



DÍOSPÓIREACHTAÍ PARLAIMINTE
PARLIAMENTARY DEBATES

SEANAD ÉIREANN

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

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SEANAD ÉIREANN

Dé Máirt, 3 Iúil 2012.

Tuesday, 3 July 2012.

Chuaigh an Cathaoirleach i gceannas ar 12.00 p.m.

Machnamh agus Paidir.

Reflection and Prayer.

Address by Mr. Drew Nelson, Grand Secretary of the Grand Orange Lodge of Ireland

An Cathaoirleach: I acknowledge the presence in the House of the British and American ambassadors.

On behalf of my fellow Senators, I am delighted to welcome to the House Mr. Drew Nelson, grand secretary of the Grand Orange Lodge of Ireland, and the accompanying delegation led by the grand master, Mr. Edward Stevenson. Before we begin, I would like to make a few personal remarks.

I have been a public representative in various capacities since 1979. I have many memories from those 33 years of significant events. However, on this historic day, I cannot help but reflect back on what I knew or, maybe more accurately, what I thought I knew about the Orange Order until very recently. In this regard, I am sure I am no different from the other Members of this House.

My own background is typical of many with a rural Irish upbringing. Growing up in Mayo and in the years since, I had no real sense of what the Orange Order was or what it represented. The limited information I had was taken from the media. If I am honest, I must admit that I was not that interested in finding out more about the order. In short, it seemed so far removed and so irrelevant to my life in rural Ireland.

However, I recently travelled with Senator Martin McAleese to Belfast to meet with you. I was received graciously, with great hospitality and courtesy. I was given a tour of Schomberg House and saw at first hand the order's banners and historic artefacts and heard proud and passionate descriptions of the heritage of the order and its members. I left that meeting wondering how to reconcile my previous perceptions of the order with the way I was received, welcomed and treated at the home of the Grand Lodge of Ireland that day in Belfast. It brought home to me the dramatic changes which simple personal contact can bring about and underscores the need for us all to engage with the humanity of each other rather than to rely on perceptions and stereotypes.

Today is a particular milestone for Seanad Éireann and for the Orange Order. Mr. Nelson is the first representative of the Orange Order to speak to the Seanad and it is a mark of progress made in relations between Britain and Ireland, between North and South and between the various traditions on this island for him to accept our invitation to address this House.

[An Cathaoirleach.]

Seanad Éireann, for its part, is an appropriate forum for this address by Mr. Nelson. It was established in 1922 to represent all the views of the people on the island of Ireland.

This historic visit and address by the grand secretary of the Orange Order is most welcome at this time. I strongly believe that it is another step on the path to sustained peace and reconciliation on our island. It also presents an opportunity for our people to learn and build understanding about the Orange Order.

This is timely and significant as we approach a series of commemorations that will take place over the coming decade marking the centenaries of some of the most historic and significant events in Irish and British history, such as the signing of the Ulster Covenant, the Easter Rising and the First World War. We should use these commemorations to further reconciliation between our communities, to learn from each other, to build bridges, to promote positive and inclusive engagement and to deepen our understanding of our shared history.

I am delighted that, under our new procedures, we could invite Mr. Drew Nelson to address Seanad Éireann, that he has accepted our invitation and that this Chamber can play an important part in furthering peace and understanding. It is a great honour to invite Mr. Drew Nelson to address Seanad Éireann.

Mr. Drew Nelson: I thank the Cathaoirleach and Senators very much for the invitation to come here today. I heard the Cathaoirleach say he grew up in a rural Irish parish — so did I. I was born on a small farm in County Down. For the first year of my life, not only did we not have an inside toilet, we did not even have running water in my house. I am sure what I will say will strike a chord with many but my father brought water to our house from his parent's house in a milk can to see us through until we got our act together better.

I want to speak to Members today about the Loyal Orange Institution of Ireland. The Orange Order, as it is commonly known, derives its name from King William III, Prince of Orange. It views his victory at the Boyne and his achievements elsewhere as laying one of the cornerstones of civil and religious liberty, something we believe is still very relevant in the pluralist 21st century. It also helped to establish the foundations of modern constitutional democracy, again something worth cherishing and defending. I probably do not have to remind the Members of this House that the cornerstones of democracy are continually under attack.

While some may therefore view the annual celebrations of the Battle of the Boyne by the Orange Order as anachronistic to a modern world, it is clear that the events there had a significance beyond the shores of Ireland and, in a way, that is still relevant today. In the aftermath of the Glorious Revolution, a number of Williamite and Boyne societies developed spontaneously to maintain the principles so dearly fought for at that time.

However, while we want to remember 1690, we do not want to live in it. Within Ireland, our institution was founded in September 1795, following a faction fight known as the Battle of the Diamond, which occurred near Loughgall in County Armagh. Following that incident, a lodge system was adopted by many pre-existing Protestant and Orange groups. This system spread rapidly and within just ten months, 315 Orange lodges had been formed.

My natural inclination at this point is to talk about the history of the Orange Order but it is much more important for me, on behalf of the institution, to use this occasion as a springboard for the future rather than as a shackle to the past. Having said that, we carry an enormous burden of history, which I must address and try to explain. Let us talk first about the burden of history which, I think, affects us all. I want to thank Deputy Micheál Martin, the leader of Fianna Fáil, for welcoming the invitation to us to address the Senate today but I note that he felt obliged to preface his welcome by stating “As a republican party we will always believe in

and work towards a united Ireland.” That preface Micheál felt he had to put on it is the burden of history in action.

Less than two years after the first Orange lodge was formed, General Lake, the commanding general in the north of Ireland, reviewed Orange parades on 12 July 1797 in Belfast, Lurgan and other places. Why did he do that? He did so because he saw the Orange Order as an ally in the forthcoming 1798 uprising. Orangemen were encouraged to join the yeomanry and Orange lodges were formed within yeomanry companies. Not for the last time, the Orange Order was used by others to protect their own interests. This has been a recurring theme in our organisation.

Over the next 50 years, we were suppressed by various Acts of Parliament but throughout this period Orange lodges continued to meet, sometimes openly, sometimes surreptitiously and sometimes in alternative guises such as shooting clubs or Brunswick clubs. The reason I am explaining this is to help Members understand that I believe the enduring strength of the Orange Order lies in its local roots. We are a very decentralised organisation, and although this poses great challenges at leadership level it is, ultimately, a great strength.

As the 19th century progressed and Home Rule for Ireland came onto the agenda the institution began to recover its strength. Most Orange halls were built between 1890 and 1910, perhaps as many as 400 during that 20-year period. This meant that the Orange institution owned more halls than any church or voluntary association. These halls became the centres of social activity in Protestant communities right across Ulster and further afield. The seeds which had been planted during the previous 100 years now matured into a lasting religious, physical and social presence all across Protestant Ulster.

I cannot over-emphasise the importance of this network of halls. At present, we have 835 halls, and between 30 and 40 of those are in the Republic. They provide an important social focus for our people. They plant our roots deeply in local communities, townland by townland.

The building of all of these halls, of course, would not have been possible without the co-operation of the aristocracy who gave the sites. Why did they do that? In the late 19th century the establishment again saw the institution as an ally to protect their interests in Ireland, this time against the threat of Home Rule. I repeat, not for the first or last time the Orange Order was used by others to protect their own interests.

As the Home Rule crisis developed the Orange Order and political Unionism joined to form the Ulster Unionist Council and subsequently co-operated enthusiastically in the organisation of the signing of Ulster’s Solemn League and Covenant and the formation of the Ulster Volunteer Force.

Exactly a century ago, on 28 September 1912, some 471,414 Ulster men and women signed the Ulster Covenant, a tremendous feat of organisation carried out in an atmosphere of unyielding religious determination. In 1913 the Ulster Volunteer Force was formed. In 1914 it became the 36th Ulster Division of the imperial army and on 1 July 1916, the 226th anniversary of the Battle of the Boyne, it was destroyed at the Somme.

Many Senators may not be aware that on the morning of the Battle of the Somme, the anniversary of the Battle of the Boyne, many members of the 36th Ulster Division wore their Orange sashes, either openly or under the tunics as they went over the top to their deaths.

We estimate that we may have lost as many as 10,000 members, including many from Canada, Australia and New Zealand, England and Scotland, in the First World War. Losses of Canadian Orangemen were particularly heavy.

All of these events contributed to the formation of the state of Northern Ireland. Because of its intimate involvement the Orange institution felt that it had played the leading role in the

[Mr. Drew Nelson.]

creation of a new country. For the next 50 years our role was very simple, namely, to protect, uphold and maintain the state of Northern Ireland within the United Kingdom.

After the fall of the Unionist Government in Northern Ireland in 1972, life suddenly became much more complicated for the institution. As terrorism increased the establishment came calling yet again in its hour of need. Army colonels toured Orange halls begging members of the institution to join the Ulster Defence Regiment. Many thousands did and hundreds paid with their lives.

Because I want to emphasise my point, I am going to say again that not for the first or last time the Orange Order was used by others.

During the most recent terrorist campaign, and that is what we regard it as, 336 members of our institution were murdered. Over half of those members were serving in the security forces at the request of our Government. Again I cannot over-emphasise to you the effect these murders have had on our institution and the attitudes of our members. Between 1969 and 1989, that is the first 20 years of the troubles, 11 Orange halls were burned. In the subsequent 22 years, a further 323 Orange halls have been burned. Something happened in the late 1980s. These burnings continue. I have just been told that another Orange hall, although not burned, was severely attacked and damaged in Belfast last night.

I believe these burnings are a direct result of the demonisation of the Orange Order by the republican movement. It is clear to us that in the late 1980s the republican movement decided to directly attack the Orange institution. As well as burning these 334 halls they also organised resistance to our parades. This resistance to parades continues to have a corrosive effect on community relations in Northern Ireland and, I believe, the potential to again explode onto the headlines. It also deeply affects the attitude of our members. As an institution we call for accommodation and tolerance not segregation. These words are easy to say but hard to live up to.

At this stage I want to mention one further matter which has had a profound effect on the attitude and beliefs of our members, especially those living in the Republic. In 1911 the size of the Roman Catholic minority in County Antrim was almost the same as the minority Protestant population in counties Donegal, Cavan and Monaghan, just over 20%. By 1961, however, the minority population in County Antrim had grown by over 20% whilst the minority population in counties Donegal, Cavan and Monaghan had fallen by almost 40%. This of course begs the question as to which State looked after its minority better. Many of our members from the minority Protestant community in the Border counties of this State have spoken to me over the years of the communal uncertainty of their survival as a viable self-sustaining community. Many have also spoken frankly of their fear, and I am not just talking here about the fear of violence. I am specifically referring to their fear of incurring the displeasure of the State in any way. Again and again they have told me that their key to survival has been to keep their communal head down, not to rock the boat, not to bring attention to themselves.

A Chathairligh, I make this point because it is important that the political establishment understands this issue, but I also want to say that over the past few years I have seen the Protestant communal fear in the Border counties subside. I would like to pay tribute to Deputy Éamon Ó Cuív, then Minister for Community, Rural and Gaeltacht Affairs who, I believe, was the first Government Minister to positively address those issues when, in 2008, he funded Cadolemo as a community development organisation working with the Border Protestant community. That initiative has clearly and demonstrably built confidence within the Border Protestant community. For that we are very thankful.

Although things are improving, Protestant communal uncertainty still exists and has been reinforced over the past few years because of the education cuts to Protestant schools, which are having a severe effect among the scattered Border Protestant community. The effect is more severe than on Protestant schools in, for example, the greater Dublin area. The Border Protestant community is very different in nature from the Protestant community further south.

So what does the Orange Order stand for today? One of the reasons we are such an enduring organisation is that we continue to stand for the two key principles we have always stood for, namely, faith and fraternity. Our organisation is still vibrant almost 220 years after it was formed. With more than 800 Orange halls and more than 1,200 lodges, we feel we are an enduring organisation. The secret of that sometimes eludes us. I believe it is partly to do with decentralisation and partly to do with those two core principles and the fact that we stick rigidly to them. We respect the right of everyone to worship God according to the dictates of his or her own conscience, or not to worship at all. Nevertheless, we are a Protestant organisation and our membership is only open to those of the Protestant reformed faith. We believe the essence of the Christian faith is summed up in the statement “salvation is by grace alone, through faith alone, in Christ alone” and all of this we believe is based on the Bible alone. We value our Protestantism highly. All of our meetings open and close with prayer and readings from the Bible. Over 90% of our parades are church parades. All of our 12 July demonstrations have a religious service as the central part of the day’s activities. Many of our members believe that once they put a collarette on in their lodge room that morning, they are engaged in a religious act right through until they finish at the end of the day.

We have approximately 20 different Protestant denominations in membership. Operating and organising in a community which places a high value on individual freedom of thought, conscience and responsibility means that in vast areas of Northern Ireland we are the only Protestant organisation which brings individual members of all of the diverse denominations together. As a result, we are often regarded as a strong unifying force within a very diverse Protestant community. I, personally, believe that is why the republican movement started to attack us directly in the late 1980s. We were this unifying force deeply embedded town land by town land, parish by parish within the Protestant community.

Today, we have approximately 1,300 Orange lodges meeting in 835 Orange halls in 11 counties, that is, in the nine Ulster counties, Leitrim and Dublin. Approximately 6,000 groups meet in our halls. That is a number worth thinking about. Perhaps as many as ten times that number of groups meet in our halls as meet in council facilities such as community and sports centres. I do not want to bore the Senators with the figures, but I hope these will help them understand that we believe ourselves to be a strong communal glue holding Protestant society together. Our roots really do grow deep in Protestant society, particularly in rural Ulster.

Most Members here today will probably not be aware that there are eight loyal orders operating within the complex and diverse Protestant community, such as the Royal Arch Purple institution, the Royal Black Institution, the Association of Loyal Orange Women of Ireland and the Apprentice Boys of Derry. We accommodate the vast majority of the lodges, chapters, preceptories and clubs from these eight loyal orders in our halls. We also accommodate approximately 600 bands and, increasingly, a large number of community organisations which are not affiliated to the institution — believed to be about 1,500 at present.

We act in mutual support of our individual members and in their best interests. This includes defending their religious, cultural, heritage and political interests. We have a strong charitable network, which seeks to help our widows, orphans and students, but we also raise tens of thousands of pounds every year for outside charities, which benefit the whole community.

[Mr. Drew Nelson.]

We believe strongly that the interest of our members in Northern Ireland is best served by remaining part of the United Kingdom and we would welcome the Republic of Ireland re-joining the Commonwealth, which, we believe, would bring the two communities in Ireland closer together without compromising the ideals of either community.

Why are we here today? The Loyal Orange Institution has two main motivations for accepting the offer to address the Senate today. Firstly, as an all-island organisation, we see today's invitation as a formal recognition of our place in Irish society. For that we are very grateful. We regard this as a significant step, which will help to integrate our members in the Republic of Ireland into mainstream Irish civic society. Second, as an organisation, we want to contribute to the normalisation of relationships within these islands. We live in a world of change and while we are an organisation which places a high value on tradition, we recognise that we also have to change. Over the past seven years we have worked closely with Tourism Ireland to develop flagship parades and festivals on 12 July. We hope these will contribute to attracting more tourists to both Northern Ireland and the Republic of Ireland.

Last autumn we were offered funding from the special European Union programmes board for our cross-Border STRIPE project. This project will contribute towards underpinning the peace process in Northern Ireland and the Republic of Ireland by building community capacity and developing cross-community engagement. I thank the Department of the Environment, Community and Local Government, which is the accountable Department in the Republic of Ireland, for its support for this project. Currently, we are awaiting a final offer from the SEUPB to develop two museums and education resource centres, also with a view to engaging with the wider community. We hope that this work will help to dispel the myths which are so damaging to relationships between our communities.

We also have other projects in mind such as a genealogical index for which, we believe, we would have perhaps as many as 200,000 names. In modern terminology, our USP is that we can link all of those names to a tangible connection in Ireland so that for someone sitting in New Brunswick who discovers on that genealogical index that he has an ancestor who was member of LOL 616 in County Down, we can say there is a hall which he can visit, provide the name and contact details of the secretary, and tell him he is welcome to come and visit and spend his money in Ireland.

The future holds challenges for all of the individuals as well as the organisations represented here today. The Loyal Orange Institution has many challenges ahead — how do we share the Christian message contained in the Bible, enshrined in the great creeds of the church and the confessional statements of the Protestant churches in an increasingly militantly secular world; how should we play an appropriate part in civic society; what is our role in that society; how do we handle the long-standing and vexed issue of contentious parades; how do we relate to our fellow citizens who are to a greater or lesser extent opposed to those parades; how do we protect Protestant community rights of cultural expression; how do we engage with the decade of centenaries; and how do we ensure equality and availability of access for funding for Protestant cultural expression? All of these challenges are live issues for us as an organisation. We constantly seek to address them in a positive and appropriate way.

The first major anniversary in the decade of centenaries has passed. It was the Balmoral Review in which we played a part with other members of the Unionist Centenary Committee. Because it was the first parade of the decade of centenaries, there was a spotlight on it. We are so delighted that that parade and event passed off entirely peacefully. Probably, most of the Senators never heard about it. If there had been one stone thrown or if there had been an

untoward incident, they all would be aware of it. We hope that this has set the standard for the rest of the decade.

I also want to speak about the challenges for others as we move forward together. The Orange institution wants to see a normalisation of relationships. We believe that many of the relationships within these islands have been deeply skewed in the past by the burden of history about which I have already spoken. The 1916 Proclamation of the Republic declares its resolve to cherish “all the children of the nation equally”. I have to say frankly that our experience of republicanism does not reflect that ideal. Both historically and in the recent past, the Protestant community has been on the receiving end of a sectarian campaign carried out in the name of Irish republicanism.

However, circumstances are always changing and three things, in particular, on this side of the Border have created a very positive climate which sets a good foundation for working towards that normalisation of relationships, namely the development of the visitors centre at the Boyne battlefield site; the funding of Cadolemo, our community development and capacity-building organisation, by the Irish Government; and the royal visit. I believe that these three things really were all done in the spirit of cherishing “all of the children of the nation equally”.

On behalf of our members who live in the Republic, I have to say, however, that there are still further challenges ahead. The issue which gives rise to most concern for our members living in the Republic today is the funding cuts for Protestant schools. It is not too strong to say that, in the Border counties, the Protestant community fears for its continued survival as a viable, self-sustaining community. I appeal to the House today to take whatever steps are within its power to address that issue and reassure our members living in the Border counties.

