing so to save on those costs. It is not free if one pays by credit card or on-line.

The reference to a public information campaign is interesting. However, this charge is due to come in on 1 January. If there were a proper public information campaign it would have been underway for the past number of months. People are now budgeting for next year. The Government is budgeting for next year. It is only fair that the public information campaign should have taken place before now.

This will lower disposable income and contract the economy. Those of us in Sinn Féin have repeatedly stated that our policies would be decidedly different. Members have seen our pre-budget submissions. There are other ways to do this. This is an extra tax to raise €160 million. The Government should have considered other ways of doing this and for this reason we will oppose the legislation.

**Senator Darragh O'Brien:** Cuirim fáilte roimh an Aire Stáit. There was a reference earlier to the manner in which the Bill is being brought through. Will the Minister of State accept amendments after Second Stage for Committee Stage? This should not be taken out of my time because it is a procedural question. The problem is that the Bill was introduced quickly and we had a deadline of 10 p.m. this morning.

**Deputy Fergus O'Dowd:** We have no problem with that.

**Senator Darragh O'Brien:** I thank the Minister of State and I appreciate it.

I ask the Minister to indicate in his summation the other exemptions he will examine. I agree with Senator Landy on OAPs, the unemployed, people with medical cards, those in negative equity and people in receipt of family income supplement. The comments of the Minister of State on the amendments we will table on Committee Stage will frame our decision on how to proceed on Second Stage.

I agree our tax base needs to be broadened and with some of the other comments made on the Government side. We all want the tax to be fair and agree it is not because it is currently a flat charge which does not take valuations or income into account. The NPPR system has worked quite well. It is important that taxes go to local authorities, as the Minister of State knows, because it ensures they are answerable to their citizens and the service they provide. Many of us are aware of instances where it is way below the mark.

I have been asked by people in north Dublin to raise the issue. They want to know if the tax of €100 goes to Fingal County Council. The Bill does not confirm the tax goes directly to local authorities. I have an issue with that.

**Deputy Fergus O'Dowd:** It goes to the fund.

**Senator Darragh O'Brien:** Will they be dispersed on the basis of payment?

**Deputy Fergus O'Dowd:** Some counties have a smaller population.

**Senator Darragh O'Brien:** The Bill will address the general point.

[Senator Darragh O'Brien.]

I ask the Minister of State to deal with shared and affordable housing. Social housing is exempt, which is right. Unfortunately Deputy Penrose is no longer Minister of State. I raised the issue of arrears on shared ownership and affordable housing with him, which are over 18.5% on average and over 20% in some local authorities, with him. They do not come under the statutory code of conduct for mortgage arrears and local authorities are being extremely difficult with people in arrears through the Home Finance Agency. I will table an amendment today which deals with an exemption for people in shared ownership or affordable housing. There is a major arrears issue with which I am sure the Minister is familiar.

In regard to appeals on the waiver, section 9 of the Bill states if one wishes to appeal the decision of a local authority to not grant a waiver one has to go to the District Court. There has to be a better way to deal with that rather than going to the courts. If I believe I cannot pay €100 and have a case to appeal it is very unlikely that I will go to the District Court. How many people will be able to represent themselves in the District Court? Will they pay for solicitor's fees to represent them? They will not if they cannot afford to pay €100. That aspect of the Bill can be improved and is flawed.

The definition of a "residential property" includes a bedsit. We need to examine that issue. If someone is living in a one room dwelling with a kitchenette and toilet in the same room why should he or she pay €100 when someone living in a ten bedroom house in Foxrock is paying the same? They are realistic issues which need to be addressed.

Senator Keane is right to some degree. There are people who do not have access to the Internet who are not skilled at using it. I am trying to teach my family every day how to use it.

**Deputy Fergus O'Dowd:** Slow learning.

**Senator Darragh O'Brien:** We are getting there. Perhaps I am a bad teacher.

If we are going to charge people an additional fee for paying the fee in a post office or local authority we should make it easy for them to pay. There should not be a surcharge. We should incentivise prompt payment upfront. If a senior citizen wants to pay the €100 fee at the start of the year he or she should not be penalised for doing that. These are small but important points.

We have to broaden the tax base, about that there is no question. We cannot say, "No, this should not happen." Exemptions need to be considered. I ask the Minister of State to indicate whether the Government is willing to expand the exemptions to include senior citizens, people in negative equity, the unemployed, those in mortgage arrears and medical card holders. Things will improve in years to come. Therefore, it is to be hoped fewer exemptions will be given in years to come. As Senator Ó Clochartaigh said, people are down to the bone in terms of what they can pay and €100 is a lot of money to many families.

**Senator David Norris:** I welcome the Minister of State to the House. I understand the necessity for gathering taxes. I assume that this tax goes to directly to local authorities to discharge their functions. I agree with the comments of some of my colleagues and they have made sensible points. I would have made them myself.

One tends to be happier if one is charged for a specific service. I have never had any problem with bin taxes. In my area I buy labels to put on the bins. We do not get a particularly good service and the fact it has been privatised means three or four different companies collect different rubbish. People become confused and the system is grossly inefficient. I do not like this kind of privatisation but at least there is a service. I have no difficulty with water charges.

This charge seems to be a method of raising revenue for local authorities, with which I do not have a huge problem. It is relatively easy to introduce these measures but virtually impossible to

reverse them. That was found, with disastrous results, when the then Government decided to freeze rents during the First World War in the city of Dublin in order to reassure men who were at the front that their families would not be placed in financial difficulty while they were away fighting. Naturally enough it was a popular measure and proved completely impossible to reverse politically until legal action was taken some years ago and it was found to be unconstitutional. It had the effect of helping to create and consolidate slums and led to dereliction in large areas of this historic Dublin. I would hate to see this happen again.

It is important to take into account things like capacity to pay. There is no point in imposing additional burdens on people who simply cannot pay. There is no doubt whatsoever that some people cannot afford additional charges. There is also no doubt that this is the thin end of the wedge. Any time this kind of tax has been introduced it has inevitably increased. There are two inevitabilities, it will not be reversed and it will increase. Will it ever be related to the provision of services? I would like it to be.

On self-assessment, assessment usually deals with the amount to be paid not whether one is liable for payment. It is a misnomer to call it self-assessment. It is actually determining whether one is liable for the charge. I am very glad the Minister of State indicated he is prepared to consider the amendments of various colleagues. It would be extraordinary if people in negative equity and others who are having difficulty repaying mortgages were expected to pay. A small gesture was made by the Minister of State in his speech but it did not cover anything like the real number of people in difficulty. How could such people possibly be expected to pay and where is the morality behind it? If people are in negative equity and the value of buildings has collapsed compared to the price they paid during the bubble it is rubbing salt in the wound to expect them to pay further.

With regard to affordable housing, I know of a number of schemes in the city of Dublin where what was purported to be affordable housing was placed on the market. That value has been substantially degraded. If these properties were placed on the market, they would still make a loss. They have been gulled by the local authorities into taking up properties, which they were assured they were getting at below market value. The market has now collapsed and they would not get their money back if they had to be sold. Yet they are being taxed by the same local authorities and in many cases the local authorities refuse to accept responsibility for the condition of these developments or the social circumstances surrounding them, some of which are extremely difficult. I think this is a moral problem.

In principle, I have no difficulty with the Bill as the country is in desperate need of money. Personally, I doubt if we will ever raise enough to resolve the problem. The entire system is in difficulty and until the system is looked at, we will not rectify the problem. I have raised a number of issues that may be addressed during the passage of the Bill through the House. When is it proposed to take Committee and Report and Final Stages?

**Deputy Fergus O'Dowd:** No, the Committee Stage.

**Senator David Norris:** That does not leave a great deal of time. Will all the remaining Stages be taken tomorrow?

**Deputy Fergus O'Dowd:** No, the Committee Stage.

**Senator David Norris:** It will be still possible to table amendments subsequently.

**Senator David Cullinane:** Part of the problem is that we have had four austerity budgets in recent years. The Fine Gael Party and the Labour Party voted against those four austerity budgets because in their view they were unfair, penalised working people and targeted people



[Senator David Cullinane.]

who were out of work. People on social welfare, on disability payments and older people had their entitlements cut. Generally, the then Opposition parties, the Independents, Sinn Féin, Fine Gael and Labour members said that approach was not working, that we were dipping into the pockets of people who could not afford to give. Those same parties who are now in Government joined with Sinn Féin in saying at that time that an alternative was needed, that we should focus on those who could pay more and who should pay more. One of the Government parties supported our proposals of a 48% tax rate on those with an individual income in excess of €100,000. That measure alone would bring in €400 million, yet what is being proposed with this household charge brings in almost half of that figure.

This is about fairness and whether we are targeting those people who have suffered enough. That should be the context, aside from the fiscal proposals in the budget. Last month a senior unguaranteed, unsecured bond of €700 million was repaid and signed off by the Government. A sum of €1.2 billion more will be paid in January 2012, at a time when we are cutting the disability allowance, child benefit, rent supplement, the lone parent's allowance, again targeting people who will be affected by this charge. The fundamental problem in Ireland is that we are moving away from the principle of fair, just and progressive taxation. We are moving more towards stealth, flat taxes. Again the then Opposition, now Government representatives, joined with us in Sinn Féin in opposing the universal social charge when it was introduced. It was opposed because it was an unfair flat charge and yet the Government is bringing in a flat charge of €100 for households. If somebody earns €3,000 a week, he or she is being asked to pay the same as a person who earns €300 a week. Where in God's name is the fairness in that? It is not fair and there are many alternatives that have been presented to Government where wealth could be targeted, capital gains tax, capital acquisition tax and modest increases in those taxes would raise significant money. For example the 1% wealth tax that we in Sinn Féin have proposed on all assets in excess of €1 million, excluding working farmland, business assets and 20% of a person's primary residence would bring in significant sums of money. We would say it could be €800 million.

A simple measure that the Government could adopt is to standardise all tax reliefs, including tax relief on pension payments. If we would do that, it would mean everybody would avail of tax reliefs at the standard rate of 20% rather than the marginal rate of 41% for top earners. That would raise an incredible €700 million. There are opportunities for the Government to save money and to raise extra revenue. While those on the Government side are shaking their heads and now saying no, when they were in opposition, they were saying something completely different. That is very interesting.

When reading through the Labour pre-election manifesto, I saw no reference to a flat household charge, but there was opposition to the universal social charge and the notion of flat charges. Today the Minister for Finance will take to his feet and introduce a 2% increase in VAT which, coupled with the proposed charge of €100, will devastate the retail sector. It should be noted that 55,000 jobs in the retail sector have been lost since 2007, 40,000 more are at risk and those jobs are at risk because we are targeting the same people. When will the Government learn that for those who have given so much, the well is dry? Now €100 is a significant amount of money for many families, and it is not just this €100 charge. Last week we discussed the €50 charge for registration of septic tanks. People will be also affected by all the other cuts in the budget and the increases that we will hear about today. It is the cumulative effect of what the Minister is proposing to introduce in terms of this charge and changes in the budget, which is having a negative effect and scaring the life out of many working families and those who are out of work and are struggling to pay their bills, mortgage and to provide for their families. Yet, the Minister is not looking at the genuine alternatives which are being presented to the

Government, which the Labour Party supported when in Opposition but seems to have abandoned now that it is in Government.

**Senator Rónán Mullen:** Ba mhaith liom fáilte a chur roimh an Aire. This legislation comes to the Seanad on the day when the Minister for Finance will take to his feet in the Dáil to announce details of €1.6 billion in tax increases and extra charges in what is the second act of a tragedy, the 2012 Budget Statement. I say “tragedy” because that is precisely what it is for many hard pressed families the length and breadth of this county. The seemingly unending misery of the recession has physically and emotionally scarred individuals and communities. I know we will have the opportunity to discuss the budgetary measures later today, however the point needs to be made that the introduction of further charges and taxes will have an adverse impact on individuals who are struggling with debt and are just managing to put food on the table. To address the proposed household charge, the Minister has provided the following information. We know this new charge of €100 per annum will apply from 1 January 2012 to each house and we are told that it will raise €160 million to fund services provided by the local authorities. I am sure the Minister will agree that the charge, even at a seemingly low level of €100, will put further pressure on the people I mentioned.

Let us look at the issue of the fairness of the tax. Many mortgage holders are in negative equity and many more are at risk of unemployment in what is a contracting economy. Home owners paid stamp duty and VAT when they bought their houses. These large figures were based on a percentage of the value of the transactions and were charged at the point of the transaction, thus they are called transactional charges. People pay these large sums of money in the expectation that the tax, through the funding being dispensed by the Department centrally to local government, would be used to fund local services. Now they are being told that having paid their transactional charges at very high rates they are also liable for this new tax. It amounts to a form of double taxation and it is deeply unfair. For example, a couple in negative equity who bought a house in the past five years and paid a significant amount in VAT and stamp duty are now confronted with this tax. It is patently unfair. In terms of its operation and application, the very rich will pay the same amount as those living in modest dwellings, despite the vast disparity of income and the values of their homes. The rich are paying the same amount as the average or even the poor citizen. This is a form of regressive taxation. The Minister stressed that this is only an interim measure and that a full property tax will be established to replace it in the coming months.

Why allow such a charge to go ahead in the absence of a proper valuation system? This is a blunt instrument, devoid of any nuanced application to take account of circumstances. We are told that a full property tax requiring a property valuation system will take time to implement. Why introduce this measure in the absence of a graduated approach? The EU-IMF programme commits the Government to the introduction of a property tax for 2012, but makes no mention of any stop-gap measures such as this. People are tired of the *ad nauseam* references to the bailout as a blanket cover for political decisions by Ministers.

The charge will apply to most homes, with the exception of mobile homes, houseboats and housing not yet used as dwellings. This means that NAMA's new apartments and houses will be exempt for now, unless they are being rented. There are also exemptions for certain trusts, for property located in uncompleted estates and for the homes of the old or infirm where the usual occupant has been removed elsewhere, for example, to a nursing home. An exemption will also apply where the home owner is in receipt of mortgage interest supplement. In addition, there is a one-year exemption on properties where the owner has died.

These exemptions are all welcome but they do not go far enough. Tenants in private rental accommodation will find that landlords pass the charge on to them in higher rents. Pensioners,

[Senator Rónán Mullen.]

many of whom own their own homes, will be hit hard by this charge. People in receipt of social welfare and at risk of poverty will be similarly affected. This is where the flat-rate nature of the charge and its near universal application will cause the most difficulty. The fact that a multimillionaire and a pensioner at risk of poverty will have to pay the same rate flies in the face of even the most basic concept of fairness.