The next challenge is much more difficult. Some 90% of the activities of our institution take place in private, but the activities which take place in public are very important to us. We are known mainly for parading and that is an important part of what we do. In the Republic, we have about 20 parades each year, but for reasons we all understand, these parades have been pushed to the margins of society. There has not been an Orange Order parade in a major town in the Republic since before the Troubles. One was planned in Dublin a few years ago, but it was unable to proceed. Our members in the Republic would welcome the opportunity to hold a parade in their capital city. However, as an institution we completely understand the challenges such a parade would pose. Our institution and the bands we support are the guardians of part of the intangible cultural heritage of not only Northern Ireland, but also the Republic of Ireland. Perhaps this is just a small part of the Republic of Ireland, but we claim our part. I believe that Ireland would be a poorer place if that cultural heritage disappeared. Therefore, my third challenge today is for the Government of the Republic of Ireland to ratify the 2003 UNESCO Convention for the Safeguarding of Intangible Cultural Heritage. I invite the Irish Government to consider this.

In conclusion, I would like to say that the Loyal Orange Institution wishes to move forward together with the Irish Government. If I have dwelt overlong today on explaining the position of our organisation, what makes it tick and what has influenced the outlook of our members, it is because I believe strongly that to move forward together it is important for you to understand our views. I appreciate the Cathaoirleach’s comments that he had a certain view of our organisation — which I expect derived mainly from the press — and that when we met his views developed. I want to put on record that we are committed to working positively with the Government, local councils, all other statutory agencies and appropriate non-governmental bodies to represent the concerns of our members. The grand master, the deputy grand master and our four county grand masters in the Republic of Ireland are all present here today to

[Mr. Drew Nelson.]

show their support for that commitment. Together, let us resolve that no longer will the burden of history stand in the way of normalisation of relationships.

Senator Maurice Cummins: Cathaoirleach, brethren of the Orange Order, ambassadors Rooney and Chilcott, distinguished guests and members, today Seanad Éireann extends the hand of friendship to the grand secretary and to the order he represents and to the traditions of religious freedom and good fellowship treasured by its members. In doing so we demonstrate that the past is not some dark prison in which we are doomed to be detained forever, but a series of events to which each generation should bring its own experience.

For far too long, my traditions saw the Orange Order through the distorting prism of a poorly understood past. In 1963, President Kennedy, addressing the joint session of the Oireachtas, quoted from a poem by John Boyle O'Reilly: "The world is large when its weary leagues two loving hearts divide." It is true that neither of our two traditions tried to walk the weary leagues that separated Dublin from Belfast. In the case of my tradition, we were too long fixated by what we saw as the exclusionary elements in the ethos of the Orange Order. Accordingly, we focused only on the anti-Jacobite part of the oath in the order's constitution, which read: "I do declare that I am not, nor ever was a Roman Catholic or Papist; that I was not, am not, or ever will be, a member of the society called the "United Irishmen"." That fixation meant we missed other core messages in the constitution of the Orange Order, messages which dwelt on the dignity of religious freedom, messages which expressed the Northern Protestant fear of isolation during the era of the great Catholic empires of Europe. These were fears that were often well-founded, just as people power used the inquisition to stifle independent inquiry and religious freedom. We also, I regret to admit, paid too little heed to the Orange Institute of Ireland statement: "its principle is, to aid and assist loyal subjects of every religious persuasion, by protecting them from violence and oppression."

Happily, in recent years, as the shadow of the gunmen was lifted from the island, both traditions began to recognise that the dogmas of the past were as dead as a dodo and that we needed fresh thinking to forge a fresh friendship. Slowly but steadily, we began to see that the Orange Order was, in the terms of the great Protestant patriot, Thomas Davis, "racy of the soil" and that for generations it had been the main cultural outlet for Protestants, artisans, small farmers and shopkeepers, the very same classes who formed and staffed the three main parties of the Irish democracy in this Republic.

Today, we can see that the values which inspire the Orange Order — community, solidarity and local patriotism — are the same values that inspired the Gaelic League and the GAA, the twin pillars of Nationalist Ireland. Seanad Éireann was set up to cherish these traditions and to ensure that the new State would provide a public platform for the voices of Protestant and dissenter. This, the Upper House of the Irish legislature, was originally designed to give these cultural connections institutional form. The first Irish Senate that sat here between 1922 and 1937 made provision for 36 Catholics, 20 Protestants, three Quakers and one Jew. We can be reasonably sure that some of the 20 Protestants were Orangemen. Alas, we can also be sure that given the bigotry that bounded our thinking of the time, many members of the Orange Order in Seanad Éireann might have been slow to make their membership known.

However, at least one great Catholic writer, James Joyce, had no problem in praising the Order. In his novel *Ulysses*, Joyce has one of his characters challenge the tribal perceptions of his time. Being from Waterford, I probably do a Dublin accent as good as the grand secretary, but this is what Joyce's character said: "Do you know that the orange lodges agitated for repeal of the union 20 years before O'Connell did or before the prelates of your communion denounced him as a demagogue. You fenians forget some things." Indeed we do. This was

Joyce's roundabout way of saying that we have had invasion after invasion in our history, that Danes, Normans, English and Scots followed earlier migrations and became part of our soil, our blood and bone and learned to love this land of ours. The Scots settlers who came and cultivated the green fields of Ulster were our latest migration.

In honouring the grand secretary today, we also honour the Scots-Ulster tradition of hard work, plain speaking and the patriotism of place — so much shared history and so much common vulnerability. However, on this happy and historic day, we join hands as good neighbours to face the future together without fear, knowing today what we did not know as children that we must respect the past, but not be ruled by it — as if past generations have said the last word about Ireland. No, they have not said the last word. Neither my ancestors nor those of the grand secretary must have the last word. We together must seize the opportunity to speak for our generation and say what is our hearts and minds. I know the grand secretary will agree that what is in all our minds is a desire for good, a desire for a decent living for our people and, above all, a profound desire for peace with our neighbours on this small island.

In conclusion, I wish to thank the Orange Order for one great gift that has been passed down through the generations. Some of the earliest translations of the Bible into Irish came from Irish Protestant pens. These Irish languages Bibles are carefully cherished by the order, and I take this opportunity to thank Mr. Nelson for that care.

It is appropriate that I should conclude with a biblical reference which offers a note of solidarity and common purpose. The apostle Paul tells us that from one spirit we are all baptised into one body, whether we be Jew or Gentile, bond or free, and where one member of that body suffers, we all suffer. That truth was stated in secular form by another powerful preacher, the great trade union leader Jim Larkin, who did so much for workers in the Belfast and Dublin, in his famous slogan, “An injury to one is the concern of all”. In that spirit of solidarity, let us pledge that whatever the future holds, be they happy times or hard times, we will not be strangers to one another on this small island. In the spirit of Mr. Nelson's order and the Bible that inspires its members, let us behave like brothers or, as the grand secretary would say, like brethren. *Ar son mo chomhghleacaithe i Seanad Éireann agus mar Cheannaire an Tí inniu, cuirim fáilte roimh na finnétithe go léir.*

Senator Darragh O'Brien: I acknowledge the presence of Ambassadors Chilcott and Rooney and of three former Members of this House, Maurice Hayes, Eoghan Harris and Jim Ruttle. On this important and historic day, I am pleased to welcome the grand secretary, Mr. Drew Nelson, the grand master, Mr. Stephenson, and the other distinguished guests from the Grand Orange Lodge of Ireland. On behalf of the Fianna Fáil Party, I extend a warm welcome. As Mr. Nelson observed, my party is a republican party but its republicanism has always been constitutional.

Mr. Nelson's thought-provoking address included a reference to the funding difficulties facing Church of Ireland and other Protestant schools in the Republic. It is an issue I have raised on several occasions in this Chamber. If it is to be a true republic, a country must cherish its minorities in a manner that allows them to flourish. It is very rarely that I mention my wife in the House, but I will do so on this occasion. Being from a Church of Ireland background, she has instilled some of her thinking into my own views. As the Leader observed, many of us are from backgrounds of shared faiths. I respect all faiths, as does Mr. Nelson.

We have moved on to a remarkable degree, North and South, since the signing of the Good Friday Agreement. For the Grand Secretary to be addressing us here today is a vital further step in that progress. I agree with Mr. Nelson's comments regarding the burden of history and acknowledge the many grave wrongs done to the Protestant community throughout this country. We all share the burden of history and there are victims on all sides. We must all look

[Senator Darragh O'Brien.]

forward to the future together as we seek peacefully to share this small island of little more than 5 million people. People on both parts of the island and from both traditions are struggling with the same problems and concerns on a daily basis. While recognising our shared traditions, we should also acknowledge that our diversity makes us a better people.

Last year saw the visit of Queen Elizabeth II to this State. Most people welcomed this as a significant event for the people of the Republic, indeed for all people on this island. As Mr. Nelson acknowledged, it showed that we are moving towards a normalisation of relationships whereby we can welcome our neighbours, respect our differences and learn from each other. That is what today is about. Mr. Nelson's address was very thought provoking and did not pull any punches. I particularly welcome his acknowledgement that the atrocities which took place in the past did not have the support of the vast majority of people in the Republic. There was suffering on all sides but now is the time to move on. The visit by Mr. Nelson and his colleagues is an important step in that direction. The next step, I propose, would be for us to receive delegations on the issue raised by Mr. Nelson regarding the funding of Protestant schools in the State. It is a cause of grave concern to many that 75% of all rural schools affected by the reductions in funding are Protestant. That is not something we support.

We can learn from the tradition of the Orange Order. It is an important part of Irish society and Irish life. Many of the points Mr. Nelson made regarding the role the order plays in so many communities apply equally to the GAA. I look forward to the day when both of these great traditions — the true republican tradition and the Unionist tradition — can celebrate together. I look forward specifically to the day when, in agreement with the citizens of this city, we will see an Orange parade on the streets of Dublin, with people walking together in a non-triumphalist way and respecting each other's views. That would prove we really are neighbours and brothers, sharing this island in peace and seeking to work together for the good of all the people.

While recognising the significant progress that has been made, we must look to the work that remains to be done. The attendance of the Grand Secretary and his colleagues in the Chamber today is an important step in the road. I hope it is merely the beginning of a process of engagement and not simply a once-off event. We have a great deal to learn from each other. On behalf of my Fianna Fáil colleagues, I welcome Mr. Drew most sincerely and warmly. I look forward to our further engagements this afternoon.

Senator Ivana Bacik: I welcome the distinguished visitors and ambassadors to the House. As leader of the Labour Party group and Deputy Leader of the Seanad, I am very pleased to welcome the grand secretary on this historic occasion, the first visit by a member of the Orange Order to the Houses of the Oireachtas. It is very good to see him and his colleagues in the Chamber. I do not see any Orangewomen among the Orangemen, but I look forward to welcoming sisters as well as brothers in the future.

As the Leader observed, the Seanad is ideally suited to the role of seeking to further the interests of peace and reconciliation on this island. I take this opportunity to pay tribute to Senator Martin McAleese who has played such a significant role in ensuring this visit took place. Senator Cummins referred to the origins of this Seanad in the Irish Free State Senate which was set up specifically to ensure a disproportionately high representation for members of minority faiths on the island. Indeed, if one looks further back to the Home Rule Bills of the 1880s in which an Upper House was first proposed, one again sees the intention to ensure an inclusivity of traditions in the Upper House. We are honouring that important tradition today. I am proud to have been elected to this House to represent the graduates of the University of Dublin from North and South and elsewhere in the world. There are many graduates of

Trinity College from both communities in Northern Ireland and I have had great pleasure in visiting some of them. I see the same spirit of inclusivity in this House in that we have a disproportionate representation for graduates of what was traditionally the Protestant university. This Seanad, the 24th, has instituted a 30-second silence, which Mr. Nelson and his colleagues will have noted took place before the Christian prayer in both Irish and English. The purpose of this initiative is to recognise and acknowledge those Members who are not of the Christian faith.

In welcoming Mr. Nelson and his colleagues, we should not take an uncritical approach which seeks to leave aside any acknowledgement of the differences that have arisen in the past. Many people in the Labour Party and other parties have been very critical of the historic role of the Orange Order. The Cathaoirleach mentioned that many of us would, in the past, have seen the organisation as one which used intimidatory tactics, with the shadow of Drumcree and other parades looming large. I shared the misgivings of many people in my party and other parties when the prospect of Mr. Nelson's visit to the House was first raised. Many of us have had those same misgivings. It is honest and straightforward to acknowledge that today. It is also honest and straightforward to acknowledge that many of us have a difficulty with some of the internal rules of the Orange Order. However, leaving that aside, this visit must be seen as a step towards greater recognition and understanding of different traditions, roles and organisations.

When listening to Mr. Nelson's speech, I was struck by the idea of Orange parades and festivals as having a cultural tourism significance. There would be a very different perception of parades in that context as part of a Tourism Ireland approach. It is long past time that we left the past behind and moved forward from the intimidation that went on in both communities in Northern Ireland and that in the name of all the victims of the Troubles we seek to take steps towards reconciliation.

Senator Jimmy Harte, a Labour Senator from Donegal, told me that in the 1940s and 1950s in Raphoe, the Orange band shared musical instruments with the Ancient Order of Hibernians and that there was a give and take and communal working together between them, with the Ancient Order of Hibernians helping to teach pipers in the Orange Order. Perhaps reconciliation and peaceful accommodation have a longer tradition than we might think.

Mr. Nelson mentioned the current issue of Protestant schools. The Minister for Education and Skills, Deputy Ruairí Quinn, who is a member of the Labour Party, has taken huge steps towards ensuring greater pluralism in the patronage of primary schooling on this island, a process which I know many members of different faiths are excited and enthusiastic about. I believe we will see changes in patronage of primary schools as a result of that process.

On behalf of the Labour group, it gives me great pleasure to acknowledge the role of the Seanad in helping us to take these historic steps towards greater peace and reconciliation on this island. We are now at a point where we are looking for common ground and things that can be shared between the different traditions and faiths on the island, North and South. It is in that spirit that we welcome Mr. Nelson here, in the hope that we can make history less of a burden and more of an asset for all of us and that we can share common ground while acknowledging the concerns about the ground we do not yet share.

Senator Martin McAleese: I would like first to acknowledge the presence of the Minister for Arts, Heritage and the Gaeltacht, Deputy Deenihan, and Ambassadors Chilcott and Rooney in the Chamber.

I join other speakers in warmly welcoming the grand secretary of the Grand Orange Lodge of Ireland, Mr. Drew Nelson, to this House. I also welcome the delegation led by the grand

[Senator Martin McAleese.]

master, Mr. Edward Stevenson, and, in particular, the county grand masters from Donegal, Cavan, Monaghan and Leitrim whom I have gotten to know well over the past number of years.

The words of welcome expressed by all party leaders today are words which many could never have imagined would ever be uttered, words we have waited for, more in hope than anything else, through recent history to now. I was struck by the opening remarks of the Cathaoirleach, Senator Paddy Burke, regarding his background and previous perceptions of the Orange Order. My upbringing was very different from that of the Cathaoirleach. It was a long way from rural County Mayo to what was then the industrial heartland of east Belfast. However, we had one thing in common, namely, as a child and young person I, too, had little knowledge of the Orange Order. That is not to say that I had no contact with them. Growing up in loyalist east Belfast as part of a minority Catholic family in a predominantly Protestant area, I recall from my earliest days seeing men with bowler hats, sashes and banners every marching season. My overriding memory is one of feeling threatened by that sight and of dreading the marching season every year.

That fear of the Orange Order persisted for many years. It did not begin to fade until after Mary had been elected President and we began engaging with the order as part of the realisation of the theme of her presidency of building bridges. Through personal contacts with the order, North and South — Mr. Nelson was a key contact in this regard — I gained another perspective on the Orange Order. We worked together, tentatively at first and, as our relationship developed, comfortably and to good effect, in particular in dealing with some issues concerning the lodges in the South. The Grand Secretary has already alluded to some of those issues in his address. Members of the Orange Order were invited every 12th of July for 14 years to *Áras an Uachtaráin*. Mary was the first and only President of Ireland to visit an Orange hall, Brakey Hall, County Cavan, close to Bailieboro, where she received a great welcome.

This exchange of is of huge historic significance. I never thought I or my children would live to see it. However, it is happening, which is a real symbol of the ongoing development of the peace process. We seem to be living through one of those iconic periods where historic events tumble one after another. A mere five years ago, who would have thought that the Queen would visit and be so well received in Ireland, that she would visit Croke Park and shake hands with Martin McGuinness, that the leader of the DUP, Mr. Peter Robinson, would attend mass for a murdered PSNI officer and would also attend this year's McKenna Cup final between Derry and Tyrone in the athletic grounds in Armagh or that a representative of the Orange Order would address Seanad Éireann? Just as the decade 1912-1922 changed the course of Irish history, bedding down estrangement, suspicion and mistrust, I hope that the decade 2012-2022 will ultimately be regarded as the transformative years during which different traditions were reconciled, bonds of friendship and trust were developed and an enduring peace was established. Generations yet to come will consider this visit part of that changing landscape. I suppose historians will pore over the transcripts of today.

The Grand Secretary was frank in his comments and rightly so. We need robust exchanges that identify rather than gloss over the real differences between our traditions. It is hoped these exchanges will enable us to recognise, accept and respect our differences and to regard that diversity as a resource to be utilised for the common good. Mr. Nelson, in his presentation, stated: "While we want to remember 1690, we do not want to live in it." None of us can afford to live in the past. Our challenge is to construct a better future. What can we do and what risks can we take together to achieve this? If one can imagine Ireland 25 years from now what would one see?

I again welcome Mr. Nelson to the Seanad. Thank you.

Senator Rónán Mullen: Go raibh míle maith agat. On behalf of the Independent University Senators, I, too, wish to be associated with the welcome to the Grand Secretary, Mr. Nelson, and to all of our distinguished guests here today. I am particularly honoured to speak after Senator McAleese. I do not believe there is anybody in this House who does not feel deep gratitude to our former President Mary McAleese and Senator McAleese for all their work in public and in private over the past number of years to make this day and many other such days possible. *Ár mbuíochas leo i gcónaí.*

I am happy to address the grand secretary on behalf of the Independent University Senators, including three Senators from Trinity College. Senator Sean Barrett who is present today reminded me that the first Orange lodge in Dublin was founded in Trinity College Dublin. He also reminded me — the original source for this story is no less a weathervane of contemporary culture than Fr. Brian D’Arcy — that at a recent funeral in rural Fermanagh the sandwich making duties in the wake house were shared between the GAA and the Orange Order, which in its own way tells us how far we have come. I am glad to say we will not be relying them on for lunch today.

As has been stated by many others, this is a significant time. We are two years into what has been termed the decade of commemorations on our island. Hardly a decade passes without some element of our often fractious past being due for commemoration. However, this decade is obviously particularly special and sensitive. It is a credit to community leaders on all sides that we have a more mature phase of negotiated settlement and power-sharing.