We all know that new taxes tend to go in only one direction as time goes by. Income tax was introduced by William Pitt the Younger almost 200 years ago in order to finance the struggle against Napoleonic France. It is still with us today. Not that I am objecting; there is a certain case for it. The annual household charge is being set at €100 on its introduction, but when the site valuation system is up and running we can almost certainly expect it to increase. We can only speculate where it will ultimately end up. Will it go as high as 0.5%, for instance, of the value of a property, which would equate to an annual charge of €1,500 on a property worth €300,000? I would be very surprised were the charge to fall in the coming years.

The Bill provides that local authorities will be able to demand information relating to a property in order to enable the Department to compile a database which will eventually be used to impose the successor to the flat charge. Will the Minister of State venture a guess as to the rate at which that successor tax will be levied? We are assured that the new tax will fund vital local services such as fire and emergency services, and provide for the maintenance of streets, public parks, waste services, libraries, open spaces and leisure facilities. However, at a time when many rural communities are seeing vital services being cut back, this promise will ring hollow. I urge that the Government reconsider the charge in view of its impact on struggling families at this difficult time.

**Minister of State at the Department of the Environment, Community and Local Government (Deputy Fergus O'Dowd):** I take Members' point regarding amendments. If an amendment is in order, I have no problem debating it. Perhaps the Cathaoirleach, in discussion with Senators, will agree a time by which amendments can be submitted. This will ensure Members have time to submit proposals and that departmental staff have time to respond.

**An Cathaoirleach:** That is a matter for the Bills Office.

**Deputy Fergus O'Dowd:** That is fine. I agree that there should be a reasonable timeframe for the drawing up of amendments.

I thank Senators for their contributions to the debate. I assure them that I am mindful of the matters raised and look forward to examining them in greater detail as the Bill progresses through Committee and subsequent Stages. I am fully committed to working constructively with Senators to deal with these and further matters. I regret the timing of the publication of the Bill. However, it is necessary that the legislation is in place in advance of 1 January, as required by the EU-IMF programme of financial support for Ireland. That is why we are caught in this bind and why it must be done without delay.

No Government wants to be in a position where it is required to introduce new taxes or charges. Nor does this Government want to place an additional financial burden on households already living with the consequences of the austerity measures brought forward in recent budgets. However, we must be cognisant of the perilous financial position we inherited and which we must tackle. We can lay the blame for our financial situation at many doors, but that will not solve the problem. Nor am I suggesting that this Bill will do so, but it will contribute to a solution to our current difficulties. We are heavily reliant on the troika for the day-to-day running of this country and the bottom line is that it is a requirement of the EU-IMF programme that the Government introduce a property-based charge for 2012.

Rather than responding to each point on Second Stage, I propose to deal in detail with Senators' amendments on Committee Stage. However, I will respond to some of the main points raised. It has been said that the ideal in respect of any taxation measure is that it be equitable, simple and flexible. The measure before us today meets those requirements. The charge will be simple and cost effective to administer and simple to understand and comply with. While it will apply equally to the majority of households in the State, we have set the charge at the lowest possible level for 2012, which is €100. It will generate revenue on a continuing basis and will not be subject to the volatility we have come to associate with taxes on property transactions. In this sense, it has the flexibility to cope with changing economic conditions while maintaining a stable yield.

In response to Senators Brian Ó Domhnaill and David Norris, people in mortgage distress are being accommodated. Households in receipt of mortgage interest supplement from the Department of Social Protection on the liability date will be entitled to a waiver. All owners of a residential property will be liable to the household charge unless otherwise exempted or entitled to a waiver, as I outlined in detail. The Bill is estimated to generate some €160 million annually for the local government sector on full collection. Its importance cannot be underestimated for two main reasons — first, in terms of the potential revenue yield for the provision of local services; and, second, that it represents a new local source of funding for local authorities and reduces their dependence on central government. The latter is an important principle which we should all welcome.

The Bill does not include a valuation-based component. In light of the complex issues involved, a property tax requiring a comprehensive property valuation system would take time to introduce. Accordingly, in order to meet the requirements in the EU-IMF programme, the Government has decided to introduce a household charge in 2012. The amount of the charge is relatively modest at €100. It is an interim measure which will be replaced by a full property tax in due course. An interdepartmental group will be established in early 2012 to consider proposals for the property tax, which will include its scope, assessment criteria, applicability of exemptions and waivers and how the tax should be paid and collected. There will be an opportunity for input into the deliberations of this group. Having considered the group's proposals, the Minister for the Environment, Community and Local Government will bring his proposals to Government for consideration. The outcome of the Government's deliberations will be announced as early as possible in advance of the introduction of the tax, so that people will understand its implications having regard to their own personal circumstances.

I look forward to a high compliance rate with the obligation to pay the household charge. It is in everybody's interest. Moreover, it is simple common sense to pay it when it falls due given that evasion will incur significant late payment fees and penalty interest which will have to be paid at some point. The longer the delay in paying the charge the more expensive the late payment fees and interest will become. In addition, the resale of a property will be difficult if charges and late payment fees are left outstanding. A public information campaign will be undertaken nationally to advise people of their responsibilities in regard to the charge. This campaign will be undertaken by the Department and local authorities.

Senators Ó Domhnaill and Norris raised the issue of Committee Stage amendments. As I said, we are happy to co-operate in that regard. We have made great strides in the constructive and healthy exchange of views on the Bill. I look forward to teasing out the detail on Committee Stage.

**An Cathaoirleach:** Is Second Stage agreed?

**Senator Brian Ó Domhnaill:** I wish to make one point. I appreciate what the Minister has said and his clarification. However, we find it difficult to support Second Stage of the Bill without some assurances from the Minister that amendments such as exemptions for those with medical cards or those with mortgage arrears——

**An Cathaoirleach:** The Senator is completely out of order.

Is Second Stage agreed?

**Senator Brian Ó Domhnaill:** On the basis of the lack of confirmation, it is not agreed.

Question put: “That the Bill be read a Second Time.”

The Seanad divided: Tá, 28; Níl, 15.

Tá

Bacik, Ivana.  
Brennan, Terry.  
Burke, Colm.  
Clune, Deirdre.  
Coghlan, Eamonn.  
Coghlan, Paul.  
Comiskey, Michael.  
Conway, Martin.  
Cummins, Maurice.  
D’Arcy, Jim.  
Harte, Jimmy.  
Hayden, Aideen.  
Heffernan, James.  
Henry, Imelda.

Higgins, Lorraine.  
Keane, Cáit.  
Kelly, John.  
Landy, Denis.  
Moloney, Marie.  
Moran, Mary.  
Mullins, Michael.  
Noone, Catherine.  
O’Keeffe, Susan.  
O’Neill, Pat.  
Quinn, Feargal.  
Sheahan, Tom.  
Whelan, John.  
Zappone, Katherine.

Níl

Byrne, Thomas.  
Cullinane, David.  
Leyden, Terry.  
Mooney, Paschal.  
Mullen, Rónán.  
Norris, David.  
O’Brien, Darragh.  
O’Sullivan, Ned.

Ó Clochartaigh, Trevor.  
Ó Domhnaill, Brian.  
Ó Murchú, Labhrás.  
Power, Averil.  
Reilly, Kathryn.  
Walsh, Jim.  
White, Mary M.

Tellers: Tá, Senators Paul Coghlan and Susan O’Keeffe; Níl, Senators Terry Leyden and Ned O’Sullivan..

Question declared carried.

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

**Senator Maurice Cummins:** Tomorrow.

Committee Stage ordered for Wednesday, 7 December 2011.

*Sitting suspended at 3.45 p.m. and resumed at 6 p.m.*

### Budget 2012: Statements

**Acting Chairman (Senator Terry Leyden):** I welcome the Minister of State at the Department of Public Expenditure and Reform, Deputy Brian Hayes, to the House for statements on

budget 2012. The Minister of State will commence proceedings; main speakers have eight minutes, others have five and the Minister of State will conclude no later than 7.50 p.m.

**Minister of State at the Department of Public Expenditure and Reform (Deputy Brian Hayes):** As I am sure all Senators are aware, since 2008 Ireland has faced a period of great difficulty, unprecedented in our history. When the Government entered office in March of this year, we were all too aware of the challenges facing us. Tax revenues fell from €47 billion in 2007 to just above €31 billion in 2010, a fall of one third in just three years. Measures are being taken to address this and progress has been made. The fiscal deficit is sizeable and reducing this is a vital part of economic policy. In order to achieve a reduction in this deficit difficult decisions had to be made in this budget.

This Government is committed to a policy of reform. Important measures have been implemented in order to achieve this objective. The Government established the Department of Public Expenditure and Reform under the Minister, Deputy Brendan Howlin. The budgetary process is being completely overhauled. Key changes in that respect will be bolstered by the fiscal responsibility Bill which is due to be published by the end of March 2012. The Government has made a series of announcements in this regard including a medium-term fiscal statement, a medium-term capital investment plan and the public service reform programme. The announcements made by the Government clearly show its commitment to reforming the budgetary process. Previously, this was a more secretive process but it is now being replaced by a better, more transparent system which will, in turn, promote confidence in the system and allow for better economic planning.

Our target for fiscal consolidation is €3.8 billion in 2012, with a deficit of 8.6% of GDP. The adjustment will be broken down as follows: €2.2 billion, or just less than 60%, will be on the expenditure side of the account with the remainder of the adjustment to be implemented through revenue measures. The Minister for Public Expenditure and Reform presented a comprehensive expenditure report which gave details of expenditure reform measures. This method of review has been deemed a success and hence the Government has decided to implement periodical analysis in the future — approximately every three years. In addition, the Minister, Deputy Howlin, has set out expenditure envelopes for each year to 2015. These show the aggregate current spending ceilings within which Government will have to operate. A ceiling will be implemented for Vote groups for 2012 to 2015. The first half of this year saw a rebound in economic activity, with GDP expanding by 1.9% and 1.6% in the first and second quarters, respectively.

I now turn to outlining some of the various measures in budget 2012 and the rationale for each of them. The comprehensive review on expenditure provides the foundation for the measures announced yesterday. This review was undertaken over the last eight months. It was a detailed analysis, for which all Government Departments were assessed and priorities for spending and potential areas for savings were identified. As Senators will be aware, the vast majority of expenditure is focused on three key areas: health care, social protection and education. In light of this it is clear that savings cannot be made without some impact on these sectors and therefore difficult decisions had to be made. A three-pronged method was utilised in the decision making process, to involve fairness, jobs and reform. The burden of recovery must be shared equally and the most vulnerable in society protected.

Yesterday the Government published its policy statement on labour market activation, setting out the strategy to reform labour market activation policy. A total of €20 million will be allocated for a new labour market activation fund. This fund will be specifically aimed at the long-term unemployed. In addition, the Government has already undertaken a number of reforms in the public service and will continue to implement further reforms.

[Deputy Brian Hayes.]

The public sector pay bill will be reduced by approximately €400 million in 2012. This will occur through a reduction in numbers, the 2012 pay cuts and the ongoing pension-related reductions. Against 2008 levels, staff numbers will be reduced by 37,500 by 2015, an extraordinary reduction when one considers the entire public sector in 2008 numbered 320,000. With a targeted reduction by 2015 it will comprise just over 280,000. Some 12% of the entire public sector will be replaced. That is an extraordinary change, bringing enormous challenges to all of us as we work through it.

In the area of social protection it is the aim of the Government to protect the most vulnerable in our society. In light of this the Government has not reduced any weekly rate of social welfare payments. However, the current level of expenditure on social protection is no longer sustainable and adjustments must be made. The measures announced yesterday will save €475 million in the social protection area in 2012.

The health sector is allocated a considerable portion of public sector spending. A sum of €13,644 million has been allocated for health in 2012. This year the programme for Government sets out an ambitious agenda for reform within our health services. The focus of the comprehensive review on health was to reduce negative impacts on front line services and implement savings in order to achieve budgetary targets and facilitate real reform of the health service. The focus of the comprehensive review on health was on reducing negative impacts on front-line services, implementing savings to achieve budgetary targets and to facilitate real reform of the health service. A total of €543 million will be achieved in net savings next year through a variety of measures including a reduction in the price of generic drugs.

Education accounts for 17% of total Government expenditure. Investment in education is a priority for the Government. The implementation of the Government's measures in education will provide a saving of €132.3 million in 2012. Although difficult choices must be made to achieve these savings, they are necessary for expenditure targets to be met and to allow new initiatives to be implemented.

Exports have been the main driver of growth in our economy this year. Foreign direct investment, FDI, is a vital component of this. The corporate tax of rate of 12.5% has been fundamental in attracting FDI to this country. Maintaining this rate is imperative. The Government is introducing several additional measures to support trade and create jobs. A special assignee relief programme and a foreign earnings deduction scheme will be introduced.

While export growth has been one of the driving forces for growth, it is not sufficient. The domestic sector is the real driver of job creation. The Government has targeted specific measures for the small and medium-sized enterprises, SME, sector while several measures will be implemented to boost the agrifood sector. The Minister for Finance earlier announced significant reductions in the transfer of property stamp duty. This will also apply to farmland. Retirement relief from capital gains tax will also be modified. Other measures to encourage farm partnerships will also be introduced.

Earlier this year a second reduced rate of VAT was introduced targeting the tourism sector. This, together with the 50% reduction of employers PRSI on jobs earning up to €356 per week, has been successful in boosting the tourism sector and increasing employment. Negotiations are ongoing between the Minister for Transport, Tourism and Sport and the airlines about the abolition of the air travel tax by the Government in return for the restoration of lost routes by the airlines.

Key objectives of this budget are to stimulate growth and to create employment. The property sector is constraining growth in the economy. At the height of the boom, construction-related activity made up 20% of gross domestic product. Now it stands at 5%. The subsequent

loss of 165,000 jobs caused by this reduction in activity highlights the negative impact the property bubble had on the economy. New activity in this sector has been almost non-existent. The following measures are being announced to stimulate this sector. From midnight tonight, the stamp duty rate will be reduced from a top rate of 6% to a flat rate of 2% on commercial property transfers. A capital gains tax incentive will also be introduced between midnight tonight and the end of 2013.