We meet today in the shadow of a history that has shaped our island but, as others have said, we are not bound to repeat the past. We can all remember the powerful words of Queen Elizabeth II last year in Dublin Castle when she said we can bow to history but not be bound by it. This is the key message of our times, that we can respect cultures and traditions but not allow the past they represent to chart our future. This does not mean we have reached the end of history. Rather, it is a new phase which no doubt will be fraught with its own difficulties and challenges, but critically we will meet them together.

I was particularly touched by what Mr. Nelson had to say about his cherished Protestant traditions. He spoke of faith and fraternity. He also spoke about the increasingly militantly secular world in which we find ourselves. I think, and I hope Mr. Nelson will agree with me —

1 o'clock I am sure he does — that it has never been more important we have fraternity between people of faith. One of the most pleasant moments since I was elected to the Seanad was the day when an old friend, a lecturer in engineering from my days in NUI Galway, a Protestant from Portadown, brought in his friend, the former moderator of the Presbyterian Church, Reverend Dr. Stafford Carson. We had a wonderful conversation and we discovered and realised, as we probably already knew, we had so many shared ideals and values, perhaps it is something about people of faith being able to make an optimistic proposal to the wider humanity about how the true dignity of each individual person and genuine freedom can be secured so that all can participate in the goods of society in a manner that is never oppressive and always inclusive. Mr. Nelson will have heard our moment of silence adverted to by Senator Bacik. This silence allows people of all faiths and none to approach their legislative duties in a reflective spirit. He will also have heard our prayer, which is something his tradition and the majority tradition to which most of us Senators were born can cherish equally.

As Senator McAleese stated, there is something about the need for us to be absolutely true to where we are coming from, that our accommodation can never be about dumbing down differences and rather that we reach to the deep wells of decency we all have. This is particularly true of the great Christian traditions. It is in these deep Christian traditions that we can find so much with which we can work together and, as I stated, present something positive and

[Senator Rónán Mullen.]

optimistic to our country and community. This tradition is never just about identifying rights but is also about identifying our obligations to each other. It is about not being able to use the term love, that love must be at the heart of the relationships we seek to create with each other.

These islands have been linked by repeated cross-currents of human settlement. During the fifth to the eighth centuries Scotland was invaded by Gaels from Ireland, the Anglo-Saxons from the continent and the Norse from Scandinavia. Scotland was largely converted to Christianity by Irish Scots missions associated with figures such as St. Columba from the fifth to the seventh centuries. These missions founded monastic institutions and collegiate churches which served large areas and spread literacy and a culture of learning. We share all of this tradition and beautiful heritage. In comparatively modern times we saw the plantation of Ulster, with settlers from Scotland and England under James I of England and VI of Scotland in 1609 and we share all of this history.

The point is that the strand of culture and history that makes up the modern tapestry of Northern Ireland involves a cultural exchange, through force at times but also through osmosis, and this is what has made us who we are today, shaped and moulded by a shared history. It is against this background we welcome Mr. Nelson with sincere hearts. The Orange Order he represents was founded in the crucible of inter-communal conflict in the late 18th century in Armagh but has come to represent for many members of the Protestant and Unionist community an important cultural institution. While the focus has often been inevitably on contentious parades, not so well publicised are the many efforts by Orangemen and their lodges in helping the local community, as Mr. Nelson rightly mentioned and reminded us. District lodges do considerable work to raise funds for local charities and good causes through collections, donations and fund-raising efforts.

What cannot be overlooked is that for many people in Northern Ireland the Orange Order represents a different era of political discrimination and civil rights abuses. As has been stated, the future must be about moving beyond the politics of identity. The challenge for the Orange Order in the new situation is to be a force for better understanding. This is the same challenge that faces the GAA and church organisations. We live on a small island and shared spaces have led to animosity. Accommodation requires a new mindset on both sides of the Border. Like many Irish people I was disgusted by the violence that marred the love Ulster parade in Dublin a number of years ago. The need for understanding and respect for cultural differences is not something unique to the Orange Order. In the Republic we must also make renewed efforts to respect the shared cultures that occupy our island. In doing more to foster true understanding of the past and ensuring culture is not a barrier to understanding and shared values, Mr. Nelson's visit to the House is important and a welcome step in making the term "cross-community" a reality and not just a phrase. He is very welcome. Cuirim céad míle fáilte romhat. Go mbeannaí Dia thú agus do chomhluadar uilig anois agus i gcónaí.

Senator David Cullinane: As leader of the Sinn Féin group in the House I welcome the Minister for Arts, Heritage and the Gaeltacht, Deputy Deenihan, former Members of the House, ambassadors, members of the Orange Order from throughout the island of Ireland and its grand secretary, Mr. Nelson. He is very welcome to the Seanad today.

This is an historic occasion. It is the first time the Orange Order has addressed the Oireachtas. It is also the first public and direct engagement between a member of my party and the Orange Order and this is also significant and is to be welcomed. As a republican I believe the Orange Order is an important organisation. It is part of what we are as a nation. It would be an understatement for me to say the relationship between republicans and my party

and the Orange Order is not what it should be. We must build on the dialogue which has been the bedrock of the peace process.

The point made by the grand secretary on the engagement today being an opportunity to act as a springboard to the future is one with which I warmly agree. This future must be underpinned by mutual respect, equality and tolerance. I also accept as a republican that members of the Orange Order have been hurt by republicans as a consequence of the conflict. Equally, members of my community have been hurt and have suffered at the hands of some of the organisations mentioned by Mr. Nelson in his contribution. However, we cannot always be prisoners of the past. We must look to the future and we must build a better future for all of us. I genuinely believe that dialogue is the best way to resolve issues. While I refute the claim that the republican movement, as it was put, was responsible for the burning of Orange halls I strongly condemn any such actions by any members of any community. Burning Orange halls is wrong and is anti-republican in my view. It is sectarian and should be challenged.

We all face challenges to resolve the issue of what are deemed contentious marches and parades. I have no difficulty as a republican in accepting that Orangemen have a right to parade. However, I also believe those communities through which the Orange Order seeks to march have rights also. Dialogue, which was so important to the peace process, is the best way to achieve this. I encourage the grand secretary to build on today as an opportunity to engage in direct dialogue with the residents' associations and representatives of those communities through which the Orange Order seeks to march, and build on the success of what happened in Derry when the Apprentice Boys engaged in direct dialogue, because this is the future.

We all want to build a better Ireland for all of us. We have had many significant and historic moments over the course of recent months, all of which are important in their own right. I warmly welcome Mr. Nelson for this very important engagement. On behalf of my party I also extend a warm invitation and welcome to members of the Orange Order from throughout the island of Ireland. I look forward to continuous engagement between representatives of my party and Mr. Nelson's organisation.

An Cathaoirleach: Perhaps Mr. Nelson would like to respond to some of the points that have been made.

Mr. Drew Nelson: I thank the Cathaoirleach for giving me an opportunity to respond to Senators. I realised this morning that the Oireachtas has three Houses, the third of which is *Áras an Uachtaráin*. We have received at least 14 previous invitations to visit *Áras an Uachtaráin*, but this is the first time we have been invited to Leinster House. I want to pay tribute to the efforts of President McAleese and Senator McAleese in issuing those invitations, which started to open the lines of communication in a formal way and led to what is happening today. The two university representatives who spoke are welcome to inspect our membership books for Trinity College LOL. One of the signatures in the books shows that Isaac Butt was a member. Senators might be surprised to learn that Seán O'Casey was a member of the Orange institution for some time. Perhaps most of them knew that already. Maybe none of them knew.

Senator McAleese asked me to speak about what things will be like 25 years from now. It is not pretty. I honestly think we are moving into a time when the power of the nation-state will decline. There will be more links between states. The Irish Republic will probably be a member of the Commonwealth by that time. The most worrying thing is that we will see more poverty. The balance of economic power in the world is going to move east. It is happening every day. It could be seen yesterday when it was announced that 260 jobs at FG Wilson, which is the largest manufacturer in Belfast, are to move to China. I think people will probably have a lower standard of living than they have had for the last 25 years. I am one of the lucky generation. The

[Mr. Drew Nelson.]

best year to be born in the United Kingdom was 1948. Those born in that year have enjoyed the benefits of the National Health Service throughout their lives. When they got a job, it was probably a job for life. They have been able to avail of early retirement opportunities and good pensions. None of those is guaranteed into the future, with the possible exception of the National Health Service.

The employment and economic prospects of the generation of people who are now in their teens and their 20s are nothing like what they were for most of my generation. I have mentioned some of the challenges to be faced by civic society in Ireland, such as the development of relationships with the Protestant community and with the Orange institution. Those challenges are minuscule — they are nothing — compared with what needs to be done to ensure those who are currently in their teens and their 20s will be able to have a decent standard of living. I am not a political prophet — it would be a foolish and short-lived occupation to engage in — but I honestly think the next 25 years are going to be more difficult for Ireland, Northern Ireland, the United Kingdom and western Europe. As economic issues come to the fore and economies depend on each other to an increasing extent, more co-operation will be needed. I expect that the constitutional difficulties which have plagued relationships within Ireland for over 100 years will assume less importance and the economic difficulties I have alluded to will assume more importance. As one set of problems faced by the communities within these islands subsides, another set of problems will emerge.

On behalf of the delegation from the Orange institution that is here today, I thank everyone for hearing us so politely and graciously. I thank the Senators who have made contributions, some of which were quite frank. When I was down here last week and when I met the Cathaoirleach previously, I said there was no point in coming here for an exercise in back-slapping or issuing platitudes. There are problems. It is not right to brush them under the carpet. I appreciate what people have said about the difficulties and challenges that exist. I hope this will be part of an ongoing engagement. Our members in the Republic are still there. They continue to have problems. I do not doubt that new ones will arise. We will wish to articulate those problems and the views of our members to civic society in Ireland.

An Cathaoirleach: I will now call on the Leas-Chathaoirleach to propose a vote of thanks to the visiting group.

Senator Denis O'Donovan: It is a great honour and privilege for me to propose a vote of thanks to the grand secretary of the Grand Orange Lodge of Ireland, Mr. Drew Nelson. I thank him for the sincere and thought-provoking contribution he made in the House today. It is important for me to acknowledge the presence of the grand master, Mr. Edward Stevenson, and the deputy grand master, Rev. Alistair Smyth. The British ambassador to Ireland, Mr. Dominick Chilcott, is also most welcome here. We are very honoured to have him present. The US ambassador to Ireland, Mr. Dan Rooney, is also in attendance. A former Senator and colleague, Dr. Maurice Hayes, is also in the Visitors' Gallery. I also welcome the following: the County Donegal grand master, Mr. David Mahon; the County Monaghan grand master, Mr. Robert Sturgeon; the County Cavan grand master, Mr. Henry Latimer; the County Leitrim grand master, Mr. Joe Morton; the public relations officer of the Grand Orange Lodge of Ireland, Mr. Austin Hunter; and Rev. John Deane from County Donegal.

I will conclude these brief remarks by mentioning some historic connections with south-west Cork, which I represent. I refer particularly to the famous Doheny's club in Dunmanway. I am proud to acknowledge the presence in the Gallery of Ms Dorothy Beamish and her two sons, Keith and Roy. They are very welcome. Many people might not be aware of a small bit of important history. The grand secretary who is in attendance and who has been made most

welcome has a west Cork connection that is worth putting on the record. I understand that his grandfather, Mr. Frank George Beamish, came from the townland of Acres near Dunmanway. There are still relations there. I understand that a photograph of this gentleman continues to adorn the old family home. He was the principal of the Model School in Dunmanway. He was appointed a national school staff inspector in 1912. He had six children — two girls and four boys. One of his sons, George Beamish, was a famous rugby player and a flight lieutenant with the RAF. Another son, Victor Beamish, was also an RAF flight lieutenant. Many of their relations are still living in Acres near Dunmanway. I understand — I am subject to correction — that one of the Beamishes played international rugby.

Frank George Beamish is buried in a family plot at St. Mary's church, which is still being used to this day. A famous Irish patriot, Sam Maguire, is buried in the second next plot to the Beamish plot, where the grand secretary's grandfather is buried. I hope my county will lift the Sam Maguire cup on the third Sunday of September. We have a rugby connection, a GAA connection and a west Cork connection. Could there be a better way of concluding my vote of thanks than by acknowledging the strength and depth of the historic connections in the area where I live? We have lived peacefully with our Protestant neighbours in the area for many years. I am pleased to say that the Model School was refurbished substantially in the last decade, thanks to the Fianna Fáil Government of the time. Go raibh míle maith agaibh.

An Cathaoirleach: The Leas-Chathaoirleach's county might not win the all-Ireland. I call the Leader of the House.

Senator Maurice Cummins: I will not even respond to the last comment. I thank Mr. Drew Nelson for coming here. This historic visit will help us to have a greater understanding of our differences and the common practices we share. Let us hope that today's visit will be seen as a small step in furthering the reconciliation and understanding we need on this island.

Senator Ivana Bacik: Hear, hear.

Senator Maurice Cummins: Mr. Nelson is most welcome. We hope to see him again in the near future.

Sitting suspended at 1.20 p.m. and resumed at 3.10 p.m.

Business of Seanad

An Leas-Chathaoirleach: I have received notice from Senator Thomas Sheahan that, on the motion for the Adjournment of the House today, he proposes to raise the following matter:

The need for the Minister for Education and Skills to cover the costs of a bill for school transportation in relation to a student (details supplied) in County Kerry.

I have also received notice from Senator Mary Moran of the following matter:

The need for the Minister for Health to comment on the progress of the review into the cases of 35 women who were excluded from the Neary redress scheme and to indicate when the review would be published.

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

The need for the Minister for Justice and Equality to outline the rationale for a merger of the Ashbourne and Laytown Garda divisions in County Meath.

I have also received notice from Senator Brian Ó Domhnaill of the following matter:

[An Leas-Chathaoirleach.]

The need for the Minister for Social Protection to reject proposals to transfer sick pay costs for the first two to four weeks to employers.

I have also received notice from Senator Jim D'Arcy of the following matter:

The need for the Minister for Finance to clarify the measures being taken to curb the problem of fuel laundering and smuggling and the recouping of moneys lost to the Exchequer through this illegal activity.

I have also received notice from Senator Colm Burke of the following matter:

The need for the Minister for Education and Skills to outline the way in which his Department views a number of centres around the country, including the Cork Life Centre, which is supporting up to 30 young people between the ages of 12 and 18 years who have dropped out of the education system.

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

The need for the Minister for Finance to confirm if contracts have been signed for phase two of the Ennis flood relief scheme and to advise on the proposed time frame both for commencement and completion.

I regard the matters raised by the Senators as suitable for discussion on the Adjournment. I have selected the matters raised by Senators Sheahan, Moran, Byrne and Ó Domhnaill and they will be taken at the conclusion of business. The other Senators may give notice on another day of the matters they wish to raise

Order of Business

Senator Maurice Cummins: The Order of Business is No. 2, statements and questions and answers on mortgage arrears, banking and the economy, to be taken at 3.45 p.m. and to conclude no later than 5.45 p.m. with the contributions of group spokespersons not to exceed eight minutes and a contribution by one Sinn Féin Senator not to exceed three minutes and the contributions of all other Senators not to exceed two minutes when asking a question. I ask Members to be as brief as possible in their contributions on the Order of Business as the Minister of Finance will be in the House for a couple of hours.

Senator Darragh O'Brien: I will follow the Leader's lead. It is important that the Minister for Finance will be here today and, therefore, I will not propose amendments to the Order of Business. For us mortgage arrears is an important matter for discussion, particularly in light of the publication of the Personal Insolvency Bill. I will leave my remarks on the matter until the Minister is here. As we discussed last week, there might be an opportunity to examine the Personal Insolvency Bill in the next week or so.

I welcome and congratulate the Leader, the Cathaoirleach, the Leas-Chathaoirleach and Senator Martin McAleese for holding an informative and successful event with the Orange Order presenting to the Seanad for the first time. We had an open debate and, importantly, it was not an exercise in back slapping. We all may share different views but unless we talk to each other and engage in debate then we will never move forward together. Today, it has been proven once again that the Seanad has a real and effective purpose and not just on the legislative side. For all of those who contributed to the earlier debate it was a significant day. It was great to see the Orange Order here. I would like us to continue, as has been done under the

Leader's stewardship, to extend invitations to relevant civic groups and individual across the country, both in Ireland and internationally.

Senator Ivana Bacik: I echo what Senator Darragh O'Brien has said and congratulate the Chathaoirleach, the Leas-Chathaoirleach, and the Leader, Senator Cummins, in particular, and also Senator McAleese, for their work in organising today's address by Mr. Drew Nelson, grand secretary of the Orange Order. It was an important and historical event for the Seanad. I agree that it is important that it was not an exercise in back slapping or sycophancy and that we had a critical engagement with the Orange Order. Unfortunately, I did not say to Mr. Nelson that there is no chance of us rejoining the Commonwealth anytime soon.

Senator David Norris: Hear, hear.

Senator Ivana Bacik: I congratulate the Leader again.

Senator David Norris: Had we been invited?

Senator Ivana Bacik: Mr. Nelson appeared to invite us.

Senator David Norris: It was a generous offer.

Senator Ivana Bacik: I would like us to look forward to another historic occasion. We will have the First Minister and Deputy First Minister of Northern Ireland in the House before too long and I know that we all look forward to it.

I ask the Leader to consider a debate on the proposed merger of the Irish human rights and equality commission in forthcoming legislation. The Oireachtas joint committee shall consider the proposed merger and legislation tomorrow and Thursday. There has been some concerns raised about aspects of the proposals and the need to ensure real independence and effectiveness of the new merged body. We could hold a debate here either before the end of the session or very early in the next one.

Senator Jillian van Turnhout: I too echo the compliments to all around on the historic event that took place this morning.

I welcome the withdrawal of a promotional leaflet by a supermarket for children's allowance day specials. I know that my colleague, Senator Averil Power, raised the matter in the media this morning and that the offer has now been withdrawn. The child death report last week indicated that there is a clear link between parental drinking and child neglect. The idea of having a children's allowance day special is obscene and I am glad that it has been withdrawn.

Senator Terry Leyden: Yes.