The National Asset Management Agency, NAMA, has completed its loan acquisition and is concentrating on the active management of its assets. The Minister for Finance is establishing an advisory group to advise him on NAMA's strategy, as well as how to attract international capital and on the lessons that can be learned from the experience of asset management agencies in other countries. Upward-only rent reviews continue to pose a problem for businesses. We welcome the fact that NAMA has agreed to prepare a code of practice on the matter of upward-only rent reviews, which will bring some certainty to the area. Due to the difficulties of legislating in this area and the consequent compensation for significant multiple retailers, many of which are based outside the State, it was important the Minister for Finance set out the agreement with NAMA on this code of practice for tenants of NAMA properties seeking better deals in rent.

The Government acknowledges the increasing financial difficulties that mortgage arrears are causing to households and established a group to deal with this issue. It will progress with this group's recommendations, together with an assessment of other approaches. The Minister for Finance has made a commitment to have measures speedily introduced to deal with this problem. The rate of mortgage interest relief is to be increased to 30% for first-time buyers who took out mortgages between 2004 and 2008. Any new purchaser buying in 2012 will benefit from relief at 25% while non-first time buyers will benefit from relief at 15% instead of the reduced rates of 15% and 10% proposed by the last Government for 2012. Mortgage interest relief will be abolished from 2018. A property relief surcharge of 5% will be imposed on investors with an annual gross income over €100,000. This and other measures will be detailed in the Finance Bill.

A strong and fully functioning banking sector is fundamental to the economy and credit is vital for the economy to function. Without this, businesses would not be able to expand or even to survive. Restructuring of the sector has taken place, two universal pillar banks have been created from the two largest institutions and SME lending targets have been set for them for the next several years.

The general Government deficit for this year is to be about 10%, less than the 10.6% required by the EU-IMF programme. The deficit target for 2012 is 8.6% of gross domestic product. The European Commission growth forecasts state that, should the eurozone crisis recede, Ireland is among those best placed to grow quickly. However, should the eurozone crisis persist it is important that we reduce our dependence on borrowing.

Fiscal consolidation of €3.8 billion is required to improve the sustainability of the public finances in 2012. The Minister for Public Expenditure and Reform, Deputy Howlin, yesterday set out how the €2.2 billion expenditure consolidation will be implemented in his statement. Accordingly, savings of €1.6 billion have to be achieved by revenue consolidation. As the full year effect of measures already introduced is €600 million, additional new tax measures of €1 billion were announced today by the Minister for Finance.

The Government made commitments on taxation under the programme for Government. These rule out changes in income tax rates, bands or credits. There are no income tax increases in this budget. Indirect taxes have much lesser impact on jobs and economic growth and, therefore, that is where the majority of these budget adjustments have been made.



[Deputy Brian Hayes.]

Under the programme for Government, the Government is committed to limit the standard rate of VAT to 23%. The current budget does not infringe on this commitment. With effect from 1 January 2012, the standard VAT rate will increase to 23%. Increasing indirect taxes rather than direct taxes is becoming more common in Europe. In the past four years, 20 out of the 27 EU member states have increased their VAT rate.

It should also be noted that children's clothes, oral medicines, the majority of food items and other goods and services will remain at the 0% VAT rate. Home heating oil, residential housing, labour-intensive services and general repairs and maintenance will remain at the 13.5% rate. The district heating VAT rate will be reduced from 21% to 13.5% which will bring district heating in line with the majority of energy supplies that are subject to 13.5%.

The Government undertook a review of the universal social charge implemented by the previous Administration. As a result, some changes have been made to the charge. These will mainly affect part-time and seasonal workers in the more labour intensive areas such as the farming and hospitality sectors. In line with this, the exemption level will be increased from €4,004 to €10,036 from 1 January next year. This will benefit about 330,000 people. Incomes above the €10,036 limit will be subject to the current charge. This charge will be collected on a cumulative basis and this will offset the cost.

A number of measures have been introduced, including increasing the current rate of capital acquisitions tax from 25% to 30% and increasing DIRT from 27% to 30%. As a consequence of these and other measures, the rate of tax applying to capital, interest and earnings, through the high earners' restriction, are all aligned at 30%.

The carbon tax introduced in 2010 will be increased by €5 to €20 per tonne on fossil fuels. The increase will apply to petrol and auto-diesel with effect from midnight. As an increase in carbon tax would impact on home heating costs during the winter months, the decision has been made to postpone the increase on other fuels until 1 May 2012. Carbon tax will not be applied to solid fuels at this time.

In last year's budget, changes were made to the pension tax relief system. The pensions sectors will be contributing approximately €750 million in 2012. Earlier this year the Minister for Finance examined possible alternatives but has decided that there will be no changes to the standard rate of relief on pension contributions nor will a move to standard rate tax relief be implemented at this time. However, changes to the incentive regime for supplementary pension provision must be made. This will ensure that the pensions system will be allowed to operate on a sustainable and more equitable basis over the long term.

The Minister also made announcements today in respect of absenteeism. In addition, the Minister for Environment, Community and Local Government, Deputy Hogan, announced a household charge of €100 per dwelling. As protection of the vulnerable is of paramount importance, it is proposed to provide a waiver in respect of this charge for those on mortgage interest supplement and for those residing in certain categories of unfinished housing estates. A provision will also be made to allow payment of this charge in instalments.

The framing of budget 2012 involved the making of many difficult decisions and choices. These were necessary in order for us to return to a path of sustainable growth. This is achievable but will take time. The budget was designed with protection of the most vulnerable to the forefront. Accordingly, the Government left untouched the primary social welfare rates. The level at which the universal social charge is applied has been increased and this will provide assistance mainly to low paid or seasonal workers. Jobseeker's allowance, State pensions, family income supplement, carers' entitlements and disability allowances and support for special needs

assistants in our schools and the pupil-teacher ratio in the primary sector will all remain at their current rates.

**Senator Darragh O'Brien:** They will not.

**Deputy Brian Hayes:** The decisions taken, although challenging for many people, are vital to ensure that we will never again occupy the position in which we have found ourselves in recent years. We must address the fiscal deficit problem. The steps taken in this year's budget put us on the path to meeting our target of reducing the fiscal deficit to 3% by 2015.

Job creation is of fundamental importance in the context of the budget. Reducing the deficit has a number of positive implications for the economy. A reduction in the deficit will mean that credit will be available for Ireland at better rates as investor confidence increases. Cheaper credit means that business will be in a position to borrow again. The knock-on effects of this are that businesses will be able to grow and, in doing so, will be in a position to hire additional workers. This budget contains specific measures targeted at job creation.

While there is no single policy solution to the issues confronting all of us, the Government has set out a clear and coherent plan to return the economy to growth and to create jobs. While the path ahead will be difficult and will involve more hard choices, I can give an assurance on behalf of the Government that whatever must be done in the coming years will be done. What we are doing is in the best interests of the Irish people and will secure the long-term sustainability of the economy. We want to create an economy where jobs will be at core and to the fore in respect of which will be everyone's future prosperity.

**Senator Darragh O'Brien:** The Minister of State referred to a number of changes, on the reform side, in the context of how the budget has been presented. Those in Fine Gael should be particularly pleased about the fact that the junior partner in the Government was given responsibility for doing the dirty work. Earlier today, another man from the Labour Party went overboard. It is good to see the Labour Party Senators present in the Chamber this evening. They are obviously more solid than their colleagues in the Dáil.

**Senator John Gilroy:** We will not be found wanting.

**Senator Darragh O'Brien:** I hope not.

**Senator John Gilroy:** No, we will not be found wanting. We will stand by the Government.

**Senator Darragh O'Brien:** I would expect nothing less from Senator Gilroy.

**Acting Chairman (Senator Terry Leyden):** Senator Darragh O'Brien, without interruption.

**Senator Darragh O'Brien:** I wish to begin by commenting on a number of positive measures in order to try to make my colleagues from the Labour Party somewhat more comfortable.

**Senator Tom Sheahan:** Senator Darragh O'Brien is wasting his own time by making comments of this nature.

**Acting Chairman (Senator Terry Leyden):** There should be no interruptions.

**Senator Darragh O'Brien:** I wish to cover three matters relating to the two parts of the budget introduced yesterday and today. The first of these is the fact that savings in respect of public procurement are crucial and I am glad the Government has set targets in this regard. What is required to push this through is a body with real powers, the National Procurement Agency, and I am of the view that the latter will require the support of legislation. I have

[Senator Darragh O'Brien.]

referred to this matter on a continual basis for a number of years and I believe the Government can save substantial amounts of money in respect of public procurement processes. I welcome what is being done in this regard.

I also welcome the increase in the exemption relating to the universal social charge to €10,036. Most Senators will welcome that development. I am very disappointed that the implementation strategy in respect of mortgage arrears and distressed mortgages has not yet been published. On a previous occasion the Minister of State made a bold statement in the House to the effect that the strategy would be published before the budget. I accept that the matter has been taken out of his hands to some degree but I wish to impress upon him the need to have it dealt with as a matter of urgency. When introducing the budget in the Lower House, the Minister for Finance, Deputy Noonan, said the strategy would be brought forward shortly. What is it intended to do in this regard? I have criticised the Government enough in respect of this matter so it is only appropriate that I should welcome the fact that the commitment it gave to increase mortgage interest relief to 30% for those who purchased houses between 2004 and 2008 has been honoured.

Now all the positive aspects are out of the way——

**Senator Maurice Cummins:** There are many more of them.

**Senator Darragh O'Brien:** I will leave it to the Leader to identify those because I am hard pressed to find them. As I stated on the Order of Business — this is a matter which the Government should address — one of the major difficulties with the budget is the proposed cut to the disability allowance, particularly in respect of younger people. The proposal in this regard cannot remain as it stands. The reduction in this regard for young people would be between €88 and €110. The Government cannot try to disguise what is being done by stating that it is trying to encourage people to become involved in training schemes, etc. A crucial mistake has been made here and that the Government has an opportunity to rectify this between now and the introduction of the social welfare Bill next week. I ask the Minister of State and my colleagues across the House to ensure that this cut — which is one of many — will not proceed.

Child benefit has been reduced in respect of third and subsequent children. Last year, the current Minister for Finance asked what the previous Government had against third children. I am obliged to ask the same question in respect of this Administration. I must also ask what it has against Protestant schools. The Minister of State referred to the pupil-teacher ratio, which is going to increase because guidance counsellors are being subsumed into the overall teaching cohort at second level. Many private secondary schools make educational provision for those of minority faiths. For Catholic post-primary schools the pupil-teacher ratio is 19:1, whereas for mainly Protestant schools it is 21:1. That is not acceptable. Any republic must ensure that the needs of minorities are catered for. The disgraceful move in this regard, which to some extent has remained under the radar, should be reconsidered.

The €750 million cut in the capital programme was easy to make. It is a once-off saving. The Government will introduce similar cuts next year and the year after. The budget also makes provision for increases in VAT and motor tax. The excise duty on cigarettes is being increased, as is the price of petrol. In respect of the latter, I do not know what will be the exact increase per litre. I accept that it will not be much. The difficulty I have is that the budget is predicated on growth rates for next year which I do not believe. I did not believe the growth rates that were supplied in respect of the previous couple of budgets either. We will not attain the growth rates that have been set down. I am concerned that the Government will be obliged to return

to the well long before the introduction of the budget for 2013 at this time next year. The tax take this year will be approximately €700 million behind target, if one takes into account all of the taxes including VAT and income tax. That is a very serious differential between the stated projection and what was taken in. I do not believe the Minister for Finance's statement today that he expects there will be a 2.5% increase in nominal GDP next year. I do not think that will happen. I would ask the Minister of State on the basis of this that with a VAT increase that is supposed to take——

**Deputy Brian Hayes:** It is 1.6% of GDP.

**Senator Darragh O'Brien:** Yes, but of nominal GDP, which the Minister stated in his statement is the main aspect on which to raise revenue.

**Deputy Brian Hayes:** That is not the major projection.

**Senator Darragh O'Brien:** The Minister, Deputy Noonan, mentioned it in his statement.

**Deputy Brian Hayes:** I know.

**Senator Darragh O'Brien:** The Government will not get €670 million in VAT this year. Before the Government even starts it next year, no doubt it will be behind on that. We will discuss it in mid-year and see exactly what the position is.

Ironically, the increase in the student registration fee of €250 was announced by the Minister for Public Expenditure and Reform, Deputy Howlin, whose party seemed to get all the heavy lifting to do. It is the first time I have seen a Labour Minister congratulate himself on cuts in public service numbers, and that is some doing. This increase will not go to the colleges. The Government is reducing——

**Acting Chairman (Deputy Terry Leyden):** Senator O'Brien has one minute left.

**Senator Darragh O'Brien:** The increase of €250 will not go to the third level sector. The Government is cutting back its allocation to the third level sector and that increase will go into the general pot as well.

The Government is closing 31 Garda stations and restricting ten others. That was announced by the Minister for Justice and Equality, Deputy Shatter, by way of press release. He did not have the decency to come in to the House to announce it.

I would make one point about the reform of the budgetary cycle which the Government has brought in. Why is it that when the Minister for Public Expenditure and Reform was making announcements in Dáil Éireann yesterday, the Minister for Social Protection, the highest spending Department, was out of the Chamber hosting a press conference in Government Buildings to announce her changes to the media? That is not acceptable. The Minister for Health, Deputy Reilly, did the same, as did all the line Ministers. These are the Houses of the Oireachtas. The Ministers should make their announcements here. If they wanted to ingratiate themselves with their friends in the media, when they open the newspapers this morning they will see it does not work. It is a serious point. Ministers should not be announcing policy decisions and taking questions from members of the media——

**Acting Chairman (Senator Terry Leyden):** Senator O'Brien's time is up.

**Senator Darragh O'Brien:** Tá mé beagnach críochnaithe.

**Acting Chairman (Senator Terry Leyden):** Senator O'Brien's time is up. I will stick to the time today.

**Senator Darragh O'Brien:** Ministers should not be taking questions from the media——

**Acting Chairman (Senator Terry Leyden):** I have been criticised previously about this.

**Senator Darragh O'Brien:** ——when they are not even taking questions from their own colleagues, the elected representatives of the people of this country.

On dealing with the social welfare Bill next week in this House, I would ask the Minister to go back to Cabinet to look at the cuts on the disability allowance. The Minister should not bring in those cuts next week.

**Acting Chairman (Senator Terry Leyden):** I thank Senator O'Brien, who was only 33 seconds over time.

**Senator Michael D'Arcy:** It is easy to increase benefits and decrease taxes. It is not so easy to reverse them. We know that for certain.