Senator Jillian van Turnhout: I would like to draw attention to the publication on last Friday of a HIQA inspection report on children's residential centres in the HSE South area. The report followed a two day pre-announced inspection of the children's residential centres in April. Three young people resided in the centre, one aged 14 years and two aged 15 years. The report was highly critical. The inspections described the living accommodation at the centre. It consisted of two separate purpose-built bungalows that were described as shabby and not fit for purpose, the heating was broken, walls were broken as well as cupboards and doors. The inspectors also identified serious concerns over the care being given to children by staff at the centre due to their very low morale. One of the findings that I found particularly troubling was that two of the teenagers had attended school intermittently before being admitted to the centre but they no longer attend school. They had not been to school for over eight months.

[Senator Jillian van Turnhout.]

We know from the child death review group's report last week of the importance of education and school attendance and that the report spanned 2000 to 2010. The new report is dated April 2012. It alarms me because it has highlighted the fact that the issues contained in the child death report have not been addressed. It is imperative that the HSE act on the 23 recommendations in the HIQA report. I also draw the attention of the House to the fact that there is still no independent inspection regime for children in disability services or children in direct provision. It baffles me, given the truly dreadful record in child welfare and protection that not only are many children in Ireland seen but not heard, some of the most vulnerable are neither seen nor heard. I call on the Leader to invite the Minister for Health, Deputy James Reilly, and the Minister for Children and Youth Affairs, Deputy Frances Fitzgerald, to the House to explain the reason there is no inspection for these categories of children. In recent months I have had correspondence with both Ministers, neither of whom will take responsibility for these categories of children.

Senator Jim D'Arcy: I add my congratulations to all those involved in facilitating and organising the visit of Mr. Drew Nelson to the House today. It was a good day for the Seanad. I hope also that it will lead to further improved relations between the peoples of the two jurisdictions. I was particularly impressed by the quality of all the contributions of the leaders which were excellent.

I am pleased to raise an issue I raised almost a year ago, that is, the naming of the Boyne cable bridge on the M1 motorway over the River Boyne, the President Mary McAleese Bridge. Yesterday, the National Roads Authority informed Meath County Council that it could go ahead and name the bridge, the Mary McAleese Bridge. At that time, the Taoiseach, fully supportive of the idea, asked that the motion be passed at Meath and Louth county councils. For procedural reasons, Louth County Council is introducing the motion this month. I have no doubt it will be passed. It is fitting that the issue was raised here and supported at that time by eight contributors from all parties. Mr. Drew Nelson, the Grand Secretary of the Orange Order has told me that, if invited, he would be honoured to attend the formal naming of the bridge, the President Mary McAleese Bridge.

Senator Sean D. Barrett: I agree with everything the Senator has said. To the list of those who have been praised should be added the names of Senators David Cullinane and Ivana Bacik for splendid speeches.

As of 25 June, nine more people were killed on Irish roads compared to last year. We have had almost a 40 year reduction in road accidents from 1970, when more than 400 people were killed, down to 186 last year. As I am aware this is a matter which greatly concerns the Minister for Transport, Deputy Leo Varadkar, who is taking a great interest in it, I ask the Leader to invite him to the House. If this is a turning point that an improvement of more than 40 years is reversed, there will be many dead young people. It is a challenge to the House which rose splendidly to the challenges it faced this morning to debate the issue with the Minister. Is it a problem of drug driving, older vehicles during the recession or that mobile telephones appear to be used with impunity while driving? I have noticed advertisements around the country — signs for worn tyres. What are they for? Did we need special care in the recent bad weather? This could be a serious problem after a period of such good progress under former Ministers, former Deputies Martin Cullen and Noel Dempsey and the Minister, Deputy Leo Varadkar. I am sure the House, as it showed this morning, would be able to assist the Minister as he addresses this sudden and unexpected problem which has arisen this year.

Senator Lorraine Higgins: Last week I raised the issue of Ulster Bank. At that time we were assured that all the issues pertaining to the whole debacle would be sorted out by the end of that week. We are now in the third week and the problem still persists. It is nothing short of shambolic on the part of the management that people are still not being paid their wages, that their social welfare entitlements are not being paid and that they are unsure that the bank systems are competent enough to accurately record transactions. More worryingly, I wrote to Stephen Hester, the chief executive officer of Royal Bank of Scotland, two weeks ago and I await a response from him. That is an indication of the priority Ireland is getting in this situation. It is distasteful and disdainful that we would receive a public relations message from the bank stating that it is sorry for this when it is simply not good enough.

At this point I am forced to reiterate the calls I made last week with regard to an Oireachtas inquiry being held into this matter. It is the only mechanism capable of holding to account those responsible for this debacle and horrendous ineptitude. Also, I call on the bank not to charge their customers bank fees until January 2013 and I call on the management in Ireland and the United Kingdom to agree to forego their bonuses. I would like cross-party support in my calls on that basis.

Senator David Cullinane: Like previous speakers I commend the Cathaoirleach, the Leas-Chathaoirleach and the Leader of the Seanad on the invitation extended to the grand secretary of the Orange Order. It was a significant, historic and important day. There have been many important days in recent years, and in recent months. The Deputy First Minister, Martin McGuinness, MLA, attended a soccer match with Peter Robinson, MLA, in which Linfield was playing. We had Peter Robinson, MLA, watching a GAA match in Casement Park. We had the Lord Mayor of Belfast, who is a Unionist, throw the sliotar into a game in Casement Park. All of those are significant steps. The peace process and the Good Friday Agreement is 14 years old but it is still in its infancy in that much of the work that is ongoing is part of a long-term project of which many of us are supportive. Progress was made again today with the invitation to and the speech from the grand master of the Orange Order. Senator Jim Darcy was wearing an orange tie for the occasion, and fair play to him.

On a somewhat related but different note, people spoke about the relevance of the Seanad. I ask that later this year we would have a number of constructive debates on the preparation for the budget. I called for this last year. We seem to have debates when the stable door has closed. There is a real purpose for this House to have debates on the pre-budget submissions, not just from the political parties or the views of the Independent Senators but also from the plethora of organisations that lobby all of us on an individual basis. I ask that we would have a number of structured debates, not just with the Minister for Finance but also with Ministers with different responsibilities, and that we would seek to have a number of those debates in the run up to the budget this year. It would be helpful for the Minister, the Government and all of us in ensuring we have constructive criticism and debate on the shape of the budget.

Senator Colm Burke: I, too, join my colleagues in thanking the Leader and all those who contributed to this morning's debate. It was very constructive, and well done to everyone involved.

I raise an issue that was raised last week but it is important that it be raised again. It concerns the flooding in Cork and the need for decisive action to be taken on that matter. One of the problems experienced by people who have suffered severe damage is the delay in getting payment from insurance companies. I have suggested that on this occasion insurance companies would pay out a preliminary amount of €3,000 to all householders who are insured because people are having to rent alternative properties. Money is tight, and I ask that would be done by the insurance companies at an early date.

[Senator Colm Burke.]

I am aware that the Minister was in Clonakilty and in Cork city yesterday. I ask the Leader to request the Minister to attend the House and outline how it is proposed to deal with what is a tragic situation for businesses, those in residential properties and, in some cases, those who do not have insurance. If at all possible I ask that moneys should be made available for people who could not get insurance and that some support would be given at this stage. I ask that the Minister come to the House to outline how it is proposed to deal with this matter.

With regard to the insurance companies, I ask for them to be requested to deal with the issue immediately rather than drag it on for six, 12 or 18 months, as has happened previously.

Senator Terry Leyden: Will the Committee on Procedure and Privileges now consider issuing an invitation to Cardinal Seán Brady and the heads of the Church of Ireland, the Anglican community and the Moslem community, in line with the invitation to Mr. Nelson today? We need balance and I hope this suggestion will be followed up and that we do not just have the one invitation to a particular group.

With regard to the takeover of Aer Lingus proposed by Michael O'Leary, I hope we will have an opportunity to discuss that issue. The Minister should come to the House to discuss it because it has serious implications for this country. I have great admiration for Michael O'Leary. He has revolutionised transport and has made so many airports and Europe accessible to Irish people. There is no question about that. However, the possibility that he might take over Aer Lingus would remove competition on the ground and when competition is gone, prices rise. Therefore, I would like the Minister to come to the House to discuss this issue.

On the issue of airports, terminal two in Dublin Airport is a disaster. I went to terminal 2 last week——

Senator David Cullinane: On a junket.

Senator Terry Leyden: ——and had to walk out and go to terminal 1 to get my aeroplane. On my return from my journey to terminal 2, I had to find the bus to the car park. Then, even though I had booked car parking in advance——

Senator Michael Mullins: One would miss the old State car.

Senator Terry Leyden: I did not park in the Aer Lingus car park.

An Leas-Chathaoirleach: Senator Leyden, without interruption please.

Senator Terry Leyden: I call on the Leader to arrange for the Minister for Transport, Tourism and Sport, Deputy Varadkar, to come to the House to discuss the issue of access, the future of Aer Lingus and the manner in which the Dublin Airport Authority is handling the situation. I would now be in favour of the privatisation of terminal two and for some better management at the airport. Just try booking car parking in advance sometime and then not being permitted remove one's car from the car park.

Senator Martin Conway: Like all my colleagues, I commend what took place here this morning. It was truly historic and the Leader gave a fantastic speech, as did all other contributors. I particularly commend Senator Cullinane on his contribution. That is the type of dialogue we need. As he said, if we have dialogue, and lots of it, it is amazing what can be solved. I commend all involved.

I wish to raise the issue of the post office in Corofin in County Clare which closed unexpectedly this week without notice. I acknowledge the efforts that are being made by An Post to

accommodate people in this regard. Children's allowance payments were paid today in the premises in Corofin and I understand that social welfare and pension payments will now be paid in Kilfenora. However, there is an issue with regard to transportation. Many elderly people in Corofin and many of those on social welfare do not have transport and they will find it difficult to get to Kilfenora. I spoke to the head of communications at An Post just before I came into the House about I called for An Post to provide bus transportation on a Tuesday and Friday for people without transportation, until an alternative premises can be found in Corofin. Will the Leader, on our behalf, make contact with An Post and ask it to put transportation arrangements in place for people in Corofin who have been collecting their pensions for years in Corofin but who now find they have to travel in order to collect them. An unfortunate set of circumstances led to resignation of postmaster in Corofin and to the closure of the post office. I acknowledge An Post is doing its best, but the connectivity issue between the villages needs to be addressed.

Senator Mary Ann O'Brien: I second the comments made by Senator van Turnhout regarding children's allowance and the advertisement in Centra today. However, I would go one step further. Should we have a debate on banning the advertisement of alcohol altogether? In the past two weeks, the Seanad Public Consultation Committee discussed cancer and heard that alcohol was the problem. The death of children in care report also said alcohol was the problem. I like alcohol but we need to be careful of it in our beautiful culture.

I refer to last weekend's *The Sunday Times* article on sick certificates. To my utter amazement, the journalist who wrote that report went around Dublin and told doctors she wanted to go to a wedding on a Friday. I think seven out of nine doctors gave her a sick certificate. The Minister for Social Protection, Deputy Burton, is considering making changes to the current system by transferring more of the cost in the area of sick payments to the employer from the State. We need to invite the Minister for Health to the House at the earliest opportunity to discuss the practice and guidelines around doctors issuing sick certificates.

This was far from news to me and many employers because it is incredibly easy to get a sick certificate. There are some wonderful doctors but there are many who just hand out sick certificates to anyone who wants one. We want to get Ireland working again and ask employers to employ more people, so we need to be careful about the balance here. Will the Leader please invite the Minister for Health to the House and let us have a debate on this issue?

Senator Jimmy Harte: Along with other Senators, I note the Orange Order's contribution to the Seanad today. I grew up in Raphoe in east Donegal and the Orange Order was, and still is, very prominent in the town in which there was 50:50 breakdown in terms of religion. The Orange Order was part of the community. As Senator Bacik said earlier, before 1968 or 1969 the bands played music. The Ancient Order of Hibernians band would swap instruments if the other band was short a drum or a flute and one particular man, God rest him, also taught the Orangemen how to play the instruments. It is an historic day for the Seanad. I mention, in particular, the people who died over many years and the connotations the Orange Order had. It is a good day when the Seanad can invite a group like the Orange Order in to speak.

I refer to the news that Irish soccer fans will be awarded a special trophy for their behaviour and good humour in Poland, despite the results. Michel Platini, president of UEFA, will come to Dublin to present the award. The Irish fans expressed a form of Irishness Europe does not understand. European countries perhaps do not understand how we feel about ourselves. When Italy played Spain, it had difficulty getting fans to go to the matches whereas if Ireland had got to the final, 3 million people would have been looking for tickets. Europeans have a different outlook. When I was in Poland, I noticed fans from ten to 80 years of age. Every part of society

[Senator Jimmy Harte.]

was represented. Some 30,000 Irish people had a few beers and a sing-song. We did more for Irish tourism than Bord Fáilte ever did and the fans must be commended on that.

I agree with my colleague, Senator Higgins, about the debacle in Ulster Bank. However, the front line staff in Ulster Bank should be commended because they are bearing the brunt of the abuse and they do not deserve it. I know many staff who are working long hours and are trying to deflect the issues with which they are being hit. Someone in Ulster Bank or in Royal Bank of Scotland must be answerable. This has happened in Ulster Bank but what would happen if it happened to all the banks in the one week, which is a possibility? No one would have predicted this and one would have assumed the technology was 100% safe. I think the problem is much more severe than the bank is letting on. Last week we were told, one day after another, that the problem was about to be fixed. I felt as though I were in a plane sitting on a runway and being told repeatedly that take-off was delayed, only to discover, eventually, that the flight had been cancelled. It is important to have a debate on the Ulster Bank problem, but front line staff should not be blamed. This morning, I heard someone refer to a line from a song by Woodie Guthrie, "Some rob you with a six-gun, some with a fountain-pen". That is what is happening in this country.

Senator Feargal Quinn: Today was a good day for the Seanad. It was particularly rewarding to hear the speeches made by the various parties. We enhanced our reputation and I believe this is a first step that will be followed by others in the same direction.

Mr. Drew Nelson referred to working with Tourism Ireland. Here is a real opportunity to work together. My father came from County Down and he often claimed we should have made a celebration of the day of the truce in 1921 which came into effect, to the best of my knowledge, on 11 July. He often said we should have a national holiday on that day.

How about having a national holiday here on 11 or 12 July? We may as well make it the 12th while we are at it. This could be an all-Ireland occasion. We have a great day on St. Patrick's Day. It has been very successful and we should, of course, continue it. Perhaps, instead of having Easter Monday followed by May Monday and June Monday, we could consider having a national holiday to overlap the 12 July holiday, as the grand secretary said today. All the festivals and parades could take place on the same weekend.

I support what Senator Cullinane said about pre-budget debates. If we are to debate the budget there is no sense in doing so after its publication. Ten years ago, I was involved in making proposals for Seanad reform. One of the proposals was that all lobbying should take place here in full view. This would be an ideal opportunity for lobbyists who want to gain the ear of the Minister and his officials to come to the Seanad and do so before budget day. Anyone who wished to lobby could do so, not behind the scenes but in full view of the Seanad. The Seanad could provide a perfect opportunity to lobby the Minister if a debate were held pre-budget instead of post-budget. It is nonsensical to have the Minister deliver his budget and for us to debate it afterwards.

Senator Mary Ann O'Brien spoke about last weekend's sick leave scandal, where a reporter visited ten doctors in Dublin, made it clear that she was not ill but wanted a day off work to go to a wedding and seven of the ten doctors gave her a doctor's note. Of the doctors who did not give her a note, one refused because he suspected she might be a reporter and he had been similarly caught out on a previous occasion. I am reminded of what other countries do. In the last week, Barclays Bank was fined £290 million for its breach and GlaxoSmithKline, in the United States, was fined \$3 billion for its misbehaviour. I mention this because it seems the Irish Medical Organisation supports the seven doctors who were willing to give a sick note to someone who had no illness whatsoever. There may be a need for us to consider fines for

misbehaviour, although perhaps not as big as the GlaxoSmithKline fine. Money talks, and fines might make people think twice before they misbehave.

Senator Terry Brennan: Other Senators have referred to the sick leave issue. I recently read that an average of 5,000 sick days are taken every day by HSE staff. It beggars belief that there are 5,000 sick days taken every day on average in one concern in this country.

I am delighted to hear that the new bridge over the River Boyne is about to be named the Mary McAleese Bridge and commend my colleague, Senator Jim D'Arcy, whose initiative it was. It was his proposal and as I recall, I seconded it. I welcome the forthcoming decision by Louth County Council. I believe the NRA is in full approval of renaming this bridge. It is to be welcomed by all. I say, "Well done", to my colleague, Senator D'Arcy.

Senator Marc MacSharry: I join with others in congratulating those involved in putting together today's address. It was an historic day for the House and a sign of what can be done in the future. I would agree with Senator Leyden's suggestion that leaders of some of the other organisations, particularly from a religious perspective, be invited here in the interests of balance and following on from the lead shown by Senator McAleese and the Leader in bringing forward today's address. It was a good beginning.

Senator Quinn mentioned that Tourism Ireland and the topic of tourism in the context of the Northern question are a significant vehicle. It would be remiss not to mention the Rally Ireland project. A North-South co-operation very much from both traditions, the theme of those events when they started in 2009 was, "Hands Across the Divide". It proved to be a winning formula in sports tourism and I am sure, as we heard from the Grand Secretary of the lodge today, and as Senator Quinn and others agreed, it can form the basis of part of the answer to the economic challenges posed to us.

I welcome the fact that today we will debate some elements of the Personal Insolvency Bill and hope that the Bill can be brought to this House as quickly as possible. As one of the many Senators who raised this issue up to three and a half years ago, I am most disappointed to see the main crux of the legislation holding a veto for the financial institutions. It is like saying to the kidnappers that the law now states they must release the hostages if they choose to. It is ridiculous in the extreme that legislation that has involved so much work, with the heads of the Bill being worked on by the committee and the Department officials, enshrines the hand of the financial institutions rather than of an independent person or people's representative. That is gravely regrettable. I hope that can be rectified on Committee Stage in Dáil Éireann in advance of coming to this House. I fear that the Bill, if it is to be maintained as is outlined in the Dáil, only enshrines the powers that the banks have rather than puts the people of the country front and centre, which is what is required in this crisis.

Senator John Whelan: I echo the sentiments expressed by Senators Mary Ann O'Brien and Quinn on the abuse of sick leave in certain limited circumstances around the country — not everyone is at it. I would be concerned if new legislation introduced to tackle this problem put any further burden on small businesses and employers who are already put to the pin of their collar in trying to keep their businesses open. The problem needs to be tackled but we had better ensure we do not throw out the baby with the bath water.