When one looks at the headline figures, a current expenditure reduction of €1.45 billion, a €750 million reduction in the capital programme, €1.6 billion in tax increases — €600 million agreed on last year and an additional €1 billion this year — one must look at the numbers as well. While Senator O'Brien does not believe we will make it, the GDD of 10.1% of GDP was less than the amount of 10.6% that was agreed with the troika. In itself, that was a result. Our target for 2012 is an 8.6% deficit. I think it can be achieved. If Senator O'Brien's figures are correct, the GDP will be decreased. If we even get close to it, the percentage will be achieved. It is the percentage, not the figure, that we must achieve.

I am glad we are having a more reasoned debate than what occurred yesterday, more so than today, in the other Chamber which I thought was distasteful. There was no dignity in what happened yesterday in the other Chamber, with the shouting and hooing and haaing. It does nobody any good. We can agree to disagree. We have different perspectives and different ideologies, and that is what politics and democracy is about.

The process has changed. It is not a big secret arriving in a briefcase or on a disk and there is not a significant photocall outside on the steps of Government Buildings. There is a listening process. Some of that listening process, as I saw last week, resulted in changes over the weekend and the budget being concluded on the morning of the budget, which was yesterday, and that is to be welcomed. On the pupil-teacher ratio, there was a clear indication that there would be an increase of two at primary level and perhaps an increase of one at post-primary level, and that did not happen. There was a better process to achieve the coercion — it is a coercion — for the smaller rural one, two three or four classroom schools, and that is welcome. Also, in the case of the potential decrease for the SNAs, that process was also to be welcomed.

There is something that I want to bring to the notice of the Minister of State, Deputy Brian Hayes. The measure on career guidance is a mistake. As the person who represents a town with what has been the largest school in Ireland for the best part of a decade, I speak with a little knowledge on this. The career guidance teachers were outside of quota because they were required. They were required because there was a necessity and the Minister of State will be aware of that from his time as spokesperson for education for Fine Gael. It is a mistake because I saw at first hand the difficulties, the concerns, the angst and the results. Unfortunately, the results in the school that I know best, which is Gorey Community School, ended up, where there was failure, in the suicide of children. The Government listened over the weekend. It is important that the Government listens between now and the publication of the legislation that

will underpin this budget. I am hopeful that this can be altered. My recollection — I tried to put my finger on the figure — is a saving in the region of €10 million, not €10 billion. The moneys for that could be found elsewhere. I would hope that the message would come from here that the Government will find those moneys elsewhere. I am not criticising the budget. I am pointing out that we can do this in another way.

I also welcome the ring-fencing of the DEIS schools. The DEIS schools are in areas, mainly urban, of particular difficulty. We should also reconsider how the calculation for DEIS is done.

On the €250 increase in college registration, I am sure the Minister, Deputy Quinn, would have liked to do anything other than increase that. He had no choice. Perhaps he should not have signed what he signed with the students but, unfortunately, that did happen. Perhaps it was a mistake.

Some 41% of those who went to college did not pay the €2,000 in 2011. I would expect the figures to be similar and that 41% of those who will attend college will not pay the €2,250. We are getting close to 50%. To put it into context, in our closest neighbour, Northern Ireland, £3,500 is what is paid. In England and Wales, it is £9,000.

I do not want to go over the health provisions because time is tight. On the Department of Social Protection, I welcome the standardisation of the children's allowance. We have nothing against the third children. Equally, they should not get more than the first or second child.

**Senator Darragh O'Brien:** Talk to Labour about that one.

**Senator Michael D'Arcy:** The reduction in cost will be in the region of €45 million out of a budget of €2.2 billion.

**Senator Darragh O'Brien:** Perhaps they will not touch it then.

**Senator Michael D'Arcy:** It is €2.2 billion that comes out of the general pot. That is a considerable amount of money that must be brought in in taxation to give it back out.

I welcome the fact that there was no impact on primary social welfare rates. I agree with Senator O'Brien that it is a mistake to go after the disability payments, in particular, for those between the ages of 18 and 24. I am quite prepared to stand up here and identify areas of concern. That is what all of us, on both sides of the Chamber, get paid for. There is a few days for that matter to be reconsidered, potentially, to find those savings elsewhere.

On the Minister, Deputy Noonan's estimate relating to 165,000 males and females from the construction sector, it is a colossal number of people who are mainly unemployed. I will not touch on the legacy of the tax code but rather the area of the small investor. In a quasi-investor way people invested in property. I am pleased the Minister is proposing not to impact on those in respect of tax reliefs. Instead he is differentiating between the large investor, institutional investors and the small investor. Those are farmers, gardaí, teachers and people all over the place who made unwise investments. Section 19 of the NAMA Act welcomed the banking sector in respect of €3.5 billion for both and €4 billion for the following year.

On tax exiles I would favour the carrot and stick approach. Tax exiles are welcome to participate in Ireland. We have a generous regime in order that they can come and go and pay something. However, if they are not prepared to pay I suggest they live elsewhere and be allowed to come back to Ireland on holidays for a couple of weeks per year, other than which they should not be facilitated. Given that they have a large amount of funds, they could contribute to certain areas which would be helpful.

**Acting Chairman (Senator Terry Leyden):** The Senator's time is up. I am under strict instructions to adhere to time limits.

**Senator Michael D'Arcy:** That the threshold for the universal social charge has been increased from €4,000 to €10,000 is welcome. I wish I had another eight minutes.

**Senator Katherine Zappone:** Budget 2012 is the first quintessential test of this Coalition Government's ability to bring us, all of us, onto a significantly stronger foothold to generate individual and collective recovery, social and economic sustainability. Both parties are equally responsible if together they have made the wrong choices, and have lost this prime moment to balance the limited resources that we have as a nation so that each sector, interest and individual has a spark of hope for the new year. Both parties are also equally responsible if they have made the right choices.

What are some of the prime ingredients needed at the macro level, to make the right choices? There are at least three. First, that we take the right amount out of our national budget in order to adjust our way towards fiscal responsibility, strategic investment for recovery and a solid social fabric. The Government decided that budget 2012 would save €3.8 billion. While there was pressure to go higher, I think we should have stayed at the original €3.6 billion figure. This would have demonstrated our Government's determination to restructure bank debt in the long term, in order that eventually we halt the socialising of losses at the expense of privatising the gains. While we need policies of austerity up to a point, these are being distorted by inordinate efforts to save the banks at great personal cost to Irish citizens, and necessarily lead to lower output and lower tax revenues. Furthermore, while the people will have to find some way to survive this extraordinary budget adjustment for 2012, how can we possibly do this again in 2013? It is economic nonsense to believe that someday we will be able to pay it all back even if the Germans and the French insist that we do.

Second, should we spend our way out of recovery or should we cut our way out of recovery? The Government chose to cut spending on public services and capital expenditure by 58% and increase taxes by 42%. As there are extensive arguments, and evidence referenced, for both the 'cut more' formula and the 'spend more' formula, I think it is rational to conclude that the Government's choice in this regard is an ideological choice and one could question whether this choice will lead to a more inclusive as well as recovered nation. Why did not the Government opt for a 50-50 split? In the absence of irrefutable evidence surely this would have been the fairest, most sensible way to proceed.

Third, to make the right choices about this budget I think that the Government ought to ensure, through its taxation, social protection and investment decisions, that those with wealth and-or economic security share more of their resources with those experiencing poverty or economic insecurity. This is the true meaning of equality and fairness. It is also a solid formula for economic prosperity as countries such as Finland and Norway demonstrate. If fairness means only protecting the vulnerable this is not equality. Furthermore, within the current debate about closer European fiscal union, Ireland ought to bring the following message to the European table — that we will seek closer union if it means an increase in social solidarity as well as fiscal rectitude.

On the basis of evidence that more equal societies do better, and with the awareness that poverty is increasing in our society, some positive aspects of the budget are: reducing the social charge for the lower-paid; no rate cuts to primary weekly social welfare payments; maintaining State pensions for older people; maintaining the universal free pre-school year; strategic investment for job creation; targeted measures to provide a stimulus for SMEs; and all reform efforts, within each Department to cut waste and inefficiencies as long as the Government commits

itself to monitoring the impact of all cuts, in order that they do not push any citizen into poverty, deeper poverty and less social protection.

The Minister for Public Expenditure and Reform, Deputy Brendan Howlin, stated that one of the main features of the new budgetary architecture was to introduce “evidence-based policy” and I welcome this. Therefore, I challenge the Government’s choices to increase the VAT rate to 23%. As we have heard in the Dáil and in the news the ESRI has provided solid evidence that the current VAT system is highly regressive. Even at 21% we have evidence that lower income households pay a higher proportion of their income in VAT relative to the higher income households. An increase to 23% will hit the poorest households the worst and we can wholeheartedly say that this move will increase the regressive nature of our taxation system.

The Government could and should have reduced income tax relief on pension contributions to the standard income tax rate. This could have saved €500 million. There is very little robust rationale for why the Minister decided not to reduce it.

The cuts to child benefit have already been mentioned. This cut will impact approximately 460,000 children and SILC evidence clearly demonstrates that larger families are more at risk of poverty. Changes have been announced to the lone parent allowance. Justifying these changes with the assertion that the new rates will bring us into line with international standards is flawed when Ireland has an underdeveloped system of subsidised child care. Similar changes to the one parent family payment were mooted in 2006 but were dispensed with given the lack of employment, and training and child care supports. What has changed since 2006? There are still too many barriers for lone parents to get work that pays enough to meet their basic needs and, therefore, these cuts will be counterproductive.

The cuts to the capitation rates paid to pre-school providers and a reduction in staff-child ratios reduces even further any chance of additional training and planning time for early years educators. Numerous research studies indicate the positive connection between training and subsequent improved outcomes for children, especially those children who need it most.

One could be forgiven for being concerned that the focus of the multiple cuts that we have heard during the past two days are largely about meeting the requirements of the troika’s external agenda. This focus on monetary and fiscal rectitude has to be balanced with a very clear articulation by our Government of the vision for Ireland that it has at this time. In other words, who is holding a cohesive vision of what kind of Ireland we are creating by cutting large chunks of investment in the social fibre of this land?

The articulation of this vision for a new Ireland could include a call, a voluntary call, on those who have enough or who have plenty at this time, to share with those who have least. For those who have few financial resources at this time, do we hear a vision that empowers and motivates communities, even in the most disadvantaged areas, to a sense that building meitheal often calls on human qualities of resilience that have so often marked the history of our people in difficult times past? Therefore, I ask the Government to start speaking of an ethical vision that stresses values and that demonstrates that behind all these facts, figures, cuts and investments for jobs that someone is holding a cohesive vision as to what a new Ireland will look like.

**Senator John Gilroy:** I wish I were welcoming the Minister to the House in different circumstances. This is a terrible day for our country, the 90th anniversary of the treaty overshadowed by the first recognition of the real consequences of the economic situation and consequences that will be felt in every household. If we are to take a similar amount of money out of the economy again next year, and the year after, and the year after, the repercussions are truly awful.



[Senator John Gilroy.]

The previous Government constantly congratulated itself by saying it was making the hard decisions — but it is not the decisions that are hard — it is the consequences borne by the people that are hard. Therefore, we dare not congratulate ourselves on making these decisions. These decisions are not a matter of pride but of shame, shame over a political system that has let down and broken the trust of the people we serve. We must strive to restore this trust. I could stand here and blame others for the circumstances we are in. Perhaps I should but there is nothing to be gained from this. We need to move on from that game. If we are to ask people to make a huge and terrible sacrifice — a sacrifice that means no less than rescuing our country — we need to ask ourselves something and to be honest. I could try to deflect some of the blame for the decisions we are making but there is nothing to be gained from that either. We can and will take responsibility for our decisions and it is right that we do so. The Opposition will be critical of us and it is right that it be so. That is its job but it must be honest also.

I congratulate and commend Senator Darragh O'Brien on his usual temperate and considered remarks.

**Senator Darragh O'Brien:** I am not sure how to take that.

**Senator John Gilroy:** Did we make certain pledges before the election? We did. Did we make them in good faith? We did. Should we be criticised for making these pledges before the election? We should. We should be criticised strongly for doing so and we need to acknowledge this.

This budget is fairly brutal. We cannot take €3.8 billion out of the economy, on top of €20 billion in expenditure and revenue adjustments since 2008, and not feel the heavy hand of its impact. The low-hanging fruit is long gone. We cannot expect to close the gap in the public accounts unless we seek to make reductions in the largest spending programmes. We are loth to do so but we have no choice. As social protection involves the greatest expenditure, we found savings amounting to approximately 2% of its Vote. No matter where the reductions fall, they will be unpalatable. The Department of Social Protection, by definition, exists to offer protection. We have managed to protect the primary rates of social welfare and would have liked to have extended this protection to all areas, but this was just not possible. Where it was not possible, we offset some of the reductions by increases in other areas. For instance, we increased the age of entitlement to the disability allowance to 18. In parallel, we offset this by increasing the age limit for receipt of the domiciliary care allowance to protect household incomes of affected families. However, measures can sometimes be too blunt in their implementation and scope. As a public representative, I am very unhappy with this one. It is an important duty of a public representative to listen to what people say. There needs to be a mechanism by which this element can be reviewed. I will be asking the Minister to reflect on this. I am confident that he can and will do so.

Senator D'Arcy referred to career guidance teachers and I agree totally with him thereon. It is Senators' duty to point out areas in respect of which we are unhappy.

All reductions are unpalatable but we have managed to protect the most vulnerable. The jobseeker's allowance and benefit remain unchanged. The payment to carers will be maintained and child benefit for the first two children will remain unchanged. In these extraordinarily difficult times, we have achieved a fair measure of success.

In the area of health, €35 million has been found for mental health services. This will support suicide prevention strategies, which are vital. We are committed to building the national children's hospital and we have made significant moves towards reforming our entire health

system. The special delivery unit is tackling pressures in emergency departments and in respect of hospital waiting lists.

We have managed to protect education provision for those who are disadvantaged. The pupil-teacher ratio in this sector remains unchanged. Unfortunately, as I stated, it was necessary to increase the student contribution, but we have managed to keep this increase to €250.

Core social welfare payments have been protected and low-income tax increases will take place. These are two very important points. The universal social charge has been reviewed and the threshold has been raised from €4,000 to over €10,000. Some 330,000 people will no longer be liable for the charge.

All in all, this is a very difficult budget and it will place great strain on many people. We have achieved most of what we have set out to achieve. There are some things we wish to do, others that we cannot do and others that we will do. One should remember this is the first in a series of budgets. Decisions taken today, while difficult, will restore our economic independence, maintain jobs and create new ones. It will be a difficult journey. What is needed now is political courage and honesty. The temptation to use the many unpalatable decisions for party-political gain will be great, but I hope it is resisted. We live in very difficult times.