I ask the Leader to inform us on long-overdue legislation on the issue of media ownership and control that has been mentioned. I wonder will we have it at all this year. It has been mooted and has been kicked around all year. I raise the issue today on what is a sad day for me in that it marks the closure of yet another regional newspaper, the *Offaly Express* in Tullamore, with the loss of many jobs. Unfortunately, it co-incides with the passing of Mr. Kevin Farrell, one of the founding journalists of that newspaper who, true to form, missed the

[Senator John Whelan.]

deadline yesterday evening, and when word of his passing came through, the newspaper had to be changed and held up before it was sent to print. It was characteristic that Mr. Farrell should have the last word. I take this opportunity to extend our sympathy to his wife, Eileen, and family.

The reality is that the media sector is under grave pressure. RTE is in serious trouble, with debts running in the millions of euro and further lay-offs being sought, including in the newsroom. National newspaper titles which have been in print for decades are under serious duress. Several regional titles which have been in operation for upwards of 200 years are facing closure. Consolidation of large newspaper groups both nationally and regionally, far from being beneficial for the sector, has diminished choice and diversity and employment levels have suffered. Representatives of the local radio sector will be in Leinster House tomorrow to set out their stall and outline their concerns. There can be no denying that the industry is in chaos, with jobs being shed and one title after another facing closure. Although this issue is under the remit of the Minister for Communications, Energy and Natural Resources, Deputy Pat Rabbitte, I understand the Minister for Jobs, Enterprise and Innovation, Deputy Richard Bruton, is the lead Minister in terms of the pending legislation, with the latter having to divest responsibility to the Department of Communications, Energy and Natural Resources. Can the Leader give any indication of when we might see movement on this long overdue legislation? It is very important for the future of the sector and the security of the jobs it provides, as well as for the public in general.

Senator David Norris: I support the proposal that a bridge over the River Boyne be named for former President, Ms Mary McAleese. Such a gesture would be particularly appropriate given that bridge-building was the theme of her Presidency.

Last Saturday the annual Gay Pride march took place in Dublin. *The Irish Times* disgraced itself as usual with the three photographs it published of the event. Colourful and entertaining as they were, if the same was done to any other group, the newspaper would be picketed and subjected to severe abuse. It is a disgrace for a national publication to treat such a matter with so little gravity, especially given the very serious political issue that arose in the lead-up to the event. I attended the opening at Dublin Castle and listened to the addresses given by the Minister for Justice and Equality and the Garda Commissioner. I spoke at the dinner hosted by the European Gay Police Association, a very important meeting attended by some 300 members of police forces from 26 countries spanning three continents. When members of this group visited Áras an Uachtaráin, an attempt was made by the Garda Commissioner to prevent the gardaí involved from wearing their uniforms. This was only overcome after a second meeting involving the Garda Representative Association and the Association of Garda Sergeants and Inspectors. That is very strange.

At the conference we were told that one of the problems was the way in which the grapevine was used by members of the Garda. The Commissioner succeeded in his efforts to prevent Irish officers from wearing their uniforms at the parade on the basis that they would be off duty. However, being off duty is no impediment to the wearing of uniforms by gardaí participating in the homophobic event that is the annual St. Patrick's Day parade in New York. Likewise, no objections were raised when off-duty gardaí escorting the remains of St. Thérèse of Lisieux wore their uniforms. When it is a gay issue, however, gardaí, alone among the police force representatives of 26 countries, are apparently not allowed to wear their uniform. These gardaí are facing discrimination in their own country.

Will the Leader confirm whether, as I understand it, the Garda Commissioner also attempted to prevent the foreign representatives from wearing their uniforms in the parade? Second, in

the light of the grapevine situation, which is highlighted by a brilliant academic paper by two women from DCU, is it the case that a verbal message was sent by the Commissioner's office to all assistant commissioners advising them not to attend the conference and, moreover, to advise their chief superintendents and superintendents that they would be better employed in their own divisions and districts? It is a fact that no assistant commissioners attended the conference, nor any operational chief superintendents or superintendents. These are very serious questions and I ask that they be answered factually and on the record of this House rather than *sub rosa*. These serious concerns place the disgraceful exhibition by *The Irish Times* in context——

An Leas-Chathaoirleach: The Senator should not display a newspaper in the Chamber.

Senator David Norris: ——with that publication refusing once again to take these matters seriously and instead choosing to trivialise them in a reprehensible and insulting manner.

An Leas-Chathaoirleach: As the Father of the House and an experienced Senator, Senator Norris is aware that it is inappropriate to display newspapers in the House. I call Senator Noone.

Senator David Norris: I did not mention any name. Did I?

Senator Terry Leyden: There is only one Commissioner.

An Leas-Chathaoirleach: Senator Noone, without interruption, please.

Senator Catherine Noone: I join with the remarks made by previous Senators in regard to the Ulster Bank issue, in respect of which we are all agreed there has been a lack of communication and competence on the part of the bank to deal with its systems failure. Everyone is crying out for accountability in respect of the banking sector. It is hoped that this issue will be sorted out sooner rather than later and that there will be some accountability for this fiasco.

The Irish people have been treated with some disdain by Ulster Bank and its parent company. It is bad enough that the problem arose in the first instance and that there was a failure to communicate but it seems the bank was able to sort out the problem a lot faster in the UK than in Ireland, which I take great exception to. I agree with comments made by previous speakers in regard to communications generally from Ulster Bank. I hope that above all there will be some accountability and that the relevant Minister will call for this at the appropriate time.

Senator Kathryn Reilly: I support the comments of Senators Cullinane and Quinn in regard to the budgetary process and pre-budget discussions that will occur here in advance of budget 2013.

The Parliamentary Assembly of the Council of Europe adopted a report last week by a two-thirds majority. The report, entitled "Austerity Measures — A Danger for Democracy and Social Rights" highlights a comment made by the Council of Europe Commissioner for Human Rights Mr. Thomas Hammarberg when on a visit to Ireland in June 2011. Mr. Hammarberg stated that budget cuts planned in Ireland may be detrimental to the protection of human rights and that it is crucial to avoid this risk, in particular regarding vulnerable groups of people.

It would be important, in terms of our pre-budget discussions, that we discuss this report, in particular given it was adopted by the Parliamentary Assembly of the Council of Europe, of which Ireland is a member and that we discuss the ten point resolutions contained therein which call for member states to closely assess their current austerity programmes and the effect

[Senator Kathryn Reilly.]

they are having on our social rights, decision-making processes and social security systems. I would appreciate if the Leader could arrange a debate on this report.

Senator Michael Mullins: I am glad I was present in the House this morning for the visit of the Grand Secretary of the Grand Orange Lodge of Ireland, Mr. Drew Nelson. The wonderful speeches made by all of my colleagues enhanced the standing of this Seanad. It is hoped it was the first of many other significant events which will greatly enhance the standing of Seanad Éireann.

I welcome the safe arrival in the early hours of this morning of the competitors in the Volvo Ocean Race to Galway, which is a huge event for Galway and is the largest sporting event in Europe this summer. It has the potential to bring in excess of 600,000 people to Galway and to inject €80 million into the local economy. I pay tribute to everyone associated with the race, in particular Mr. John Killeen and Mr. Enda O'Coineen who on this occasion secured this prestigious event for Galway. I invite all members to Galway for the weekend, where they will be spoiled for choice in terms of the Connacht Fleadh in Ballinasloe and the wonderful festivities in Galway city. It is a positive day for the west and a positive week for County Galway.

An Leas-Chathaoirleach: If all this crowd attends, I would be worried about accommodation. I call Senator O'Sullivan.

Senator Ned O'Sullivan: I congratulate the Cathaoirleach, Leas-Chathaoirleach, the Leader, Senator McAleese and all other Senators on their contributions in the House this morning.

I must admit I had some reservations about whether it was a good idea but it has come to pass and I welcome it. It enhanced the Seanad. I hope the Taoiseach was watching. Perhaps he might rethink his view of us.

It was informative. Clearly, the mindset of the Orange Order has not changed. Our guest made that clear although the dialogue was good. We would not want to lose the run of ourselves, however, and the idea that Orange marches are of tourist potential in this country is a long way off. On 12 July there will be the stern-faced men with their bowler hats, their sashes and their hob-nailed boots, with their Lambeg drums, going through very sensitive areas. That is not a Macnas parade; it is not the Mardi Gras. However, we live in hope.

I refer to a matter I am sure has already been covered, the increased number of people who have paid their household charge, which I welcome. I congratulate the people concerned because these are tough times and this was a very difficult ask for many who had to cough up that money. They were less than enamoured by the cack-handed way in which this was handled by the Government. Ultimately, however, the majority are not listening to the shrieks and harpy voices of those who are trying to preach revolution in this country which I find very heartening. It might be an indication of the way forward.

Senator John Crown: I welcome the announcement, reported today, that the State is undertaking that women who were victimised by the implantation of industrial-grade silicon in PIP breast implants will have recourse to it if the companies responsible for inserting the implants cannot be forced to look after them. I encourage the Minister for Health to use all power at his disposal in national and international law to pursue relentlessly those extra-jurisdictional organisations which were responsible for this grotesque departure from good practice.

On an allied issue, I was extremely distressed when I received a letter from a patient recently. I shall not name her but she told me she had had a surgical mastectomy of both breasts performed preventively because she had been diagnosed with a genetic predisposition to breast

cancer. This is a very sad circumstance that arises. The great majority of breast cancers are not genetic in that sense but a minority are. For the small minority of women who carry one of the identified genes the lifetime risk of developing breast cancer is believed to be so high that the option of preventive surgery, an extremely difficult decision for any woman to make, is one they often confront and have to make. One of the things that in some sense has lessened — though not removed — the pain of being forced to undergo such potentially mutilating surgery, often at a relatively young age, is the fact that reconstructive surgery is available. Using plastics procedures, this surgery gives patients a reconstructed artificial breast that goes some measure towards dealing with issues of self-esteem, cosmesis, etc. I was horrified to hear that Aviva Insurance, one of the leading private insurers in the country, refused coverage to a patient for this surgery, stating that the treatment was performed “prophylactically and therefore was not deemed medically necessary”. A person who has the gene in question has an 80% lifetime risk of getting breast cancer and when it occurs the type of cancer can be very aggressive. This surgery is absolutely medically necessary.

Will the Leader bring this matter to the attention of the Minister? I know he does not have jurisdiction over Aviva but one wonders if there is some place within health insurance regulation whereby somebody can enforce standards because this is an appalling decision. If women believe they cannot have reconstruction done, they may make the decision not to have the surgery that could save their life in the first place. This situation also applies to the great majority of women who do not have genetic breast cancer but who may at some stage need a mastectomy. One of the factors that makes mastectomy palatable is the possibility of having reconstructive surgery. I was really distressed to hear this account. I have had an extensive correspondence with the patient in question. I could not believe that such a decision could be made by a leading insurance company in a modern Western country.

Senator Paul Coghlan: I compliment the Leas-Chathaoirleach, the Cathaoirleach and the Leader on this historic and memorable day, as arranged. It was a wonderful event and, as has been noted, was very good for the House.

Senator Paul Coghlan: I compliment the Cathaoirleach and the Leader on the historic and memorable event that was held today. It was a wonderful event that as has been said was very good for the House. I compliment the Leader and all the group leaders for their wonderful contributions. I look forward, as I am sure do other Members, to a future day when we will have the First Minister, Mr. Robinson, and the Deputy First Minister, Mr. McGuinness, address this Chamber. Please God there will be many more good days for this House.

Senator Maurice Cummins: I am aware that the Minister for Finance, Deputy Noonan, is waiting outside the Chamber since 3.45 p.m. He must leave at 5.45 p.m. and therefore we have cut into 25 minutes of the time available to him. Members made important points on many subjects on the Order of Business, and I have taken note of every point made.

There is no question that this has been an historic day. It means that dialogue and exchanges such as those we had here earlier is what is necessary for us to progress the area of reconciliation and peace into the future. I ask the Members to forgive me for not responding. I will bring the matters they raised to the attention of the various Ministers.

Order of Business agreed to.

Mortgage Arrears, Banking and the Economy: Statements, Questions and Answers

An Leas-Chathaoirleach: I welcome the Minister for Finance, Deputy Michael Noonan, to the House. I apologise to the Minister for the fact that he has been waiting for some time. I

[An Leas-Chathaoirleach.]

was not aware of that but some of my colleagues were very engaging on matters but I would have cut them short if I had known the Minister was waiting. Ar aghaidh leat.

Minister for Finance (Deputy Michael Noonan): I thank the Members for giving me the opportunity to update the Seanad on the Government's work in tackling the mortgage arrears problem and on its wider banking and economic policies. The timing is particularly opportune given the significant decisions and announcements made last week.

Senators will be aware of the increase in the number of mortgages in arrears and of the difficulty this is posing for many families. Based on data published recently by the Central Bank, there were 76,600 mortgage accounts that were in arrears of more than 90 days at the end of last March. This amounted to 10.2% of primary residential mortgages. This position has unfortunately deteriorated in recent years. In March 2011, 6.3% of mortgage accounts were in arrears and in March 2010 it was 4.1%.

A number of important measures were developed in recent years to protect the genuine mortgage holders who were experiencing difficulty with their mortgage repayments. These include the Central Bank code of conduct on mortgage arrears which requires, among other things, lenders to put in place a mortgage arrears resolution process, provides that a lender must make every reasonable effort to agree an alternative payment arrangement and places a moratorium on legal action by banks against co-operating borrowers. Forbearance is indeed a very worthwhile and an appropriate response to most people experiencing mortgage difficulties. The approach as set out in the code of conduct on mortgage arrears can provide a household experiencing temporary mortgage difficulty with the necessary and important breathing space to allow that household to get back on its feet and resume meeting full mortgage commitments at a future time.

However, the Government also recognised that these measures are not, in themselves, sufficient to address all cases of genuine mortgage distress and that it will be necessary to develop other more long-term and structural responses for appropriate cases. Therefore, within a few months of taking office, the Government established an interdepartmental group and tasked it to investigate and consider the further measures that could be developed to alleviate this increasing problem of mortgage over indebtedness. This group, which was chaired by Declan Keane, produced its report within a very short timeframe and it was then considered by Government last autumn. This report has served as the blueprint for what the Government, the Central Bank and mortgage lenders are doing to address this significant economic and social problem. The Government now has a comprehensive and realistic plan to tackle the mortgage arrears problem which it is implementing across Departments and agencies.

The Government's strategy for assisting those in mortgage arrears includes the following key elements — providing comprehensive advice and assistance to those in mortgage difficulty; providing for an approach to better enable problem mortgage debt to be dealt with on a bilateral basis by way of agreement between borrower and lender; rebalancing personal insolvency legislation to strike a fairer balance between debtor and creditor and to provide for more efficient debt resolution mechanisms, and introducing measures to allow families to stay in the home but transfer its ownership to a local authority or approved housing body.

The Government is fully aware that there are no quick fixes or a one-size-fits-all solution to the mortgage problem. Each family in mortgage arrears faces unique difficulties and we must have a range of solutions which can be adapted to properly address individual circumstances. This is a carefully calibrated approach to ensure that help is targeted at those who need it and cannot pay, as opposed to those who can pay but will not meet their obligations. It would not be a fair or an effective use of public resources to provide assistance to those who can well

afford to pay their mortgages or other debt obligations. This importance of protecting taxpayers' scarce resources is reflected in key elements of the strategy. None of the measures being contemplated by the Government represents blanket debt forgiveness. It is clear that the vast majority of mortgage holders can and will continue to meet their mortgage commitments and the Government will support such people. Insolvent people cannot avail of taxpayer assistance in order to live a lifestyle which is well beyond the lifestyle of those taxpayers who are supporting them. The Government is committed to ensuring that, where possible, people can remain in their homes. However, this will not always be possible or appropriate and some borrowers who cannot meet their commitments will need to adjust their circumstances to a reasonable level similar to the majority of taxpayers who are assisting them. Given the case by case nature of the borrower-lender relationship, there is no entitlement to one particular solution; the resolution mechanism will vary and will be dependent on and appropriate to individual circumstances.

Personal insolvency reform was identified in the Keane report as a key element in the resolution of the mortgage arrears problem. The publication of the Personal Insolvency Bill is a fundamental part of this overall reform agenda. It will create a modern and fairer approach to dealing with unsustainable debt and will give genuine insolvent debtors the opportunity of a fresh start. This approach is in the best interests of the person and wider society and the economy. The Bill will change the relationship between the mortgage lender and the distressed mortgage holder. It will give a greater balance to the rights of the borrower and the lender and incentivise both parties to come to an agreed solution.

The clear objective of this Bill is to provide much needed relief to genuine insolvent borrowers who cannot meet their commitments as they currently stand and to restore them to the position where they can meet a reasonable level of their liabilities. For individuals who are insolvent without any reasonable prospect of being able to repay their debts in full, the new legislation will allow them to rehabilitate their financial situation over a defined period.

It should be strongly borne in mind that the losses the banks and other creditors have or will incur do not arise from this new legislation. Instead such losses are a consequence of prior lending to an individual that is now insolvent. The reality is that these losses already existed and the legislation only allows for unsustainable debt positions to be resolved in the best interests of the insolvent debtor and also in a way that is fair, in the circumstances, to all creditors. The Bill will give creditors a better opportunity of recovering losses in terms of incentivising individuals to earn in the future from which they can pay a proportion of their income to creditors. While the provisions of the Bill will not come into force until its is enacted by the Oireachtas, the detail of the policy framework for bankruptcy and personal insolvency reform now proposed by the Government will provide a clearer picture for borrowers and lenders alike about the consequences of non-payment and failure to reach agreement.

As Senators are aware, the Minister for Justice and Equality has introduced this important Bill to the Oireachtas. It is hoped to complete Second Stage in the Dail prior to the summer recess and to complete Oireachtas consideration in the autumn session. Steps are already under way to put in place the insolvency service and other systems to deliver this new debt resolution framework. The post of director designate for the insolvency service was advertised in May and the new director, when appointed, will have responsibility to get the new agency up and running without delay.

Personal insolvency reform is only one of the planks of the Government's overall response to the mortgage problem. The Central Bank, as supervisor of credit institutions and having regard to its very important consumer protection responsibilities, also plays a significant role. In particular, its engagement with regulated mortgage lenders, to require these lenders to produce

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mortgage arrears resolution strategies and implementation plans, is also key. The Keane report placed a strong onus on mortgage lenders to develop a range of innovative but practical solutions and to make them available to their customers who are experiencing mortgage difficulties. The Keane report even outlined a “decision tree” framework approach that could be adopted to indicate the type of solution that may be appropriate and possible having regard to particular customer circumstances. It placed a strong onus on mortgage lenders to develop these solutions and to present them to the Central Bank.

The indicative options suggested by Keane are now well known, namely, split mortgages, trade down mortgages, restructuring of mortgage payments, and forbearance or sale. The report also made it clear that this was not an exhaustive list and that other options could be developed by banks. The process has been a bit slower than had been hoped. It must be recognised that banks have also had to come to terms with the significantly new demands and pressures that arise from the more in-depth engagement that is now required with a much greater number of their customers. It is hoped that, following intensive engagement with the Central Bank, lenders will be in a position to move to providing suitable long-term forbearance options to their customers in genuine distress from a personal debt perspective. The recently published Bill should act as a stimulus for banks to develop and bring forward realistic and sustainable options. It is hoped that the majority of agreements can be done on a bilateral basis and will not require use of the formal provisions of the Personal Insolvency Bill.

The Central Bank has indicated that lenders have now completed, or are completing, the segmentation of their loan portfolio to assess the projected level of different forbearance or modification techniques for the bank. Lenders have also provided details to the Central Bank of their proposed menu of forbearance and loan modification techniques which, it is understood, are broadly in line with the recommendations of the Keane report. I am informed that individual lenders are expected to move to the measured roll-out stage shortly and that they will be required to start fully implementing their complete menu of approaches later this year. It is essential, in the real interests of homeowners that are experiencing genuine mortgage distress, that momentum is maintained and even increased on this work and that banks allocate sufficient operational capacity to effectively implement the process.

Strong progress has also been made on the other elements of the Government’s mortgage arrears strategy. The Minister for housing and planning has now formally launched the mortgage to rent scheme on a nationwide basis. Much focus has been rightly placed on enabling people to continue to live in their home, and this is a very important backstop scheme for those with the most distressed mortgages and who would otherwise be eligible for social housing support. The scheme is specifically targeted at those low-income families whose mortgage situation is unsustainable and where there is little or no prospect of a significant change in circumstances in the foreseeable future. The scheme can ensure that the family remains in the home, paying rent, while ownership is transferred to an approved housing body. It is accepted that this is not an easy option for families as it involves the surrender of home ownership. However, it does provide security and continuity to families and in many cases a more affordable way for low-income families to meet their accommodation needs. More than 60 cases are now going through this process and it is expected that up to 100 families will avail of this important scheme this year.

The provision of clear information and advice to mortgage holders is also an important requirement as identified in the Keane report. While the overall objective of the recommendation was immediately accepted by the Government, the details of the way to achieve this did require further thought. In particular, the roles of existing agencies in the area of the provision of public service and financial information and advice, other ongoing developments, not least

the advisory role now envisaged for personal insolvency practitioners in the personal insolvency area, had to be considered further to ensure there would be no duplication or confusion of service or responsibility. The Government has broadly agreed a three-pronged framework to better inform and advise at-risk mortgage holders. These initiatives include: an enhanced website under the aegis of the statutory Citizens Information Board — *keepingyourhome.ie/* — is in place and provides important information to distressed mortgage holders; a borrower telephone helpline is also provided under the aegis of the board and this will be enhanced next month; and new initiatives to provide one-to-one advice to mortgage holders to specifically provide professional financial advice on long-term forbearance or restructuring proposals that may be offered to them by their mortgage lender — it is intended that this will be in place to tie in with the roll out of solutions by banks under the MABS process.

The measures to address the mortgage crisis are of course part of the wider Government work to repair the banking system and to refocus it on meeting its primary objective which is to fulfil the credit needs of sound businesses and personal borrowers and to provide a secure place for savers to deposit their money.

Within the context of the EU-IMF programme, we have embarked on a major repair programme for our banks. This work is being carried out led by the shareholding management unit of my Department.

The main element of this has been the recapitalisation of the key banks last year to an amount of €24 billion, inclusive of a buffer amount of over €5 billion, as determined through the financial measures programme. This capital need, however, has not been exclusively provided by the State. Other sources, such as internal capital generation, private investment and burden sharing with subordinated bondholders, are also making a contribution. There have been comments recently about the Irish banks possibly needing more capital in the future. These have been made in the context of changing regulatory capital requirements but also in the context of the rising mortgage arrears. Fixing the mortgage arrears problem, therefore, is not only important from a social perspective but also from a banking stability perspective. In this context, it should be recognised that arrears are generally tracking between the base and stress case assumptions in the 2011 financial measures programme and that no additional capital requirement is expected to arise at this time from the mortgage arrears problem. In addition, at a general level, it should be recognised that Irish banks are among the best capitalised in Europe.

A further challenge being addressed is the need to rebuild a stable funding framework for the banking system. We have seen the stabilisation of the deposit base of the Irish banks, and indeed some growth. Most deposits are still covered by a Government guarantee, but the banks recently started recruiting deposits without this guarantee as a first step towards eventually exiting the guarantee scheme.

In parallel with rebuilding funding capability there is the continuing deleveraging of the excess assets of the banks' balance sheets. The extent of deleveraging to date is also a big step towards the fixing of a banking system to meet the needs of the economy.

Turning now to economic prospects, my Department recently published updated economic and budgetary projections. We see GDP growth of 0.7% this year. The indications are that domestic demand remains fairly weak. In particular, consumers continue to save a relatively high portion of their incomes, partly reflecting uncertainty regarding what the future will bring. This is where Government comes in. What we are trying to do is create certainty and boost confidence to reduce the need for excessive precautionary savings, but the recent savings trend also reflects the desire of many households to reduce the burden of debt accumulated during

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the bubble years. That is entirely natural, and I expect this phenomenon of balance sheet repair to continue for some time.

The external sector is leading the recovery, with exports of goods and services now well in excess of pre-crisis levels. This shows that the improvement in competitiveness, which has been evident in recent years, is standing to us. I believe this demonstrates the inherent flexibility of the Irish economy. Prices and costs in Ireland have fallen significantly, and further improvements are in the pipeline. The strong export performance also means that our balance of payments with the rest of the world moved into surplus in 2010 for the first time in over a decade. A small balance of payments surplus was also recorded last year.

As a small open economy whose recovery is being driven by exports, Ireland will be affected by the soft patch that the global economy is currently going through. However, the composition of our exports and the aforementioned competitiveness improvements will help to offset the potential negative impact of this slowdown. I would emphasise that nearly all forecasters expect that Ireland will record positive GDP growth again in 2012.

On the budgetary front, I am happy to say that based on data for the year to date we remain on track to achieve our budgetary targets. In fact, tax revenue is slightly ahead of our expectations so far this year, with the early indications suggesting that we are within our target commitments.

The outcome of the European Council meeting last week is also a significant and very positive development for our future prospects and the statement that it is, using the words of the Council, “imperative to break the vicious circle between banks and sovereigns” is most welcome. While much work will now need to be done, starting with a eurogroup meeting next week, to build on that and to work out the details, this European Council decision represents a significant policy breakthrough along the lines of what Ireland was seeking, to appropriately address the burden we assumed for dealing with the Irish and wider banking problem. The eurogroup will now commence an examination of the Irish financial sector, with a view to further improving the sustainability of this well-performing adjustment programme.

The decisions and developments of last week, domestically on personal insolvency and at EU level on the wider Irish debt burden, have been of great significance and they suggest that there is now a real opportunity to seize the opportunity to rebuild our economy and put it on a more sustainable footing. Today’s announcement that the National Treasury Management Agency is resuming its treasury bill programme shows the significant improvement in market sentiment towards Ireland since this Government came into office.

Looking beyond this year, there are grounds for optimism regarding the medium term prospects for the Irish economy. Our underlying strengths have not disappeared with the crisis. We retain many of the core qualities that underpinned the sustainable, export-led growth that prevailed during the 1990s, and it is now important to use them while this time maintaining a stable banking and fiscal environment.

Senator Darragh O’Brien: I welcome the Minister back to the Chamber and thank him for his contribution. I will begin on a positive note. The Personal Insolvency Bill, which I have read, is complex but we welcome and will support the reduction in the bankruptcy term from 12 years to three years.

There are aspects to the proposals that must be considered seriously. With regard to the debt relief certificate and the unsecured debt, the threshold the Government has set for people in order to avail of this is extremely high. With regard to unsecured debt, the level for the person’s net disposable income is set at €60 per month and net assets must be no more than

€400. Therefore, this will pretty much just apply to a person without a car and with no assets whatsoever. More needs to be done in that regard.

The Minister has issued the figures today with regard to mortgage debt, an issue I and many Members have been raising here for some time. The figures issued mention 10.2% of people in mortgage arrears of 90 days or more. The Department and the banks also have figures with regard to those in arrears of between 30 and 90 days, who are moving in the same direction. That figure is closer to 15%. What is the Minister's view with regard to how many of this 15% of people who hold residential mortgages will be helped by the personal insolvency legislation published last week by the Government? My view is that not very many will be helped by it in its current form. There are a number of reasons for this, one of which is the veto regarding 65% of creditors. For most people, the banks will make up 65% of creditors as their mortgage makes up 65% or more of their debt. The situation now is that the veto will apply because the creditors must agree if someone is to proceed with insolvency arrangements.

With regard to the position people are in when considering insolvency, we are dealing with people who are extremely distressed. They have come to the end of their tether and have no alternatives but to take this massive step towards insolvency or bankruptcy. However, something is missing from the process, although the Minister alluded to it in his speech, namely, the mortgage arrears resolution strategy from the banks. We have heard again that this will be issued shortly. Tens of thousands of families are in need of help from this strategy, as pointed out recently by the Irish League of Credit Unions report. Over 50% of families have less than €100 per month left to spend after all the bills are paid. Therefore, the nut that needs to be cracked does not just concern the people in severe mortgage difficulties, but also those just keeping their heads above water. As the Minister has said, domestic demand is flat. Forbearance and a moratorium are all very well, but they will not stimulate domestic demand. We have not moved forward with issues such as zero interest or split mortgages, which would be interesting. Has the Minister set a timeframe for the banks to come back with the mortgage arrears resolution strategies? Are all lenders committed to that, not just the covered institutions? These strategies are an important part of the solution.

To return to the Personal Insolvency Bill, the fact the veto exists at such a high threshold is an issue. We had proposed a Bill that would provide an independent debt settlement office that would be arbitrary. I know Minister for Justice and Equality said that would not be constitutional, but that is not correct once someone has recourse to the courts. Once the agency has recourse to the courts, we can do that. It would be far preferable were a lender and a mortgagee to submit their position to someone truly independent who could make an arbitrary ruling on it. Instead, we now have a situation where all the creditors will sit around the table with the borrower and the personal insolvency adviser. We do not know yet how this will be regulated or how it will work out, but this is what will happen. Therefore, things are stacked against the borrower straight away.

There is also no appeals process although this was a strong recommendation of the report of those who worked in the committee on this. As things stand, if the decision is taken and if the lenders, 65% of them, decide they will not accept the application for insolvency, where does the borrower go then? The appeals mechanism is missing, but it should be included. The Minister for Justice and Equality has said he does not expect the Bill to be enacted until October. An appeals mechanism should form a significant part of this Bill.

We were promised it would be a non-judicial process. How will the courts deal with all of these orders? Why are we going down the road of a judicial process? The Minister referred to people who can pay but who do not want to. I believe there are very few of them and that the

[Senator Darragh O'Brien.]

figure would be minute. Effectively, we will be bringing people, who have been going through an extremely difficult time, through the courts.

In regard to the mortgage arrears strategy, to which the Minister referred, it places a strong onus on mortgage lenders to develop solutions and to present them to the Central Bank of Ireland. I would like to know when that will happen. The Minister is right that this is extremely complex. He said that every year, the mortgage arrears situation is getting worse. Fortunately for most people on variable or tracker mortgages, they have had their mortgage interest rates reduced because of low ECB lending rates. The only lender which gave the full reduction the last time was AIB. Bank of Ireland was let off the hook and ICS Building Society, which is owned by Bank of Ireland, has one of the highest variable lending rates. Permanent TSB gave a small reduction to existing customers.

Thousands of people who are struggling to pay will not feature on the Minister's arrears figures. Those people, who are three months or more in arrears, are really struggling. As I said, we reckon approximately 15% of people are in arrears of 30 to 90 days. If the Minister wants to see an increase in domestic demand and the economy taking off like a rocket, he will not see that happen any day soon unless we can free up disposable income for hard pressed mortgage holders.

I mention the extension of mortgage terms — I am not talking about debt write-down — split mortgages, to which the Minister referred, and the zeroising of interest. All a moratorium does for someone is add to his or her interest bill and make the situation worse. The mortgage-to-rent scheme is an absolute con. I would never advise anyone to go down that route. Someone who has paid thousands of euro to a lender will hand his or her house over, the local authority will manage it and he or she will pay rent for his or her house. Does that take into consideration the mortgage that has already been paid? I do not welcome the fact 60 people are already availing of this scheme and that perhaps 100 families will access this scheme.

I thank the Minister for the update he gave us but the Minister of State, Deputy Brian Hayes, said in the House a few weeks ago that the Personal Insolvency Bill would be a game changer. It is not a game changer and much more needs to be done on it.

Senator Michael D'Arcy: I welcome the Minister and the work done in the past week by the Taoiseach. I am sure the Minister will be putting flesh on the bones of what has been agreed to date. It looks like a big step in the right direction on behalf of the nation and I think everybody would agree with that.

I refer Senator O'Brien to the Minister's contribution where he said that the recently published Bill should act as a stimulus for banks to develop and bring forward realistic and sustainable options and that it is hoped the majority of agreements can be done on a bilateral basis and will not require use of the formal provisions of the Bill. That was a crucial statement, specifically in regard to mortgage arrears.

I have concerns about the banking sector. We saw another scandal in London in the past number of days and we see a scandal developing in the United States with JP Morgan. There seems to be no end to what the banking world is prepared to do. The big issue, which was not reported as it should have been, is Europe-wide supervision of the banking sector. As we saw in Ireland, too often governments have not had sufficient control over banking. This may have happened in the past in Ireland, although it is not happening currently. The Taoiseach has been critical of the situation in the banking and development sector. It was insanity in its highest form.

The Government has already placed €7 billion into the covered banks, based on the Black Rock assessment. That is a lot of money, when one considers the mortgage loan book. It amounts to approximately 10% of the amount that would be required if people default fully. That is unlikely to happen, and I hope it will not happen. The €7 billion is there for the banks to write down the debts of those who have no prospect of meeting their debts. That is what it is for, but it is intended to last for the life of all outstanding mortgages. People must understand that.

The number of repossessions in the State is not large. We are told they are being logged in the courts and are occurring in double figures and not in hundreds or thousands. I welcome that. Repossession is something no Irish person likes. The number of repossessions is low, partly because of the quantity of emergency lending assistance from the Central Bank and the European Central Bank. At the end of May, €128 billion had come from those two governing banks, which is a huge amount of money. I believe it is the reason the banks are not repossessing or chasing creditors in the same aggressive manner as other lenders. Those others, unlike the Irish covered banks, are doing genuine deals and are writing down all the remaining debt of people who return the keys of their properties. Many sub-prime lenders are prepared to do this because they want to cease trading in this jurisdiction.

I welcome what looks like the severance of the link between bank and sovereign debt. The Minister has been an advocate of this and has worked to bring it about since coming to office. I do not wish to overstate what the Minister has done, but he is the one person who has said repeatedly that the mistake made in Ireland should not be repeated in other jurisdictions. At one stage, it looked as though it would happen in Spain but, as a result of the leaders' communiqué last week, it looks as though it will not now happen.

The loop of doom being predicted by some, whereby the ECB would dole out money to banks that were not properly capitalised so that they could buy government bonds at spreads that were too high, was bound to end in a collapse. We thought we were going in that direction but it now seems that will not continue.

I welcome European oversight. I have been critical of how business was done in this State between regulators, Government and the banking sector. The sooner the working document on recovery and resolution of credit institutions is concluded so that the banking sector can put its own funds in place to cover collapses, the better. That will be the real game changer on a European-wide level. If we can get that in place there will no longer be a need for sovereign support of banks. It is an enormous piece of work but it will be crucial. The working document, at least, is there to be assessed.

The passing of the referendum on the stability treaty was crucial. Calm voices were listened to by the voting public and prevailed. The European Stability Mechanism, ESM, is in place. If we had listened to those who advocated a "No" vote in the referendum we would not have access to the ESM and our banks would not have access to direct funding. Those who stated that would not be the case are wrong and I would hope that they will accept that they are wrong.

We must grow. Without growth the economy is doomed. The levels of growth on decadal analysis show that we will grow. We are going through the worst of it. We have had four tough years of recession. While our growth levels are low, our numbers are still at least in the positive; other countries are in the negative.

Looking at the numbers, there is, potentially, €120 billion available from EU income. I very much welcome that some of those funds will be channelled through the EIB and that there will be consideration given to those countries that are in programmes which are not able to be funded via the bond markets.

[Senator Michael D’Arcy.]

There has been much comment that we should remain in a programme because the funding we are receiving is cheaper. No doubt it is cheaper. However, we are in a programme because we are locked out of the bond markets. One stays in a programme, not because it is cheap but because it makes funds available when one is locked out. It is something that needs to be understood.

I stated on a number of occasions that everything will revolve around trying to get to grips with the deficit. While the Government is in office 15 or 16 months, it spent that time trying to grab hold of the reins of power, steady the ship and get us to a position where we can advance. To put it in context, the deficit of the past two years is the equivalent of what Anglo Irish Bank cost the State. While the people seem to be okay with the deficit, they certainly are not okay with the cost of Anglo Irish Bank to the State.

As always, the Minister, Deputy Noonan, is welcome. Some very good work has been done and I wish him well in advancing the detail on it.

Senator Marie-Louise O’Donnell: I wish to share my time with the leader of the Independent group.

I welcome the Minister to the House. I compliment him on his work and congratulate him on the evident progress on banking debt and sovereign debt.

I want to ask some general questions and make some general observations. As I know very little about high finance and less about economics, I do so as a citizen who just happens to be a Senator. Since I knew what a bank was, what it does and how it does it, I knew greed was the driving factor. It is a given that banks must make profits, but it is greed, in interest rate, in the systems, in the directors and in the executives, that fuels the banks. They have beggared citizens and families. If they have not beggared them financially, they have certainly done what Paddy Kavanagh referred to as poverty — they beggared them in anxiety and in worry.

As another Senator mentioned, the interest rates in Britain and internationally have possibly been falsified. I would go so far as to say this is endemic across the banking world. I get the feeling — I do not know about other Senators — that we are living with a banking-incompetent state, not with a state, as the bankers would say, “going forward”.

I have one or two simple questions for the Minister. Is it possible for the Minister for Finance to fine Ulster Bank €1 million a day for its incompetence? That would certainly get it working. Is it possible that he could set up a situation where the people of this island might leave an incompetent useless bank without penalty? The people of this island are trapped in banks that cannot and do not work and they are unable to move.