**Senator Sean D. Barrett:** I echo what other Senators have been saying, namely, this is a difficult time. The table on page D.18 of the documentation attached to the Minister for Finance's presentation in the Dáil this afternoon shows that tax revenue will rise from €34 billion in 2011 to €43 billion in 2015. This amounts to €9 billion over the five-year period. As Senator Gilroy said, these burdens will come year after year.

I echo the tributes paid yesterday by the Minister for Public Expenditure and Reform, Deputy Brendan Howlin, and today by the Minister for Finance, Deputy Noonan, to the late Brian Lenihan, who had to cope in tragic circumstances with the problem we are facing.

There is an immense burden. My estimate, based on the Minister for Finance's figures, is that the adjustment on current expenditure will be about one fifth of the increase associated with taxation. Current expenditure is due to decrease by €1.7 billion from approximately €48 billion to approximately €46 billion but the tax increases are to yield €9 billion over the same five-year period, or approximately five times as much. This is important to note because, in Ireland, every area of public expenditure seems to attract a lobbyist, and taxpayers are bearing five times the adjustment based on the figures in page D.18, as presented by the Minister for Finance, Deputy Noonan, this afternoon.

On the capital side, I was disappointed to hear the Taoiseach say on television that the metro represented a very good project and that he regretted not going ahead with it. There was never any public analysis and there are many Ministers who feel the project would lose money every year. We are now beginning to have capital expenditure analysed properly. It is a matter of having independent published analysis carried out in advance to determine the benefits and how they compare with the costs. It is a matter of determining the discount rate. Let us have this information discussed as a prospectus before rushing into projects. The metro project was rushed into and we spent a lot of money before it was to be sanctioned by the last Cabinet. I do not believe it has ever been sanctioned. Money was spent in advance.

The Minister for Public Expenditure and Reform, Deputy Howlin, noted some days ago that Irish engineers much prefer to design new dams than to fix leaks. We may have to become less grandiose in our capital projects. We had a capital programme whose GDP share was approximately twice that of any other country. It has now been adjusted to a much more normal figure.

The same applies to current expenditure. I look forward to reading the detailed document we got on the comprehensive public expenditure review. Programmes that are too costly,

[Senator Sean D. Barrett.]

involve too much bureaucracy and do not satisfy targets must be kept under pressure. I welcome the statement of the Minister for Public Expenditure and Reform that he hopes that the Parliament will be involved in this. Discretion in respect of such programmes seems to be in the hands of lobby groups. I welcome the registration of those under promised legislation. I refer to lobby groups determining policy. There was an insider-outsider model of determining policy and the Seanad was definitely on the outside. We want to be on the inside and hope we are not subject to public expenditure cuts next year.

Agencies spend considerable sums on their own marketing and PR. This is counter-productive. In the past week, Ministers have been seeking extra money for projects. When we pointed out that they really must justify them, they agreed in principle. However, legislation should be coming to the House with a statement as to what one gets for the money. It should not be said that the benefits are obvious. In the case of tourism, the benefit was not obvious. As I pointed out, our tourism receipts were down by 31% and the number of tourists had decreased by 24%. Some 40,000 jobs were lost.

The Science Foundation Ireland lobby is equally reticent in producing evidence of its results. We are spending approximately €250 million per year. As the innovation report and an *bord snip* showed, it is time for these people to produce results. We need results and are trying to deal with unemployment. Of course, the beneficiaries of the scheme will always say it is a good idea. However, they are not showing us that they are useful and turning the inputs into outputs. When Ministers come before us seeking to spend money, they must refer to what the Comptroller and Auditor General, an *bord snip* and the comprehensive expenditure review have said about the proposals. They cannot just pretend it is obvious that proposed expenditure is worthwhile. When one proceeds on this basis, one ends up with the kind of debt mountain that we have.

The tax expenditure of €12 billion has not been addressed, which is a pity. I hope it will be addressed in the next budget. This sneaks into the system and is not published on budget day. However, it does cost the Exchequer quite an amount of money. There is a need to increase the economic expertise in the public sector. As we prepare for the Brussels summit, we have to point out it was not entirely our fault. As Mr. Delors has noted, the euro was defective. It did not have an exit mechanism, there was a one size fits all interest rate and there was no protection for countries like Ireland when huge capital flows from Germany and other large countries wrecked the property market. I hope the Government will do some burden sharing with people in mainland Europe when we redesign the euro, as well as take on board the criticisms about the way it was designed and implemented expressed by no less a personage than Mr. Delors.

We know that heavy borrowing produces debts for future generations. It is a King Herod type of economic policy. I do not know why that is sometimes described as being socially progressive. I am glad that the Government plans to reduce the powerful bureaucracy by 37,000. It had grown too big.

However, the banking system, which does nothing except lend money for governments and mortgages, has not yet been reformed. The accountancy profession has not reported to the Minister for Finance or the Minister for Public Expenditure and Reform on how it could be that accounts were prepared for banks in a way that made them appear solvent. We cannot impose the burdens of adjustment on ordinary people while allowing accountants and bankers to escape the consequences of their mistakes.

I like the new atmosphere I experienced in the Dáil yesterday and in this Chamber today because we have to work together to tackle our incredible borrowing mountain, as the debt to GDP ratio climbs above 120%, so that we do not pass that burden to the next generation. We must also address the problem of unemployment and involve the Parliament in the work of

replacing institutions that have failed in the bureaucracy, the lobbies and the expenditures that were never properly assessed. This is an important day in Ireland's efforts to get to grips with the problems that arose over the last decade.

**Senator Tom Sheahan:** If I may borrow a comment from Professor Brendan Walsh on last night's "Prime Time", this had to be done. No Government takes pleasure in implementing cuts of the nature announced today. I want to address, and commend, several aspects of the Budget Statement. I do not recall a previous budget which focused so much on agriculture. This is a positive outcome because, when one considers Harvest 2020 and the way the Minister for Agriculture, Food and the Marine has protected and enhanced the products grown in this country, agriculture can make a significant contribution to society and the Exchequer. The measures on transferring property will offer an incentive for dynamic young farmers to remain in a sector on which our economy is reliant. Agriculture is indigenous and, as my father always said, farmers will spend money when they have it. This budget will benefit the entire economy.

One might ask how the measures on commercial property transfers and the reduction in the rate of stamp duty from 6% to 2% will benefit the Exchequer or the economy. The measures offer incentives for foreign direct investment and indigenous entrepreneurs, who may decide to purchase rather than rent commercial property. The restoration of the rate of interest relief for those who purchased homes between 2004 and 2008 will be welcomed by couples in every corner of the country. I anticipate young couples will be going out to view properties this weekend as a result of the changes to mortgage interest relief for first-time buyers. I urge people to grasp the incentive they have been offered by the Minister for Finance. However, this initiative will be futile if the banks do not offer loans to first-time buyers.

On VAT, let us not forget that food, clothes and oral medicines are not subject to VAT. The majority of the money held by the less well-off in society is spent on these products. The exemption to the universal social charge will increase from €4,000 to €10,000, which is welcome. The budget sets out to protect the weakest and most vulnerable. Over the last two weeks I have been calling for an evaluation of who the weakest and most vulnerable are in society. To that end, special needs assistants have been retained, the pupil-teacher ratio has been maintained and the carer's allowance and the old-age pension have not been reduced.

The Minister must be commended on his prudent management of the economy given that the deficit will be 10.1% at the end of the year, compared to a projected 10.6%.

**Senator Thomas Byrne:** I am delighted to accept Senator Sheahan's compliments regarding the 10.1% deficit figure because it obviously relates to last year's budget. It is a major about-turn if he is describing last year's budget as prudent management but it is welcome nonetheless.

**Senator Tom Sheahan:** It was the €1 billion that was not spent. Prudent management achieved these savings.

**An Cathaoirleach:** Senator Byrne without interruption.

**Senator Thomas Byrne:** The savings were announced last year.

**Senator Tom Sheahan:** Do not twist it. The Minister achieved €1 billion in savings. The Senator is wasting his time.

**Senator Thomas Byrne:** Fianna Fáil supports the decision to achieve an 8.6% deficit target in 2012. We are delighted that we apparently will reach a deficit of 10.1% this year. We are hoping to achieve a 2.9% deficit over the period of the plan by making savings of €3.8 billion next year. Most rational political parties, if they are not solely motivated by political gain, accept this basic necessity.

[Senator Thomas Byrne.]

However, Fianna Fáil does not believe the Ministers for Finance and Public Expenditure and Reform have made all the right choices. We will not oppose for the sake of political opportunism because certain elements of the budget are positive and should be welcomed. The decision not to increase taxes on income was correct. Substantial increases in income taxes have played an important role in reducing the deficit to 10.1%, as Senator Sheahan noted, but they have also placed a significant burden on ordinary working people. As that well is now dry, it is welcome that the Government is turning to other sources even if we do not agree with all of them.

The Minister, Deputy Noonan, listened to our recent pre-budget submission in which we called for changes to the universal social charge for low earners. That is the right thing to do and we commend him on his initiative. However, it will make little or no difference for the vast majority of workers who are hit by the charge. We should reflect on whether we went too far on the USC in last year's budget. It turns out we would have hit a 10.6% deficit, probably without a lot of the USC receipts coming in. We went a little too far last year, although it must be said it was for the benefit of the country. It was certainly a cost to ordinary families but hopefully was in their better interests in the long term.

The immediate VAT increase proposed by the Government will cost jobs. Let us be clear and upfront about this. It will cost jobs in every county and every town and village in this country, particularly around the Border areas. A number of years ago, the parties that are now in Government railed against a 0.5% increase, which the Government then reversed because of the severe impact it had, particularly on cross-Border trade. I predict today that this will not be the last VAT increase, because in the figures that the Minister has given, we are looking at a rise in taxes of €8 billion over the next three to four years. I do not know where the Government will get that unless it keeps going back to the VAT well, as I predict it will. When we see Hungary's VAT rate of 27%, we can see there is nothing to stop us going to those high levels if the Government is to stick to its pre-budget commitments on income tax.

Increases in VAT affect people in different ways. For those on lower incomes it has a massive effect on their disposable income. For pensioners, the disabled and carers, who have seen many of their benefits cut by this Government, the VAT increase represents a double or triple whammy. We committed to the VAT increase over a longer period because we felt it was the right thing to do and that when consumer confidence returned we could then go and seek more VAT, but to do it in one year will have a damaging effect on jobs and business.

The Government has said it expects to bring in €670 million from this 2% increase. Let us see whether that happens and whether demand falls. As my colleague Deputy Michael McGrath said in the Dáil today, anyone who has studied economics will know that an increase in price results in a reduction in demand. This has not been taken into account by the Department.

We have seen a lot of sneaky things in this budget. I will acknowledge that we have not had hits across the board, but particular sectors have been hit, including the young disabled, pensioners and the fuel-poor. Rural schools, contrary to what we were told this morning, have been hit with a pupil-teacher ratio increase and have been told to consider merging or closing. Rural and urban Garda stations will close. The pupil-teacher ratio in secondary schools has been increased, with the removal of guidance counsellors. There are 27 schools in County Meath with fewer than 86 pupils. Those schools were told last night to consider their futures because of Government decisions. This is wrong, and it is about time some pressure was put on the Government by the rural Deputies and Senators who came in here today to welcome the education cuts without knowing what they consisted of. Many non-Catholic schools will struggle to stay open as a result of this change.

I warn the Government that this was the easy budget. Where will it get €8 billion in taxes over the next few years? How will it implement the cuts that are required and still achieve an increase in growth? We wish the Government the best of luck with it, but it will be difficult.

**Senator John Gilroy:** Will the Senator support us?

**Senator Thomas Byrne:** We will support the Government as best we can, but its members will have to stick together, because every one of them that drops off the ship is another damaging blow to the stability of this country.

**Senator Susan O’Keeffe:** How dare the Senator wish us luck.

**Senator Thomas Byrne:** I do wish the Government luck.

**Senator John Kelly:** May I share my time with Senator Moloney?

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

**Senator John Kelly:** We would like four minutes each, if the Cathaoirleach will allow us.

**An Cathaoirleach:** Four and one, is it?

**Senator John Kelly:** How much time do I have? Five minutes? Then we will take three minutes and two minutes.

I thought it was interesting, when Senator O’Brien was speaking, that it appeared to be such a struggle for him to find enough fault with the budget that he spent the first few minutes of his eight cracking a few jokes. He had little to say.

We are all concerned about the disability allowance. It is important to point out, however, that this applies only to new applicants and not to existing recipients of the allowance. People who are afraid of what they have heard do not realise this is the case. With regard to the proposal for the future of the allowance, I do see merit, to a degree, in considering the situation of 16 to 18 year olds. In my own experience through the years, I have seen 16 year old students with mild to moderate disabilities receiving disability allowance in fifth and sixth year of secondary school and bringing the allowance with them when they move on to third level. In a way, this is an anomaly, because the allowance is supposed to be paid to people who have no long-term prospect of ever getting a job, yet we see these 16 to 18 year olds going on to third level education, qualifying and securing employment. This must be examined.

However, I do have a problem with the blunt-instrument way of dealing with severely disabled people who will never be in that position. The Minister of State should say this to his Cabinet colleagues. Much anger has been expressed about this in the Seanad and other forums today. In cases in which a person will not ever have the prospect of a job or training, maybe the full disability allowance should be considered.

**Senator Tom Sheahan:** Hear, hear.

**Senator John Kelly:** I was listening to a lady on the radio today who had Parkinson’s disease. She was a very positive woman, and she made the point that people with a disability should focus on their ability rather than their disability. That might be a way of moving forward in a lot of cases.

**Senator Thomas Byrne:** Is that how the Senator justifies the cuts?

**Senator John Kelly:** I have worn a path to the door of the office of the Minister for Social Protection, Deputy Burton, asking that there be no cuts either to the basic-rate or half-rate

[Senator John Kelly.]

carer's allowance or to the respite care grant. In fairness, she has honoured that. This is an acceptance of the great work that carers do, and I am delighted about it.

We in Government have protected the basic rates of social welfare. We have given free GP services to those with long-term illnesses. There have been no SNA cuts, and the universal social charge will no longer affect low-paid workers. There are many positives in this, despite the fact that across the floor they would like to point out the negatives.