Is it also possible that he might be able to get rid of executives who are still in place and who are getting other jobs? Sometimes I think this is the only country in the world or certainly in Europe, whose bankers and ex-bankers who have cost the State millions of euro are seen in golf clubs, getting in and out of cars, or coming and going from expensive hotels as though laughing at the system.

Mr. Elderfield is a fine person who has made outstanding changes, under the Minister’s direction, to banking in Ireland. Was he as successful, however, when he was in charge of vetting people? Are we back to the Patrick Neary days when it comes to Mr. Boucher and Mr. Murphy? Have they fooled Mr. Elderfield——

Acting Chairman (Senator Michael Mullins): The Senator should avoid naming individuals.

Senator Marie-Louise O'Donnell: Have certain executives fooled Mr. Elderfield as they fooled his predecessors in the past? How are some of these individuals still in place? The State has given €3.7 billion to Bank of Ireland, for example, while a Canadian investor has put €1.1 billion into that bank. However, the latter's share of the business, at one third, is larger than the State's shareholding of 12%. On what basis did the boards of the banks give some of these executives a clean bill of health?

There is a question for all of us to consider in terms of what has fuelled our passivity on this issue. Is it fear of debt or of executives, systems or directors? Every day we watch the continuing incompetence, arrogance and greed of the banks and do nothing, even though their doors are open only because of our money. I am utterly tired of hearing about what the banks are not capable of doing. They are now at the stage of rejecting the Minister's theory of solvency, or making it difficult to bring it about. It seems they are trying to counteract what the Minister is seeking to do. It begs the question as to whether people would be better off, as they were in north Mayo in my father's time, putting their money in biscuit tins? I do not say this in a flippant or humorous way. One might ultimately be grateful for having done that because there is some degree of security in it. One is also obliged to wonder whether, as John Waters has mused, the fact that alcohol is so cheap in this country is the reason we have not had riots in the streets.

Senator Jillian van Turnhout: I thank Senator Marie-Louise O'Donnell for sharing time. The new mortgage to rent scheme, which is designed to assist those in severe mortgage distress, will only assist homeowners whose mortgage has been deemed unsustainable, are eligible for social housing, agree to the voluntary repossession of the property and do not have significant positive equity. Is there a standard definition of an "unsustainable mortgage" to which all banks must adhere or are decisions in this regard made on a case-by-case basis by each bank after homeowners have completed the mortgage arrears resolution process?

Under the new rules regarding mortgage interest supplement, newly-unemployed mortgage holders will, as I understand it, first have to approach their lender and negotiate a restructuring of their mortgage. The restructuring plan must then be in place for 12 months before they can even apply to the Department of Social Protection for the mortgage interest supplement. This means that a person who is newly unemployed could be left for up to 18 months without any State support or assistance. Does the Minister share my concern that this could add greatly to the arrears problems and reduce the ability of distressed mortgage holders to make repayments to their lenders when they find themselves in these circumstances?

I will refrain from commenting on the Personal Insolvency Bill until I have had an opportunity to wade through it and understand fully its implications.

Senator Ivana Bacik: I welcome the Minister, Deputy Michael Noonan, to the House. I am pleased to have the opportunity to lead for the Labour Party group today in this rather broad discussion on mortgage arrears, banking and the economy. After the grand master of the Grand Orange Lodge of Ireland, Mr. Drew Nelson, addressed the House earlier today, most of the speeches from Members referred to history, tradition and the peace process. Mr. Nelson made an interesting point in his response when he spoke about the centre of economic strength moving eastward away from Europe, referring specifically to his concerns arising from the announcement yesterday of the transfer of 200 jobs from Belfast to China. While that was, undoubtedly, a worrying announcement, one of real concern for all of us and a portent of things to come, there was something positive to be taken from his address, namely, having a member of the Orange Order speaking here about the economy and jobs which was, I thought, part of a normalisation process where Northern politicians are engaged on economic and political matters which affect people's day-to-day lives. It was an interesting interlude.

[Senator Ivana Bacik.]

While I want to focus on mortgage arrears and the Personal Insolvency Bill I want first to speak a little about banking. As stated by Senator D'Arcy, our banks are currently under the spotlight, in particular Ulster Bank in terms of the extraordinary fiasco of what was initially described as a technical glitch. Senator Higgins has already spoken about the need for an inquiry in this regard. I welcome that representatives of Ulster Bank and the Central Bank have in this regard been called to appear before the Joint Committee on Finance, Public Expenditure and Reform this week. It is extraordinary that three weeks on, this matter has still not been resolved and that there are still customers who cannot access their accounts and who are unsure whether payments on mortgages and so on have been made. It is a strange incident, although it appears this was a mere case of carelessness or negligence. What has been happening in Britain in terms of the fixing of rates at Barclays Bank is much more sinister and clearly warranted the resignation of its chairman and CEO. That is an ongoing story about which I am sure we will hear more. What happened in that instance is more than mere carelessness or a technical glitch.

With regard to the eurozone crisis, there is increased recognition that a key flaw in the design of the euro and, perhaps, some of the causal factors of the crisis we face was the absence of adequate financial regulation at a transnational level. We all recognise now that there should have been closer banking union alongside the monetary union developed with the common currency. However, when speaking about developments in the eurozone, we must acknowledge and welcome, as others have done, the seismic shift that occurred late last week in terms of a change in policy, with Chancellor Merkel apparently finally giving in, in respect of which she may pay a political price in Germany. This was a welcome announcement for Ireland and a sign of a greater commitment to a united approach to getting out of our eurozone difficulties and of decoupling banking and sovereign debt, which is of huge importance for Ireland. That day will in the future be seen as a critical day in terms of the development of a way out of the crisis. However, when we come to look back at the events that have given rise to the eurozone crisis, the role of Britain or, more significantly, the absence of Britain and the British Government in seeking to find a resolution, will be recorded as a key factor. From an Irish point of view, it is significant that our nearest trading partner has been so absent from seeking to find a resolution of the position. It is most unfortunate that Prime Minister Cameron and his euro-scepticism has damaged the prospects for recovery and has created problems for us and more generally for the eurozone.

Despite the problems we face, Department of Finance figures show that we are meeting the targets set by the troika and project positive growth for a second successive year, albeit small levels of growth. GDP growth of 0.7% is forecast for this year, to which the export sector is contributing significantly. There have also been positive foreign direct investment announcements in recent months, with hundreds of jobs being created, all of which are welcome. These positive announcements will feed into the ongoing path to recovery. The biggest problem in this area is the unemployment rate of 14%, which is disappointingly high. The Government aims to address this through its jobs strategy. The signs are that this will stabilise and fall after 2012. We all very much hope that is the case.

As everyone is aware, one of the biggest problems facing the Government is weak domestic demand, much of which is due to ongoing issues around mortgage arrears. As expressed by the Taoiseach and the Tánaiste, there has been great disappointment among everyone in regard to the slowness with which this issue has been addressed. Despite the establishment of the Cabinet sub-committee on mortgage arrears that appeared to be taking some time. Other speakers referred to the report of the Joint Committee on Justice, Defence and Equality on the heads of the Personal Insolvency Bill. It was evident to everyone when we produced our report in

February just how complex dealing with personal insolvency alone was and how important it was that we got this right in the Bill.

The report of the Oireachtas Joint Committee on Justice, Defence and Equality made certain points which I hope will be addressed when we come to debate the Bill. I am delighted, as everyone is, to see the Bill being published and to hear the Minister say it is likely to go through Second Stage in the Dáil before the end of July. We look forward to receiving it in the Seanad in September or October. It is important that we tease out issues on the threshold of agreement by creditors and whether these thresholds remain too high. Some changes have been made since we debated the heads of the Bill but an issue still remains that it may still give creditors a veto.

Senator Darragh O'Brien raised another key question on an independent appeals process. This was raised with the joint committee by the Free Legal Advice Centres and many others. We need to see how we can incorporate something like this into the Bill.

The reduction of the length of the bankruptcy period from 12 years to three is very welcome. We had a very significant debate in this House on the Civil Law (Miscellaneous Provisions) Bill 2011, which has now been enacted, in which we examined the bankruptcy period. I was struck by Senator Quinn warning against over-shortening the bankruptcy period.

5 o'clock He did not agree with the one-year period in Britain which he felt was too short and he felt three years was a better compromise. I am glad to see we will see it instituted. However, something that was raised with the joint committee was the issue of bankruptcy payment orders which may survive beyond the three-year period and amount to a longer period in practice. I ask that we examine this, as we might examine thresholds. The joint committee suggested thresholds of €50,000 rather than €20,000 for debt relief notices and that €10 million rather than €3 million for personal insolvency arrangements might be more appropriate. These are all matters I hope we will have a chance to raise during the debates on the Bill. Senator Hayden and I will speak at length on the Bill when it comes to the House.

Criticisms have been made of the announcements by the Minister of State, Deputy Jan O'Sullivan, on the mortgage to rent scheme. In response I state it is a scheme of last resort and Senator Michael D'Arcy addressed it. It will not be suitable for everyone but it is vital we have some final safety net for families who would otherwise be in social housing and who are unable to pay mortgage arrears on their principal private residence. The joint committee saw protection of the family home as a critical aspect of any Bill dealing with mortgage arrears and personal insolvency.

I welcome the breaking of the vicious circle between banks and the sovereign we saw announced at European level. I very much wish the Minister well in his attempts to ensure we can see this circle being broken.

Senator Sean D. Barrett: I welcome the Minister to the House. This morning the people who used to say "Ulster says "No"" were here and we got on very well with them. They have been replaced by "Ulster Bank says "No"" with equal damage to the wider economy.

The section of the Minister's speech dealing with the banking problem was tentative but I take it as a reflection on the banks and not on himself. The Minister stated it is now hoped that following intensive engagement with the Central Bank, lenders will be in a position to move to providing suitable long-term forbearance options. He also stated the Bill should be a stimulus for the banks to develop and bring forward realistic and sustainable options. The Minister also stated lenders have provided details to the Central Bank which it is understood are broadly in line with the recommendations and they hope to reach the roll-out stage shortly.

[Senator Sean D. Barrett.]

We must be stronger with the banks. They have been at this for four years and have done untold damage to the country. The Minister will have the support of everybody in the House in this regard. The costs are huge, not least in the Minister's constituency. A report this week from the Central Statistics Office shows Limerick city has 18 unemployment blackspots and an average unemployment rate of 42.9%. A total of 18 of the 38 electoral districts in Limerick city were unemployment blackspots. The city also accounted for seven out of the ten electoral districts with the highest unemployment rates in the State. At individual level, St. John's A had 56.8% unemployment and Galvone B had 55.2% unemployment. This is a problem which has done untold damage to the country and which the Minister has faced during his 14 months in office.

When I studied economics, people such as James Meenan, Loudon Ryan and Paddy Lynch, who were economists of the highest calibre, were on the boards of banks. They seem to have been eased out. The *Irish Banking Review* was shut down, which was a forum for economists and banks and had an international rating in the *Journal of Economic Literature*. The banks went off with madcap policies which have done so much damage to the country. We are still waiting for them to be called to account.

I support what the Minister stated last week, which he also mentioned in his speech, on the need to break the link between bank debt and sovereign debt. We need to get this quantified and to have certainty. We got into rescuing banks on the basis it was one of the cheapest bank rescues ever but the bill has kept increasing. Already, what exactly was agreed last week is in some doubt. *The Sunday Times* mentioned €32 billion and yesterday the *Irish Independent* mentioned €21 billion. An academic study from the University of Limerick states the banks have cost us €279.3 billion and they dominate the national debt much more than what we have borrowed ourselves. We must know the extent of this, otherwise the agreement reached at the summit, as has happened frequently, will unravel. I see today the Finns and the Dutch have doubts about what they agreed.

Europe needs a council of economic advisers analogous to the Irish Fiscal Advisory Council so the issues are not presented in simplistic terms such as that it was a bad night for Ms Merkel. The problem of a badly designed currency, as the euro undoubtedly was, being solved with all its design faults is not a matter of whether Ms Merkel was defeated or whether people were watching a soccer match at the time. We have a serious problem. What is the extent of the debts we want to transfer through Europe from the Exchequer to the banking system and what is the amount they are willing to accept? What is the level of agreement that exists for this to be accomplished? If we corrected the banking situation it would make a huge difference to how the country operates.

One of the figures mentioned as the cost for rescuing the banks to date is €64 billion and this would save approximately €32,000 per each of the 2 million taxpayers, which would be a huge benefit to the country were it to happen. I appeal for more precision from these meetings, and perhaps not doing business at 4 a.m. Europe needs a solution to a problem which can be seen not least in the Minister's constituency, where he has much more direct experience than I do with electoral districts where more than half the people are unemployed. I wish the Minister success in dealing with our banks and he will have the support of everybody in the House, and in dealing with rectifying how Europe can remedy the design faults in the euro from the beginning. The experiment has certainly given us four terrible years of recession.

During the week Mr. Jim Flaherty, the Canadian Minister for Finance, was presented with an honorary degree from NUI Galway. I have some Canadian guests in the Gallery. It is a country which has run its banking regulation in a manner we could seek to emulate. I hope he

pays the Minister a courtesy call during the week because there are countries which regulated banks much better than we did and perhaps we have much to learn from them.

Senator Kathryn Reilly: Like other speakers I wish to touch on the issue of mortgage arrears. While I welcome the move which will ease the burden on some of those in distress, the first reaction of my party to the proposed legislation is that it is a missed opportunity. What is needed is an independent and responsive insolvency service to deal with insolvencies and bankruptcies, but what is proposed is a one-sided veto where ultimately the bank will be able to impose its decision regardless of the specifics of each case. The move to a three-year bankruptcy term is also to be welcomed, but the lack of an independent service to rule on individual cases is a major flaw which undermines the legislation. Will the Minister consider or commit to re-examining our proposal in this regard?

Like Senators O'Donnell and Bacik, I would like to comment on whether people are better off having their money in biscuit tins in the context of the issues at Ulster Bank. I worked as a credit control agent for a company in a previous life. I had to make telephone calls if a direct debit failed to be paid on three occasions. In such circumstances, we would seek to recoup the complete sum of money. Direct debits have not been leaving Ulster Bank accounts for the last two or three weeks. What is being done to assist people whose direct debit payments are not coming out of their accounts for reasons that are not of their making? This technical glitch is not their fault. It is not as if they do not want to pay their bills, or that they do not have the money to do so. What is being done to make sure such people are not being pursued for the full payment amounts? It might affect an insurance policy, for example. Another problem is that rent is not coming out of people's accounts. That is affecting landlords who might have mortgages with other banks. What is being done to make sure that these people are not being penalised in such a manner?

I will conclude by speaking about the EU summit from which some good news emerged. I was disappointed with the stimulus package that was announced. The extra €10 billion facility that will be available to the European Investment Bank is pitifully small in the EU context, especially given that SIPTU was seeking a €10 billion stimulus for Ireland alone not so long ago. As we know, the other arm of the stimulus does not apply to Ireland, given that we have spent or committed our Structural Funds allocations already. The Commission has already said that funds earmarked for one country will not be used in another country. Will the Government seek to return to argue for a bigger and better stimulus package that will substantially deal with issues like youth unemployment?

Acting Chairman (Senator Jillian van Turnhout): Does the Minister wish to respond to those who have spoken? After his reply, we will take questions from Senators.

Deputy Michael Noonan: Many questions have been asked. I cannot really be expected to engage in a Committee Stage debate on the insolvency Bill before Second Stage has taken place. I cannot deal with the aspects of the legislation with which they might disagree in the level of detail they might demand. The Minister, Deputy Shatter, will take the Bill. He has already said he will consider further amendments over the summer after he has heard Second Stage contributions in the Dáil. I am sure he will listen to the views of Senators when the legislation is debated in this House. It is a work in progress. The Minister listened to the discussion on the heads of the Bill. Now it has moved on again. It is important to remember that the insolvency Bill is about insolvency in general. It is not just about insolvency due to impaired mortgages, which is the issue in the forefront of our minds. This corpus of legislation will deal with indebtedness in general, all the way from voluntary arrangements to bankruptcy. This is one of the revolutionary changes that are needed. We have had our bankruptcy legis-

[Deputy Michael Noonan.]

lation for a long time. When I was Minister for Justice in the 1980s, I introduced the bankruptcy legislation which is now being reformed. The previous Act had been in place for over 100 years. We are not great at addressing bankruptcy.

Senator Darragh O'Brien asked many detailed questions. I cannot really deal with them. The Minister, Deputy Shatter, will do so when the Bill is considered on Committee Stage in this House. I disagree with what he said about the mortgage-to-rent scheme being a single option. There is a range of options. If one is living in a housing estate and in long-term unemployment, having lost one's job, and the threat of repossession is hanging over one because one cannot make any contribution to one's mortgage repayments due to being on social welfare, the housing agency or the local authority will give one the status of somebody who is renting rather than somebody who is paying a mortgage. That will allow one to remain in one's family home with the same set of friends and neighbours. One's kids will continue to be able to attend the local school. One's status will change from being an owner-occupier to being a renter. That reasonable solution already applies to approximately 100 satisfied people. The Minister of State, Deputy Jan O'Sullivan, is driving that agenda forward rapidly.

I would like to acknowledge the contributions made by all the other Senators. We will take them into account. My officials are taking notes. We will ensure the thoughts of Senators are considered as part of the debate. Senator O'Donnell spoke about the importance of banks. Traditionally, we have given too much respect to the banks at times. Banks are shops that buy and sell money.

Senator Marie-Louise O'Donnell: Exactly.

Deputy Michael Noonan: The price of it is the interest rate that is charged. That is what the banks do. Some of them have placed some very sophisticated items on their shelves in recent years. They are still shops that buy and sell money. We acknowledge the good work they have done in the past, but they have gone a great deal of harm internationally and domestically in recent times. To a large degree, they have not been straight with people. That has certainly been the case during our banking crisis. Questions continue to be asked.

I have a briefing note on Ulster Bank. It might be of general interest. The technical problems in Ulster Bank are having a very negative impact on banks in general. The bank has advised its customers that it has fixed the initial problem, but it needs to process the backlog of transactions. The bank is not in a position to give a clear indication of when normal services will resume. It is totally unacceptable that it has taken Ulster Bank so long to solve its technical problems and that the bank's customers have not been given a clear indication of when this issue will be resolved. The matter has been ongoing for two weeks, but we have not yet been given a final date for its resolution. Representatives of the Central Bank and Ulster Bank have agreed to appear before the Joint Committee on Finance, Public Expenditure and Reform later this week. The members of that committee will have an opportunity to question representatives of the bank on that occasion.