**Senator Marie Moloney:** As spokesperson on social welfare, I cannot let this go without speaking about this aspect of the budget. I know we will be discussing it in more detail next week. However, we are where we are today. Unfortunately, cuts have to be made, and social welfare payments represent 40% of Exchequer outgoings. When cuts are made to social welfare, somebody is hurt, because by its nature social welfare is there to help people in need. People are going to be hurt, be they carers, the elderly or the disabled.

I must speak on behalf of carers, who are dear to my heart. By retaining the basic-rate and half-rate carer's allowance, the Minister has acknowledged the valuable contribution carers make to this society. I hope she will continue to retain this allowance over the coming years.

I cannot leave the cuts to the disability allowance unmentioned. I understand where the Minister is coming from and I understand her thinking on this. I understand that people with disabilities, in many cases — certainly in cases of mild to moderate disability — like to be considered on a par with those without disabilities and prefer to be judged on that basis. I have spoken to many parents who are in favour of the payment of the domiciliary care allowance up to the age of 18, when the child becomes an adult. This is a non-means-tested payment and it is there to help parents who have children with special needs and so on. I understand this and I agree that the domiciliary care allowance should be extended to the age of 18.

However, like my colleagues on both sides of the Houses, I have grave reservations about the effect of these changes on those with profound or severe and ongoing disabilities. Even today, I started the ball rolling on this by going, as my colleagues will know, to the party leader and telling him of my concerns. We have two years in which to deal with this issue because, once the domiciliary care allowance is extended to the age of 18, it will be two years before those receiving it apply for the disability allowance. We must work hard on getting this amended before those two years are up so that when those children become adults they will not be affected by the cut.

I would like to speak about lots of things, but I can see the Cathaoirleach is getting cross.

**Senator Jillian van Turnhout:** When I was speaking earlier this morning, I should have wished a happy St. Nicholas day to my colleagues in the Netherlands, for whom today is gift-giving day. I do not think the same can be said for here. I can understand now what people mean when they say that something was a game of two halves. There are many aspects of the budget about which we can speak positively, and there are some good initiatives, but due to the time constraints I am going to highlight the areas in which I have concerns and which I feel need more considered attention. Also on the subject of the time constraints, we need to consider having a debate in which Senators have an opportunity to make statements, because in this debate, the Minister, whom I greatly admire, took up a quarter of the time Senators had to give their statements.

The Minister for Public Expenditure and Reform, Deputy Howlin, said yesterday in the Chamber that we need to ensure the burden of our economic recovery is shared fairly. Sometimes I wonder about this. We talk of Ireland having experienced four years of hardship, which conjures up a notion that before that, everything was all right. Unfortunately, it was not. For many of the groups we are discussing today things were not just fine. The painful process of adjustment that the Minister for Public Expenditure and Reform spoke about yesterday

impacts overwhelmingly and disproportionately on those who are and were already vulnerable. At the same time, there remain significant numbers of Irish citizens who are insulated and largely unscathed by this afternoon's and yesterday's announcements.

I understand it is unrealistic to expect that everybody should have the same standard of living, but we should be striving for greater equality of opportunity. The foundation for that must be protection from poverty, hardship and despair. Can the Minister confirm that the VAT increase of 2%, which will absorb 1% of the disposable income of the bottom 10% of earners but only 0.35% of the disposable income of the top 10% of earners, is an example of every effort being made to ensure that the burden of economic recovery is being shared fairly?

The budget was announced in two segments but it is actually split into multiple pieces. We still have a situation where each Minister is producing statements and I am still trying to work through all the details. Reducing the back-to-school clothing and footwear allowance has a severe impact on families. The Minister for Education and Skills hinted that he might examine directly off-setting that towards school uniforms or books. I would have liked that announcement to have been made. I also urge caution to my colleagues and the Minister for Social Protection. Yesterday, she compared child benefit rates with those in other countries. If one wishes to compare, one must compare like with like. While child benefit rates in Ireland are high, other countries provide free child care, free school books, free uniforms and free health care, so we should compare like with like.

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

**Senator Jillian van Turnhout:** This morning I raised the issue of the disability allowance for young people. The rationale is that we do not want young people with disabilities to be dependent on an allowance. However, many of these young people have profound and multiple disabilities. They are not going into training schemes or work placements, irrespective of their desire to integrate and participate fully in society. I realise that many people are getting allowances which might be questionable, but I am referring to the people with multiple and profound disabilities. There is no rationale for this and I urge that it be reconsidered. In addition, there is confusion about to whom the cut in disability allowance will apply. Will the Minister of State confirm that nobody currently in receipt of the allowance will have the payment reduced?

On the Order of Business this morning I took the opportunity to raise a number of questions and I am disappointed that I received no answers in the Minister of State's opening statement today. Lone parents are very fearful at present. I talked to a number of them today. The budget introduces a number of measures which will have a severe impact on parents. There were a number of measures last year and they expected more, but they did not expect the drastic changes to come upon them so quickly. I looked at the figures in an attempt to justify the decisions, because I am trying to consider these decisions and their justifications fairly. I cannot find the rationale for this. We put questions to the Department of Social Protection but there are no figures to justify the decision. Again, there is a lack of clarity about how the cuts are to be implemented and what the transitional arrangements will be.

Budgets are about choices. The Minister can say it is easy for me to make these remarks but the Government decision to keep excise duty on alcohol at the same slashed levels as previous Governments, for example, means it has lost the opportunity to generate €178 million. If it had generated that amount, it would not have been necessary to make the changes to the lone parent, disability and fuel allowances or to student fees.

**Senator Deirdre Clune:** This budget is about getting the country to a position where the economy can recover. We have seen the difficulties the Government has had in the attempt to take €3.8 billion out of the economy. Next year there will be further attempts to rectify the fiscal situation.



[Senator Deirdre Clune.]

I will focus on jobs and job creation and how they are dealt with in the budget. We need to get people back working. Only then will we be in a situation where we can move towards recovery. I am glad the Minister of State with responsibility for small enterprises is present for this debate. The importance of the 12.5% rate of corporation tax should never be underestimated. It is very important and there is a commitment in the programme for Government that it will be retained. The Minister for Finance, Deputy Michael Noonan, mentioned its importance in his Budget Statement today. It is very important for the multinational sector and many Members would have been lobbied about it, particularly those who have representatives of that sector in our constituencies. I welcome the renewed commitment to it. Indeed, when the Taoiseach addressed the country last Sunday night, he restated the importance of the 12.5% corporation tax rate for investment in this country.

There is also the proposal today to introduce the special assignee relief programme which will allow multinationals and indigenous companies to attract key personnel to facilitate development of their businesses. That was a proposal from both the multinational and indigenous sector and I am glad it has been addressed in the budget. Companies which wish to export to Brazil, Russia, India and China, or the BRIC countries, and South Africa were also mentioned today and a facility has been developed whereby an Irish-based company that spends 60 days developing markets for Irish products in those countries will get additional tax relief.

The International Financial Services Centre is also important. The Taoiseach launched a strategy statement on that last summer. We should not underestimate its contribution to the Irish economy in terms of the €1 billion taxes that are paid and the 30,000 people who are employed there. It is a strong part of our economy and continues to perform very well, but it must be protected.

Indigenous industry should not be neglected; the economy is not all about foreign investment. Last week, the Minister of State, Deputy John Perry, produced a report which I hope we will get an opportunity to discuss in this House. The loan guarantee, the fund that was announced last week and the changes in the research and development tax credit will be very important. Targeting credits at research and development has generated a very positive response, as I am aware from the sectors involved. The corporate tax exemption for new start-up companies has been extended to 2014. These are all small measures to ensure that we protect small business and encourage the development of more business. Of course, there was also the jobs initiative announced in the summer which saw the VAT rate and PRSI contributions reduced. That initiative has been acknowledged by the tourism sector as being very important in attracting business to this country.

The agrifood sector is one of the shining lights in the economy and the Minister, Deputy Noonan, announced various measures today to facilitate the transfer of land to the next generation to encourage and tie-in the young people who are involved in the agriculture sector. It is well known that agricultural colleges are inundated with applications and do not have enough places for applicants.

There are positive aspects for the jobs market. The funding for the IDA and for community enterprises has been maintained. The property activation measures are very important. The mortgage tax relief measures will be phased out from the end of 2012 so if people do not buy next year, they will not benefit from mortgage interest relief. It is a very clever initiative and is welcome. I hope it will be a kick start in terms of getting us to the point where there is a floor for the property market so it can move to recovery.

**Senator Kathryn Reilly:** This is not a growth or jobs budget, but a budget like the last four budgets which the Government parties previously voted down. It is a budget for more of the same. It is hurting but not working. Nobody voted for this deficit plan, least of all the voters

who were told that there would be no increase in student college contributions, no cuts in social welfare and no cuts in child benefit. Next year, over 1 million low income families will be down over €1,000 a year. The Government should be ashamed of its broken promises.

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

**Senator Kathryn Reilly:** It should be ashamed of the cost of living crisis it is imposing on the low and middle income families in this State.

We were also promised falling levels of unemployment but what has happened since the Government announced the Jobs initiative in May of this year? More than 5,000 additional people are looking for work, thousands more have emigrated, and last week we were told that an additional 22,000 people will become unemployed next year while 40,000 will emigrate.

For this Government, like the previous one, unemployment appears to be a price worth paying. As a result, many people will begin to wonder what planet this Minister is on. In each electoral division in the State 12 people are getting ready to emigrate. One in five young people are looking for work. Communities are seeing Garda stations, Army barracks and accident and emergency departments close. Families are seeing their living standards being squeezed, and not just this year but for the next four years under this Government.

As the Minister of State, Deputy Hayes, mentioned earlier, this budget was presented on the basis of three guiding principles: fairness, jobs and reform. We agree there was no easy way out of this crisis but there was a fair way, and the fair way would have been to introduce progressive taxation to tax wealth. It was not fair to cut disability payments to young people, cut the fuel allowance season, make third level education unaffordable for swathes of young people and increase VAT.

Senator Van Turnhout mentioned earlier that it was a budget of two halves, and I agree with that. It is a budget of the “haves” and “have nots”. Reform would have been leading by example.

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

**Senator Kathryn Reilly:** Reform would have been across the board pay cuts for the Minister and his ministerial colleagues——

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

**Senator Kathryn Reilly:** ——and for those at the top level in the civil and public service——

**Senator David Cullinane:** Shame.

**Senator Kathryn Reilly:** ——but this Government slapped reform in the face when it broke its own pay ceilings for ministerial advisers on 14 occasions and when the Taoiseach insisted on a €37,000 salary hike for Fine Gael’s former director of communications.

**Senator David Cullinane:** Shocking.

**Senator Trevor Ó Clochartaigh:** Disgraceful.

**Senator Kathryn Reilly:** Fragile consumer and business confidence will be crushed by the rise in VAT and the anticipated fall in public sector demand, and the reality of falling incomes, will depress job creation. The economy has been starved of investment in recent years, and we cannot begin the process of recovery in the absence of significant investment. Without consumer demand and the ability to spend, and without investment, jobs will not materialise.

[Senator Kathryn Reilly.]

Before the election we said, along with every other party, that we had to reduce our deficit and that that meant tough decisions. It was not an argument about whether we must see the deficit reduced but a practical one about how we can best make that happen. We said the National Pensions Reserve Fund should be used for a stimulus programme in that the remaining €5.3 billion in the fund should be invested in job creation and not pumped into banks yet again. We said additional money should be drawn down from the European Investment Bank. We set out the real benefits of a €7 billion stimulus plan over three years where such investment could protect almost 100,000 jobs and create an additional 60,000 jobs.

Of course, the Government thought we were wrong. It still believes we are wrong but the figures speak for themselves. The Government's Jobs initiative fell far short of the stimulus shock that was required to get the economy moving again. Overall growth is being held back by the scale of shrinking domestic demand, and that has had a chilling effect on our economy. At this stage growth should be powering ahead. Unemployment should be falling fast but every month when unemployment is higher than it should be stores up long-term damage. Every month when growth is lower than it should be it hits the future potential of our economy but instead of admitting that the Government refuses to change course. Is it not far better to change course and have a credible deficit reduction plan based on higher growth and employment than a failing plan based on low growth and high unemployment?

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

**Senator Kathryn Reilly:** Since 2009 the underlying deficit has shrunk by less than 2%, falling from 11.8% to just over 10%. More cuts in the same vein as those introduced in the past two days affecting the same people will not lead to a better outcome.

We needed a budget today and yesterday that changed the direction of economic policy. We needed a budget that prevented the experience of a lost generation. We needed a budget that changed course on cutting too far and too fast. This is not that budget.

**Senator Susan O'Keeffe:** I wish to share my time with Senator Bacik.

**Acting Chairman (Senator Marie Moloney):** Is that agreed?

**Senator Jim Walsh:** No.

**Acting Chairman (Senator Marie Moloney):** No?

**Senator Jim Walsh:** I am serious. A number of us sat here from the start of the debate hoping to make a contribution but it now looks as if we will not get that opportunity. We disagree with the sharing of time, and we are happy to vote on that if the House so wishes. Unless the Leader agrees to extend the time to at least another hour to allow those who have been here——

**Senator Ivana Bacik:** On a point of order, I was here——

**Acting Chairman (Senator Marie Moloney):** Senator, it will be the same amount of time.

**Senator Jim Walsh:** On a point of order——

**Senator Maurice Cummins:** There was a vote on the Order of Business.

**Senator Jim Walsh:** ——this is the most important debate we have in the year. People are depending on us to handle our business properly yet we want to finish at 8 p.m. To do what? Go to the bar or somewhere else?

**Acting Chairman (Senator Marie Moloney):** It will be the same amount of time, Senator.

**Senator Jim Walsh:** I am happy to work here until 10 o'clock or 11 o'clock if needs be.

**Senator David Cullinane:** Hear, hear. All those who want to speak should be allowed to speak. The Senator is right.

**Senator Jim Walsh:** I am asking the Leader to do that. If not, I will object to the request to share time.

**Senator Maurice Cummins:** The Order of Business was agreed this morning.

**Senator Jim Walsh:** In that case I object to the sharing of time. If needs be that can be contested.

**Senator Ivana Bacik:** On a point of order, I was here at 6 o'clock for the entirety of the Minister's contribution, unlike other Senators.

**Senator Jim Walsh:** I am objecting to the proposal put by the Senator.

**Senator Susan O'Keeffe:** How long have we spent on this? I do not understand. We wish to share the time. I will not exceed it.

**Senator Jim Walsh:** The Senator can only share time if there is agreement. I am saying "No". If the Senator wants to put it to a vote I am happy to do that.

**Senator Maurice Cummins:** Time is wasted again.

**Acting Chairman (Senator Marie Moloney):** Senator O'Keeffe has five minutes.

**Senator Susan O'Keeffe:** As agriculture spokesperson, I welcome what is a creative proposal in this budget that reflects the desires among the farming community and those in agriculture to support younger farmers. Many criticisms have been expressed in the House of many aspects of the budget and one I have observed is that there is nothing creative in this budget but one knows that is not the case when one sits down with people in farming communities and observes the community, as this Minister has done. He has listened carefully and understood that young farmers need to be supported in more creative ways, and one can see that he has sought ways in which to do that.

I welcome the modifying of the retirement relief for capital gains tax to encourage transfer of farms, the enhanced 50% stock relief for all registered farm partnerships, and the 100% stock relief for young farmers who are trained and who will form partnerships. Those measures are not the whole of all the answers this sector needs but they are welcome. The Minister, Deputy Coveney, came into the House on a number of occasions and I believe he is genuinely committed to the future of farming and agriculture, and the food industry. That is evidenced in this budget.

I welcome the commitment today on the part of the Minister, Deputy Noonan, to The Gathering and funding for that event. It is the type of idea that sometimes comes about on the back of an envelope or at a meeting and then disappears in the fog of enthusiasm without action being taken. For him to commit in the budget to the funding for that will be welcomed on many levels. It is not just about tourism, generating beds and bums on seats, if the Members will excuse the expression. It is about generating a recognition of our culture, arts and all the areas in which we excel. It will bring about a regeneration and a connection with people in the communities to come together to take part in a year long series of activities that will assist

[Senator Susan O’Keeffe.]

businesses in an unprecedented and creative way. People continue to criticise that is lacking in this Government but I do not believe so.

I welcome also the changes in the universal social charge. It is a small change but it is significant. It was in the programme for Government and is something for which the Labour Party stood. Many of us were told by people on the doorsteps that the universal social charge was too harsh, something which the Opposition has acknowledged. This measure is a rectifying of that harshness.

Regarding the back to school clothing allowance, I understand the Minister for Social Protection will continue to try to bring about improvements to the way in which the back to school clothing allowance will be applied into the future with many other creative ways being used in terms of direct payments. There are many measures in this budget that we will see built upon in the next year, and I believe the Minister will proceed to do that.

Along with others I, too, am very concerned about the potential changes in the disability payments, particularly for those people who are profoundly disabled. Many of us will engage in conversation with the Minister and this Government to seek change to this measure because it is clear it is something that is difficult to understand and accept.

**Senator Mary M. White:** I am delighted to welcome the Minister of State, Deputy Perry, to the House. I would first like to say that the Labour Party has no clout in this Government. I do not know what the Labour Party stands for, having listened to what its members in here had to say and in supporting the Government’s budget. The major flaw in this budget is that its impact is not progressive and it is seriously socially regressive. The budget will further increase inequality in Irish society. On 30 November, the CSO published preliminary results of the 2010 survey on income and living conditions and its main findings were that people earning the most in 2010 received five times the income of those earning the lowest. This compares with a 4.3 differential the year earlier, and shows an increased income inequality in this country. Average disposable income per household decreased by 5%. The “at risk of poverty” rate was 15.8% in 2010, compared to 14.1% a year earlier.

This budget is anti-family, anti-women, attacks widows, is anti-rural dwellers, attacks pensioners, attacks disability payments, attacks employers, attacks higher education and attacks rural schools. There is no vision in the budget or no big ideas for employment. Unemployment is the elephant in the room with this Government. If I was a Minister in the Government, unemployment reduction would be my first priority. Everyone knows that the unemployment rate is currently 14.6%. Male unemployment is 17.3%, while unemployment among men aged 20-24 years is 32%. Every day, 110 people are leaving this country. We all know there has been a sharp increase in Irish nationals leaving, with around 40,000 people expected to emigrate this year.

Working families and families dependent on welfare will be the hardest hit. I hope the Labour Party Members present are listening to me. Let us take the example of a working family with four children. They will lose €430 on child benefit. They will pay at least €400 extra on VAT. They will pay €144 extra for the drug payment scheme. They will pay €100 for the household charge. They will pay a minimum of €100 for motor tax, excise duty and carbon tax. If they are fortunate enough to have private health insurance, the VHI has stated that a typical €3,000 premium will now cost at least an extra €1,000. In spite of what we have heard this evening, this typical working family will lose €2,176 next year, excluding increases in school transport charges.

I am amazed at the Labour Party. No wonder it is going down in the polls and no wonder we are gaining.

**Senator John Gilroy:** Polls do not affect us. We will do the right thing for the country.

**Senator Mary M. White:** There is no idealism left in the Labour Party. How can it go along with the tax on disability? The taxes being imposed on young people with disabilities are deeply unfair, heartless and cruel. Cutting up to €88 per week on people with disabilities who are aged between 18 and 22,——

**Acting Chairman (Senator Marie Moloney):** Your time is up Senator.

**Senator Mary M. White:** ——many of whom have severe and profound disability, is totally unforgivable.

I would like to say finally that I was listening to the——

**Acting Chairman (Senator Marie Moloney):** I call on Senator Cummins.

**Senator Mary M. White:** I would like to finish with one sentence.

**Acting Chairman (Senator Marie Moloney):** Your time is up.

**Senator Maurice Cummins:** I would like to share my time with Senator Burke.

**Acting Chairman (Senator Marie Moloney):** Is that agreed? Agreed.

**Senator Jim Walsh:** That is not agreed.

**Senator Maurice Cummins:** I will continue now and I thank the Senator.

**Senator Jim Walsh:** I think the Leader——

**Senator Mary M. White:** I want to say finally——

**Senator Maurice Cummins:** How much time do I have?

**Acting Chairman (Senator Marie Moloney):** You have five minutes.

**Senator Mary M. White:** I do not know why this Government is getting excited about not increasing income tax.

**Acting Chairman (Senator Marie Moloney):** Senator, you have had your time.

**Senator Mary M. White:** Talking about high social standards in other countries where they have a very high rate of income tax——

**Acting Chairman (Senator Marie Moloney):** There are other people who want to contribute to the debate and your time is up. I call on Senator Cummins.

**Senator Mary M. White:** People earning over €90,000 per year should be paying higher income tax, end of story.

**Senator Jim Walsh:** On a point of order, Senator Cummins takes the floor, but he should extend the time. He is trying to bury this House. I do not know why, but it is not serving the interests of the people there who are depending on us——

**Acting Chairman (Senator Marie Moloney):** That is not a point of order.

**Senator Jim Walsh:** ——to have an opportunity to have an input into the debate. That surely is a point of order. If that was not a point of order, there would be no points of order.

**Senator Maurice Cummins:** I thank the Acting Chairman. Taking €3.8 billion out of the public finances and out of the economy is not an easy task for any government. Difficult decisions had to be made and difficult decisions have been made. The decisions are being taken because this Government was elected to sort out the financial situation in this country. That is the reason why we were elected; to sort out the mess that had been left for us by the previous Government.

**Senator Jim Walsh:** Just like the Government did between 1982 and 1987.

**Senator Maurice Cummins:** In order to do that, we have started to solve the problem with our four year strategy to give us back our economic sovereignty.

On many occasions over the last few weeks, we have been taunted from the other side of the House for not keeping the promise on mortgage interest relief for people who purchased their houses between 2004 and 2008. At the very first possible opportunity, we have delivered on that promise. I listened to people on the other side of the House say that this was the reason many people voted for the Government and that we failed to honour the promise. We have now delivered on that promise and it is in a significant area. It will help those who are in mortgage difficulties. I acknowledge the comment of the leader of Fianna Fáil in the House that we have delivered on a significant area, for which he himself had been pressing over the last few months. I received calls from my own constituency in Waterford castigating me over the last few months for not honouring our pledge on mortgage relief. Thankfully, three of them telephoned me today and told me that their votes were vindicated and that they were glad that the mortgage interest relief has been delivered.

The last Leader of the House advocated that people should buy houses when the market was falling. It has fallen a lot since he gave that advice. It has fallen at least 50% since then. However, I would suggest that now is the right time for first-time buyers to buy and get into the market, following the mortgage interest relief and stamp duty changes announced by the Minister for Finance in the budget. The banks will have to play their part in that regard. They will have to provide the loans for young people who wish to purchase their own homes. Senator Sheahan made a very important point. We have people who are renting houses for €750 and €800 per month. They will now see that this is the best possible time and opportunity to get to own a house given the mortgage interest relief that the Minister announced today. I urge young people to go and purchase. This is the right time for people and the market has probably bottomed out at this stage.

The question of proposed changes to social welfare was raised.

**Acting Chairman (Senator Marie Moloney):** I am sorry to interrupt but it is 7.50 p.m. now and I must call the Minister of State.

**Senator Mary Ann O'Brien:** I apologise to the Minister of State, Deputy Perry, for my rudeness but can we have an extension please after the Minister has spoken?

**Acting Chairman (Senator Marie Moloney):** That is a matter for the Leader.

**Senator Maurice Cummins:** We agreed the Order of Business this morning and I cannot extend the time.

**Senator David Cullinane:** Other speakers wish to come in.

**Senator Jim Walsh:** On a point of order, if Senator Mary Ann O'Brien proposes an amendment to the Order of Business and it is seconded, will it be accepted?

**Senator Maurice Cummins:** No.

**Senator Jim Walsh:** When I say “accepted”, I mean will it be accepted by the Chair? I believe the Chair is obliged to accept a motion put by Senator Mary Ann O’Brien to extend the time — I suggest by one hour — and I would be pleased to second it.

**Senator Maurice Cummins:** The Order of Business must be amended at the Order of Business stage in the morning.

**Senator Jim Walsh:** No. I believe that it can be amended here and that we can extend this debate.

**Senator Maurice Cummins:** I do not believe we can do so.

**Senator Jim Walsh:** If the Seanad is in session, the Senator is entitled to put an amendment and if she does so there is nothing to prevent it under Standing Orders. I am pleased to second it.

**Acting Chairman (Senator Marie Moloney):** My information is that it cannot be accepted.

**Senator Jim Walsh:** I believe it can be accepted.

**Acting Chairman (Senator Marie Moloney):** We cannot accept it at this stage.

**Senator Maurice Cummins:** I understand the amendment must come during the Order of Business.

**Senator Jim Walsh:** Will Senator Mary Ann O’Brien put the amendment?

**Senator Mary Ann O’Brien:** Yes.

**Senator Jim Walsh:** I second the proposal that we extend the sitting for one hour to 9 p.m.

**Senator Maurice Cummins:** I do not believe that is in order.

**Acting Chairman (Senator Marie Moloney):** I cannot accept that. It must be done on the Order of Business.

**Senator Jim Walsh:** Is the Acting Chairman ruling it out?

**Acting Chairman (Senator Marie Moloney):** I am ruling it out. I am sorry. I call the Minister of State.

**Minister of State at the Department of Jobs, Enterprise and Innovation (Deputy John Perry):** In presenting the statement on the 2012 Estimates and today’s Budget Statement 2012 the Minister for Public Expenditure and Reform and the Minister for Finance have asked the people to make considerable sacrifices in the year to come. An adjustment of €3.8 billion in the public finances, through cutting public spending by €2.2 billion and raising €1.6 billion in extra taxes, cannot be achieved other than through sacrifices. We cannot take refuge in simply stating that this burden will be borne collectively by Irish society because we know that it will be borne by each individual member of our society in a million different ways. The scale of this adjustment reflects the scale of the crisis that we face. The Taoiseach described this crisis as an exceptional challenge. It can also be described as a great test and, to echo the title of a book edited many years ago by the late Francis Mc Manus, these are the years of the great test, a test which we cannot and will not fail.

We must get our economy back to health again so that we can create enough jobs to get rid of mass unemployment, to enable our children to have a future here and to create enough resources to look after the most vulnerable people in our society and not to have to rely on



[Deputy John Perry.]

whatever we can borrow to support them. Now, however, the State is spending €16 billion a year more than it is taking in and this is why it is imperative to close the gap between spending and saving by € 3.8 billion in the budget for 2012.

While this budget is the most important step that has been taken by the Government to stem the crisis, it is not the first such step. From the moment it came into office, the Government began to prepare and then implement policies and initiatives to support the economy and tackle the public finances. We have made considerable progress in stabilising our banking system and, importantly, we have recapitalised the remaining pillar banks at a lower cost than expected. Last May, a jobs initiative was introduced that cut VAT from 13.5% to 9% to support tourism and employment. It cut the lower rate of employers' PRSI for lower-paid workers earning below €356 a week. It created more than 20,000 new job and training placements and it brought in a new loan scheme for small and medium-sized enterprises.

The Government secured a lower rate of interest on the country's borrowings that will save us €10 billion over time. We have met our commitments to the EU and the IMF in full and on schedule. As a result, Ireland has regained a good deal of the international confidence that it had lost and it has achieved credibility that others have not. The scale of the crisis is such that efforts must continue to be made for a further three years after 2012. Nevertheless, we have achieved substantial progress in dealing with the crisis in a short time. The process of stabilising the public finances is well under way and exports crucial to underpinning our economic recovery are growing. We have laid the foundations of recovery and the expenditure and taxation measures which were introduced yesterday and today will build on those well-placed foundations.

Although the budget measures for 2012 had to be difficult, it is unavoidable if we are to achieve our target of a deficit of 3% of our GDP by 2015. Despite these unavoidable consolidation measures, a key aim of the budget and of the Government's four-year strategy is to support employment creation. Although we may appear to be a long way from returning to the rate of employment growth that we need, the increase in the total at work of some 17,000 in the second quarter of this year, although largely seasonal, is encouraging. Cutting expenditure and increasing taxes may not seem to be the right way to support employment. However, by making serious steps to restore our public finances to a sound footing and as our deficit moves to sustainable levels, investors will start regaining confidence in Ireland and credit will be made available at better rates. This means that businesses will be able to start borrowing, expanding and hiring again. As I have stated, international confidence in Ireland's economy is returning already and it will continue to grow if we keep on our present course.

The budget also supports jobs in that it includes a series of targeted measures specifically designed to create employment and to get the unemployed back to work. These measures include, among others, a new system of loan guarantees that will enable banks to resume lending and a new micro-finance scheme that will help people to start their own businesses. Uncertainty has added to the problems in the economy. For this reason, budget 2012 leaves income tax untouched. Instead, €1.6 billion of extra taxes that Ireland needs will be raised mainly through indirect taxes although we acknowledge that no tax increase is easy for our citizens. As well as supporting employment creation, the budget reflects the Government's commitment to do all it can to protect the most vulnerable in our communities, including our decision to invest in important health and education infrastructure.

The budget is a hard but necessary step on our four-year path to stability, recovery and a return to full normality. If the Government had the choice of easier options it would have taken them willingly, but it did not and all that was open to it was a set of difficult decisions. Undoubtedly, we will have to make other hard decisions but the reward of our sacrifices will be great within a few years and it will be measured in strong sustained economic growth, falling

unemployment, a good future at home for our young people and a decent life for the vulnerable in society.

**Acting Chairman (Senator Marie Moloney):** When is it proposed to sit again?

**Senator Maurice Cummins:** Ag 10.30 a.m. maidin amárach.

### Adjournment Matters

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#### Tionscal na hÍascaireachta

**Senator Trevor Ó Clochartaigh:** Cuirim céad fáilte arís roimh an Aire Stáit don dara huair inniu. Tá a fhios agam go bhfuil neart eile ar siúl inniu.

Iarradh orm ceist a ardú maidir le tionscal atá fíor tábhachtach i dtaobh tionscal na hÍascaireachta, tionscal nach ndéantar mórán cainte faoi de ghnáth ach a bhfuil seans ann go bhféadfadh sé cuid mhaith fostaíochta a chruthú agus a bhféadfadh cuidiú le tionscal na turasóireachta — is é sin iascach na n-eascann anseo in Éirinn.

This matter concerns an industry which is not often spoken about or well known but it is important for the fishing industry, namely, the eel fishing industry. It was a thriving industry but a ban on eel fishing was put in place some years ago. This has prevented fishing for eels even though the industry is thriving in the Six Counties and is creating employment and assists the tourism industry. I am seeking clarification of the Government's policy and strategy for the development of the eel fishing industry. Will the Minister of State indicate if the ban will be lifted soon?

**Minister of State at the Department of the Environment, Community and Local Government (Deputy Fergus O'Dowd):** Sa bhliain 2007, tar éis thaighde eolaíochta de chuid Comhairle Idirnáisiúnta um Thaisceolaíocht na Farraige, ICES, a léirigh go raibh drochbhail rí-thábhachtach ar stoic eascann na hEorpa, thug an tAontas Eorpach isteach rialachán go bhfuil mar sprioc aige téarnamh na stoc chomh fada leis na hardleibhéil a bhíodh ann fadó. Léiríonn na meastacháin gur tharla géar thitim de 90% ar na stoic san tríocha bliain anuas go dtí sin agus sa bhliain 2008, ainmníodh an eascann Eorpach go hoifigiúil a bheith i mbaol. Sin an fhíríc bhunúsach, go bhfuil siad i mbaol.

Leagann an rialachán ar gach ballstát plean náisiúnta um bhainistíocht na n-eascann a ullmhú. Cuireadh plean na hÉireann faoi bhráid Coimisiún na hEorpa i mí Iúil 2009. Mar chuid den phlean sin, agus é bunaithe ar togha na comhairle bainistíochta agus eolaíochta a bhí ar fáil, glacadh leis an gcinneadh iascach na n-eascann a thabhairt chun stad maraon le bearta caomhnaithe eile chun cur le téarnamh na stoc.

Cuireann fógra caomhnaithe na n-eascann, uimhir CS 303 de 2009, an cinneadh sin i bhfeidhm agus foráiltear ann do dhúnadh an iascaigh go dtí Meitheamh 2012, uair a hathbheithneofar go hiomlán staid na stoc agus go dtuairisceofar do Coimisiún an hEorpa de réir rialachán na comhairle. San athbheithniú seo, pléifear cé acu an féidir iascach eascann a oscailt i gceantar abhantraí ar bith agus a thabhairt i gceist na sonraí a bhailíodh idir an dá linn agus conas d'éirigh leis na stoic. Cuimsítear sa phlean bainistíochta eascann clár cuimsitheach um fhaireachán agus um mheasúnú ar na gníomhartha bainistíochta agus a gcur i bhfeidhm. San áireamh freisin, tá clár um mheasúnú eolaíoch ar stoic na n-eascann chun bunlíne stoc a chur ar bun, chun éalu i láthair na huair de na heascainn airgid a mheasúnú agus chun faireachán a dhéanamh ar fheidhm na ngníomhartha bainistíochta ar stoic logánta. Deirtear sna tuairiscí i leith na blianta 2009 agus 2010 chun an Aire maidir leis an bplean náisiúnta um bhainistíocht na n-eascann arna ullmhú ag an mbuan-chomhairle eolaíochta um eascainn, ar a bhfuil freag-

[Deputy Fergus O'Dowd.]

racht as faireachán ar na gníomhartha eolaíochta a léirítear i bplean bainistíochta na n-eascann, go bhfuiltear ag leanúint den eolas a bhailiú agus dála na dtasc go luíonn na stoic fós i ndrochbhail rithábhachtach.

Tugadh faoi suirbhéanna cuimsitheacha agus measúnaithe ar earcú na n-eascann óg, ar eascainn bhuí agus ar eascainn airgid a bhí ag aibiú le linn 2009 agus 2010 agus táthar ag leanúint diobh sa bhliain 2011. Tá na measúnaithe agus na suirbhéanna seo á stiúradh ag Iascaigh Intíre Éireann, ag Ollscoil Éireann Gaillimh, ag Bord Soláthar an Leictreachais agus ag Foras na Mara. Do rith an BSL clár iomlán caomhnaithe um eascainn airgid a bhreith agus a iompar, mar a thiomnaíodh sa phlean bainistíochta eascann, ar aibhneacha na hÉirne, na Sionainne agus na Laoi le linn 2009 agus 2010 agus ta sé á rith arís sa bhliain 2011.

Léiríonn réamh-mheastacháin ar éalú na n-eascann airgid in abhantracha áirithe go bhfuil borradh éigin i bhfreagairt do dhúnadh an iascaigh agus luíonn na réamh-mheastacháin seo san raon go mbeadh súil leo, a léiríodh sna pleananna bainistíochta eascann. Beidh meastacháin iomlan ar thairgiú agus ar éalú na n-eascann airgid ar fáil le haghaidh tuairisc 2012 chuig an AE. Ní féidir fós oiread na stoc a mheas le haghaidh na ndobharlach móra ná le haghaidh uiscí idirchriosacha agus tá siad san mar ábhar ag staidéir fadtéarmacha um mharcáil agus um athbhreith agus ag cleachtaithe samhaltuithe chun oiread na stoc logánta a mheas agus tairgeadh acmhainneach agus réaduil a mheas.

Is cúis mór-imní i gcónaí leathadh seadán ionrach neamhdhúchasach an bhoilg snámha, *Anguillucoloides*, mar gur féidir go gcuirfidh sé le meath breise agus go gcuirfidh sé in aghaidh téarnamh stoc na n-eascann. Mar achoimre, ta meath ar earcú na n-eascann óga ó na 1980dí anuas agus theip air teacht slán.

**Senator Trevor Ó Clochartaigh:** Gabhaim buíochas leis an Aire Stáit agus tréasláim leis as ucht freagairt as Gaeilge. Is breá an rud sin a dhéanamh. Tá a fhios agam go bhfuil sé deacair sin a dhéanamh, go háirithe ar ábhar casta agus teicniúil mar seo. Tá mé thar a bheith buíoch dó as ucht a fhreagra a thabhairt i nGaeilge.

An cheist bhunúsach eile a bheadh agam faoi seo ná, ní chosúil go bhfuil aon chosc i bhfeidhm sna Sé Contae ar iascach na n-eascann, ach tá sé i bhfeidhm ó dheas. Tá codarsnacht áirithe ansin, mar deirtear to dtagann cuid mhaith de na h-eascainn ón áit chéanna, go síol-raíonn siad san áit chéanna. Nach bhfuil sé beagán ait gur féidir iascach eascann a dhéanamh ó Thuaidh agus nach féidir é a dhéanamh ó Dheas? An bhfuil aon seans go mbainfear an bac i mí Meitheamh?

**Deputy Fergus O'Dowd:** Tá sé an-tábhachtach an prionsabal sin a chur i bhfeidhm más féidir sin. Ba chóir go mbeadh an polasaí céanna ann maidir le hiascaireacht Thuaidh agus Theas. Táim sásta na tuairimí atá nochtaithe ag an Seanadóir anocht a thabhairt chuig an Roinn agus chun freagra iomlán a fháil dó ar an scéal. Tá mé féin sásta féachaint isteach sa scéal chomh luath agus is féidir liom. Gabhaim buíochas leis an Seanadóir as cur suas le mo Ghaeilge bhriste.

**Senator Trevor Ó Clochartaigh:** Go raibh maith agat féin. Tá sé thar barr.

### Local Authority Housing

**Senator Martin Conway:** It is not often I have the Chamber to myself and the Minister of State. The issue I wish to raise is one about which I have been concerned for a long time, namely, local authority tenants having difficulties with rents. Many of these tenants may be poor at financial management. Local authorities are stretched in regard to the need for cost efficiencies and managing resources. I am proposing and hoping that the Government will help

local authorities and tenants in a very practical way. I am proposing that where there are issues in regard to the collection and payment of rents for social housing by tenants, a system of deducting rents at source be introduced. This would have great benefits in that it would assist those who are poor at budgeting and money management to ensure that at least their rent is paid on time. Second, such an arrangement would ensure that the finances of the various local authorities throughout the country are protected and that when somebody falls into arrears, there is a strategy that can be adopted. Third, it would ensure a reduction in man hours in terms of collecting rents. Fourth, while most people who fall into arrears are genuine, there is a cohort who simply do not want to pay rent. Such abuses of the system are taking place in Clare, as I am sure they are in Sligo, Kerry and everywhere else. The arrangement I have proposed would deal with this problem. The Clare county manager told me recently that some tenants have put it to him that they will continue not to pay their rent safe in the knowledge that the council's only recourse is to put them out on the side of the road and thus create further social difficulties. These people know their local authority will not do that.

The most practical and sensible solution to this problem is a system whereby people experiencing difficulties in meeting their rent payments, whether as a consequence of poor money management, limited resources or whatever, will have their rent deducted at source. Paying rent is part of one's responsibility as a local authority tenant. Even in these tough times we should bear in mind that local authority rents are assessed as a proportion of income, usually at something like 27%. There are bad apples in the system and others who get into difficulty through no fault of their own. It is incumbent on us to assist those who have difficulties with money management in order to ensure they at least have a roof over their head.

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

I thank the Senator for raising this important issue. Since 2005 rent supplement expenditure has increased from €369 million to €516 million in 2010. The number of persons claiming the allowance increased from almost 60,200 in 2005 to more than 96,100 as at mid-November 2011, a 60% increase.

The household budget facility operated by An Post on behalf of the Department of Social Protection already allows certain customers to pay regular amounts towards various household bills, including local authority differential rents, by direct deduction from their social welfare payments. This will be a vital facility for local authorities when they take over responsibility for providing for the housing needs of long-term rent supplement recipients.

On 16 June 2011 the Minister for the Environment, Community and Local Government and the Minister of State with responsibility for housing published a new housing policy framework statement. This statement, which reflects the content of the programme for Government, sets out the principles to underpin the development of housing policy into the medium term. Specifically, it provides for the transfer of responsibility in providing housing needs for long-term rent supplement recipients to housing authorities on a phased basis.

A multi-agency steering group has been established to develop proposals to give effect to this transfer. The group consists of representatives from: the Departments of the Environment, Community and Local Government, Social Protection, and Public Expenditure and Reform; the County and City Managers Association; and the Housing Finance Agency. Its remit is to finalise proposals and operational protocols for the transfer of responsibility from the Department of Social Protection to housing authorities for persons who have long-term housing requirements, that is, those in receipt of rent supplement for more than 18 months. This will help to achieve the key Government commitment of removing barriers to employment while at the same time returning rent supplement to its original purpose as a short-term income support payment for those temporarily unemployed.

[Deputy John Perry.]

An issue being considered by the steering group is the current arrangements in regard to the deduction of the local authority differential rent from a person's social welfare payment. At present this arrangement can be terminated by the tenant without either the agreement of, or prior notice to, the local authority. This creates a degree of financial uncertainty for local authorities which must be resolved.

I am sure the issue raised by the Senator will be a matter for serious consideration by the steering group. His proposal makes sense and, as such, I am certain it will be given due consideration by the Government in the context of its review of the steering group's recommendations.

**Senator Martin Conway:** I thank the Minister of State for his response. I understand this issue is not within his remit. I would have liked the Minister to come to the House in order to indicate a clear timeframe for this. We need a common sense approach to these matters. In fairness to the Minister of State, Deputy Perry, he shows that all the time in the work he does. In this case, the common sense approach is that when people are experiencing difficulties in making their rent payments, those payments should be deducted at source. I would go so far as to say that people in receipt of social welfare who are in local authority housing should have their rent deducted from their welfare payment. Such an approach has the benefit of an administrative saving by removing the need for the collection of rent. It makes sense to do so in this time of information technology and advanced communications. Nor is it a case of the State taking something from people to which it is not entitled. As we seek to ensure a general provision of high-quality local authority accommodation, we should also be moving towards a paperless system where rents are collected by electronic means.

My greatest concern is that by the time the programme for Government comes to its conclusion in four and a half years, we will still be in the same situation. Will the Minister of State send a note to the Minister for Social Protection alerting her to the need for a timeframe for action in this area?

**Deputy John Perry:** I will raise this matter directly with the Minister. It is a vital issue in terms of streamlining local government and making it more efficient. The information technology and software capacity is already there in many instances. A mandatory deduction would be helpful in terms of safeguarding the income streams of local authority housing sections and would facilitate greater efficiencies in terms of the management of finances locally. I am sure the Minister for the Environment, Community and Local Government, Deputy Hogan, and the Minister for Social Protection, Deputy Burton, will not put this issue on the long finger. I will convey the Senator's concerns to the Ministers and ask them to respond directly to him with regard to a timeframe for implementation. I am sure the county managers would be very much in favour of this.

As the Senator said, there are some people who cannot pay and others who do not want to pay. It is a matter of ensuring the correct balance. This is a timely proposal and I assure the Senator I will convey his concerns to the Ministers concerned. From an efficiency and corporate governance perspective, it is a win-win situation.

The Seanad adjourned at 8.20 p.m. until 10.30 a.m. on Wednesday, 7 December 2011.