The Central Bank has been in ongoing contact with Ulster Bank and the Royal Bank of Scotland during the week. When Mr. Matthew Elderfield met the chief executive of the Royal Bank of Scotland, Mr. Stephen Hester, and the chief executive of Ulster Bank, Mr. Jim Brown, yesterday, he emphasised the need for this issue to be resolved speedily. The Minister, Deputy Burton, and senior officials in the Department of Social Protection have remained in ongoing contact with Ulster Bank regarding the payment of social welfare benefits. Some social welfare payments are made through Ulster Bank. It is an ongoing process. The chief executive, Mr. Brown, appeared before the economic management council last week. He gave us a commit-

ment that this would be resolved. It is taking too long. It is not acceptable. I do not yet clearly understand the cause of the problem in the first instance. There seems to be a vagueness about what actually happened. We have heard about this patch, that patch and the other patch. The English language is not that complex. We should simply be told what happened. If it is done in that way, we will all have a reasonable understanding of it.

I have many notes in front of me. I expect that Senators already have much of the information in question. There is no point in going into great detail. Perhaps the time of the House could be better used by allowing Senators to ask individual questions to which I will reply.

Acting Chairman (Senator Jillian van Turnhout): Three Senators have indicated that they would like to ask questions. Would the Minister prefer them to be taken individually or as a group?

Deputy Michael Noonan: As a group.

Senator Marc MacSharry: Will we be permitted to speak generally, or will we have to ask questions?

Acting Chairman (Senator Jillian van Turnhout): It was agreed on the Order of Business that each Senator who is called will have two minutes in which to ask questions. I call Senator Colm Burke.

Senator Colm Burke: I thank the Minister for making time available to deal with this matter today. I want to deviate slightly from the issue of insolvency. The Minister mentioned that 76,000 mortgages are in arrears. I would like to ask about the problems that banks have encountered with regard to legal undertakings that have been given. I am aware that in the case of a legal practice in Dublin, there were mortgages over just three of 33 properties. Have the banks reported on the extent to which money was given out, even though all of the terms of loans are not being complied with, and letters of undertaking from legal practices cannot be honoured as a result? In the cases that arose recently, people were acting as the solicitor and as the developer — acting in the mortgage to the bank and acting for the bank. In the issue that arose recently people were acting as both solicitor and developer. They were acting in regard to the mortgage to the bank and also for the bank. As a result, the banks have run into a lot of difficulty. Have we any clear idea of the level of problems in that area and about which banks are worst affected in this regard?

I have raised the second issue previously, namely, the German system of letting properties. In Ireland we seem to have the idea we can only let properties that are fully furnished but in Germany one can rent the shell of a property. It is up to the tenant to fit it out, including fitting the kitchen. As a result, tenants get properties at much lower rents, get security for ten to 20 years and landlords remain the property owners. This would apply also to the banks, which when they have to take possession of properties do not have the responsibility for normal day to day maintenance. It is an innovative way of looking at the problems banks have when they have possession of properties and need to get income from them.

Senator Marc MacSharry: This might be a long-winded question given that I am not as familiar with this process as other Senators and have not participated in questioning Ministers on this issue. I welcome the Minister to the House. There is nobody from any party who does not have enormous respect for him. Everybody wholeheartedly supports him in what he is trying to do. It is how he does it that divides us politically and it is on that we may debate.

At what point will what Senator Barrett describes as the “back stairs” for the bankers in the Department of Finance close to them and be opened to the people? Increasingly, that is hoped,

[Senator Marc MacSharry.]

as stated in the Minister's text and highlighted by Senator Barrett. A strong onus is being put on the banks to do the right thing. As I stated on the Order of Business today, I welcome the publication of the legislation but regret the missed opportunities. It is like legislating to tell the kidnappers it is now the law to release their hostages — if it suits them. In my view, that does not put the people at the front and in the centre. Will it be possible to have an independent authority, as opposed to the banks which are the larger proportion of any 65% of the creditors, to take control of this process so that the people can believe that, at minimum, they will have a fair crack of the whip? Those same people gave the banks a more than fair crack of the whip when they needed our support.

My second question relates to a European context. I am sure the Minister does not need encouragement from the likes of me but, at the same time I encourage him to do all he can to ensure that issues such as sovereign write-down are not thought to be crazy simply because they are portrayed by some aspects of German media in that way. He should remind those concerned that in the London agreement in the 1950s the entirety of lenders to Germany and those owed money by that country wrote down its sovereign debt by 50% and effectively wiped the level of interest rates Germany was being obliged to pay. Looking at the conditions of the London agreement, one finds the Germans broke them as recently as 1990 but they had a write-down of their debts at that time. This could greatly assist the case by case consideration of banks and the State in allowing banks to write off for individuals in difficulty. At what point are we going to put the people in command, rather than the banks? In my view, this legislation fails miserably in that regard.

Senator Aideen Hayden: I, too, welcome the Minister to the House and welcome the measures being taken, both in respect of the Keane report outcomes and the personal insolvency legislation. One aspect of the mortgage crisis I wish to bring to the Minister's attention is that of the group of people who "rent to rent", as the term has it. These are people who bought their properties during the height of the Celtic tiger period and for whom the Minister made provision in the last budget by giving additional mortgage tax relief. Many of this group, however, are forced for certain reasons to move out of the properties they bought and rent elsewhere. It may be that they work in other parts of the country, or because in the interim they have had children and must rent more suitable properties, or simply that they cannot afford the mortgages they have. They have moved out to go back to live with family and are renting out the homes they bought. There is a difficulty there because, as our current legislation is structured, they are not eligible to receive mortgage interest tax relief. On top of that, they are liable for the non-principal private residence charge of €200. They pay income tax on the income they receive from renting their properties while getting a derisory amount of tax relief on the money they must pay for the properties they are renting.

We are all aware the housing market is currently moribund — the reality is we do not have a market. Mortgage lending is now down to the 1970s level. A group of people is trapped in the homes they bought during the Celtic tiger years. The Minister attempted to make provision for them in the last budget but because they are renting elsewhere, they are not eligible for the reliefs the Minister attempted to give them. Will he revisit this issue and give mortgage interest tax relief to persons who are not, for various reasons, living in the properties they bought at the time and are now paying the NPPR charge? Will he make this charge a real second homes charge? I am sure it was never envisaged that we should penalise people who have nothing other than one home with which, in many instances, they are trapped and on which they are paying very high mortgages.

Acting Chairman (Senator Jillian Van Turnhout): Would the Minister like to reply? There remain four Senators who wish to speak.

Deputy Michael Noonan: I refer to Senator Colm Burke's comment first, on letters of undertaking not being honoured. This is an issue. There is no doubt that slipshod solicitors as well as slipshod bankers were involved in much property dealing. Some of this came to light when loans were being transferred to NAMA and that organisation has a fairly good idea of the level of the problem with the deeds of some of the properties in question. However, it is not a very big issue in regard to individual mortgages. There is a lot of property on the loan-to-rent side which has issues but in the case of the individual family which takes out a mortgage the legal proceedings are not so complex and I do not believe there is a very large difficulty about the letters of undertaking. The solution we propose to all mortgage impairment is to take it on a case by case basis. If there is a legal flaw, that needs to be resolved in the context of resolving the repayment schedule, if that is being addressed.

I refer to letting unfurnished as distinct from furnished property, the latter being the practice in Ireland. That is a matter for the market. The market here is being driven by the fact that most people in Ireland aspire to own rather than rent their homes. Traditionally, the rental element of the Irish property market has been for the young, the carefree and the single, who want their place furnished because they do not want the capital investment required by an empty apartment before taking up residence in it. When they settle down and have partners and children they aspire to acquire their own home, get a mortgage and make the purchase. There now appears to be a breakdown in that and information is coming from the banks that shows that some couples are looking at rental as a permanent solution. The market may now respond in the German way, as described by the Senator.

I do not agree with Senator Mac Sharry's suggestion that the banks are being favoured by the Department of Finance — they are not.

Senator Thomas Byrne: Senator Mac Sharry apologises. He had to leave.

Deputy Michael Noonan: The banks are being held to account by the Department of Finance. The regulator of the banks is the Central Bank which applies the rules.

Reference was made to the people who caused the problem still being in position. There were about 80 senior people, between directors and senior management, on the infamous night of the guarantee in 2008 and now there are only two left. We have moved everybody out. One of the people who has left has already handed in his letter of resignation. One of the people Senator MacSharry referred to will stay on because he has been endorsed by the regulator as a suitable person to hold his position but, more importantly, he has the support of the private shareholders who are the main investors in the bank. More than 70 of them have moved on. Therefore, it is not true to say that the people who caused the problem are still in position, all drawing salaries and that everything is moving on.

I remind the Senator that my predecessor, the late Brian Lenihan, put public interest directors into the banks and I hope they are looking after the public interest. The Senator would personally know at least one of them. He could have a conversation with him——

Senator Michael D'Arcy: When he goes home.

Deputy Michael Noonan: ——when he goes home.

On the policy position, Senator MacSharry outlined that write-downs should be an acceptable part of resolving the banks' problems. We do not agree that write-downs should be part of the policy in the Irish banks and it is not accepted in Europe either. An exception was made in

[Deputy Michael Noonan.]

Greece with the PSI and the *communiqué* that accompanied the secondary bailout made it clear that this was an exceptional case and that there would not be write-downs elsewhere in Europe. That is the policy as laid down and we operate within it. There have been write-downs in other countries, all across South America and in Argentina in the past decade, in 2006 and in 2008. Inflation there is running at 24% at present and it has nationalised some foreign industry. I do not consider it to be in great shape but it is not for me to prescribe for other countries. Write-downs are not a policy option for the Irish Government.

I know the people Senator Hayden spoke about, those who have a home, their mortgage is too high, they move back to live with one of their parents, they rent their home and then they are not treated in the same way as owner-occupiers. It is quite difficult. I had a look at that in the context of the last budget and I will have a look at it again. It is not a huge issue in terms of the numbers involved. There are a number of people involved but it is an exception rather than the rule. I will look at it again.

Acting Chairman (Senator Jillian van Turnhout): I thank the Minister for that. I have an ever increasing list of Senators who wish to speak and I will take them in groups of three. I remind Senators that the Minister has to leave at 5.45 p.m.

Senator Thomas Byrne: Go raibh maith agat a Aire ag teacht anseo inniu. In some ways the Minister's presence here today is unfortunate because as Minister for Finance he has many things to do rather than attend the Seanad for the taking of statements. We should be passing legislation, passing the Personal Insolvency Bill, rather than just talking about it. This Oireachtas will have let the people down if we do not do everything possible to pass that Bill before the summer recess. If we break up for the summer without having passed it, we will send a bad message to the public. I am willing for the House to sit as long as it takes to pass it because it must be welcomed in principle.

There is a number of issues for the Minister to consider. The case by case approach needs to be radically re-considered within the policy-making set up of the Department. That approach is the root cause of many of the problems we have today. People do not know where they stand with their banks. If there are objective criteria with which the banks and borrowers in distress are obliged to comply, then it is far easier for those borrowers to negotiate with their banks, but currently because of Central Bank regulation they are forced to go their banks and set out, in humiliating fashion, the list of their expenditures on a weekly basis and the banks has to judge as to whether they are appropriate. What is needed is the setting of a standard amount of money people in distress should have to spend on mortgages, be it 25%, 30% or 35% of disposable income, and they should be let spend the remainder of their income on anything else, which inevitably will be the ordinary necessities. It will not be luxuries or other goods about which the banks are concerned. The case by case approach is putting borrowers in very vulnerable positions and needs to be radically rethought.

We need to make the family home inviolable in this context. While the Bill goes some way towards that — I read the provisions regarding the family home — and that is positive, we need to go a step further and stipulate that the family home will not be repossessed and to have some authority, as we proposed in our Bill, to decide on that and to give people options in regard to the family home and not have a get out clause, as is provided in the Bill in regard to the family home. The family home should be made inviolable subject to people working with their banks. Has the Minister considered the introduction of a tax relief for persons who are forced to leave their family home to rent it out, on which there may or may not be a tax liability? A person who has left his or her house or apartment to rent elsewhere to make up

ends meet should be exempted from income tax for at least a year or two. I am not sure that would involve much of a cost to the State but it would give people encouragement.

Is it true that the banks submitted their proposals to the Central Bank and the Department about a year ago and that we have been waiting a year for policy makers in the Department and in the Central Bank to sift through the ideas submitted by the banks? I understand from those in the banking sector it has been a year of delay.

Senator Marie-Louise O'Donnell: I am pleased the Minister is here for purposes of clarification and communication and if Senator Byrne had spent less time giving out to us about him the Minister would have more time to answer the Senator's questions. I am in deep despair much of the time when I talk about the banks but there is one question I would like to ask the Minister, namely, if the banks are shops, which he rightly suggests they are, can he bring about a situation where customers can leave them and shop elsewhere without penalty?

Senator Tony Mulcahy: The Minister is welcome to House. I apologise for not being here earlier as I was attending a committee meeting. I welcome the general thrust of the Bill. Like some other Senators, I have a concern that we are relying on those, the bankers, who made no effort to solve the problem in recent years and we are going to trust them a little bit more to solve the current problem. I have not read the Bill, which I intend to read, but I have read some of the notes on it. Key to this measure are the mortgage facilitators who are the personal insolvency practitioners and the toolkit they will be afforded in bringing about a resolution with the banks. I would appreciate it if the Minister would elaborate on how he envisages that process working because these are the key people. The banks have not made a great effort with their clients to bring about a resolution. I welcome the Bill which is vast in its scope and it sets out a methodology for resolving the crisis, even though we may have to revisit it in a year and a half or two years time.

Deputy Michael Noonan: On Senator Byrne's points, he is arguing his case as if the only taxpayer involved is the individual with an impaired mortgage but because we collectively own the banks and the building societies that got us into trouble we have an interest in that side of the argument as well as taxpayers. In protecting the taxpayers, we have to protect the generality of the taxpayers who now own some of the big building societies that were originally private and at the same time we have to ensure that individuals who have impaired mortgages are brought back towards a position where they are solvent again and can make ends meet. That is why it is being approached on a case by case basis. There is no rule of thumb or recipe where, as the Senator said, we can let everybody pay 30% of what they have and they can all keep their houses. That does not work.

Senator Thomas Byrne: The IMF proposed that in the papers it put forward.

Deputy Michael Noonan: It did not.

(Interruptions).

Senator Thomas Byrne: It is not poppycock. It was proposed by the IMF and other reputable bodies.

Acting Chairman (Senator Jillian van Turnhout): Allow the Minister to reply without interruption.

Deputy Michael Noonan: It does not work out.

Senator Thomas Byrne: When people go to the banks they are humiliated in that they have to show their Sky TV bills.

Deputy Michael Noonan: People go to a mortgage provider, whether it be a bank or a building society, they have some type of a relationship with the person behind the counter, they do a deal to get a mortgage, time goes by, they lose their job, they cannot pay their mortgage and what is so detestable about somebody going back to the same person and saying “I need a new arrangement”?

Senator Thomas Byrne: It is humiliating. That is what is detestable about it.

Deputy Michael Noonan: What is humiliating about it? If a person wants to hold on to his or her house——

Senator Thomas Byrne: The bank is asking the person why they have Sky Sports and why they eat Kellogg’s cornflakes instead of Dunnes cornflakes.

Acting Chairman (Senator Jillian van Turnhout): Can we have the Minister without interruption?

Deputy Michael Noonan: Is the Senator suggesting that the person behind the counter in the bank should accept any old yarn from the person on the other side of the counter and say, “That is grand, just give me 5 schillings and sixpence and you can have the house.”

Senator Thomas Byrne: The Minister has not been in that position.

Deputy Michael Noonan: It has to be talked through.

Senator Thomas Byrne: If the Minister had to go to the bank about his own mortgage, he would know.

Deputy Michael Noonan: The Senator should not get personal. We all have our personal lives and we all do our own thing in our personal lives. The Senator does not know anything about my personal life and he should not throw stuff across the House about what I do not know and what he knows and that I was never in a bank. This is all nonsense. The Senator should take this matter seriously.

What we are trying to do is to give a hierarchy of solutions to people who have impaired mortgages. The first solution is, without any recourse to the law, to try to do a deal with the mortgage provider. The banks and building societies have just agreed with the Central Bank that they will bring forward a menu of solutions. They have also segmented their lending books to see what solutions would apply to certain categories of lenders. They are also hiring in people who are in a position to talk to customers and resolve their issues in a fair and frank way. This is the first tranche. Last Wednesday, most of the banks put out press statements indicating the approach which they would take. They have committed to the Central Bank and to the economic management council of the Government, that they will put the arrangements in place between now and the end of the year. Simultaneously, the insolvency Bill will proceed through the Houses of the Oireachtas. The Bill amounts to 200 pages of legislation. If the Senator wants to ram it through during the next three weeks without due consideration, I do not think this is the way to carry out legislative business because this Bill needs some consideration——

Senator Thomas Byrne: That will be the exception to the guillotine rule then.

Deputy Michael Noonan: —and as for the Senator’s big promise that the House will stay here until August to vote it through, that is great stuff but the Senator is not doing justice to himself as a serious legislator—

Senator Thomas Byrne: Some 90% of Bills are guillotined in this House.

Deputy Michael Noonan: —to make that kind of commitment. This is serious piece of legislation which sets out a range of options and it is revolutionary in the sense that it is a generational change or a three generational change in the law on insolvency.

The Bill will not just apply to mortgagees; it will apply to insolvency in general. There are different arrangements. For instance, in the case of a person who has debt up to €20,000 with no assets and no way of paying the debt, the Bill will provide a method for writing-off that debt in a non-judicial way. The person is clear of the debt and is back in business and can start living his or her life and also make a contribution to the economy. Bankruptcy is at the other extreme. A bankruptcy order is imposed on an individual which will involve repayment over five or six years but he or she is out of bankruptcy after three years which means there is the opportunity to start again in business or to move on. I refer to the United States where one’s first bankruptcy is a sign of success and this is being held up to us all the time. This Bill moves the situation in that direction. In between there is a range of non-judicial proceedings.

The Senator asked why there is registration in court — a court involvement in one of the processes. On the advice of the Attorney General, it was thought prudent to ensure that it would not be subject to constitutional challenge that the arrangement would be registered in court. However, it is not a court hearing but rather it is a registration in court of an agreement.

On the question of the lack of an appeals mechanism, the intent in the sections shows that it is an arrangement by agreement. How can one appeal something that is supposed to have been reached by agreement because either there is an agreement or there is not? To appeal the lack of an agreement is legal nonsense. The bank does not have a veto but rather it has a vote, the same as any other creditor and it has a vote in proportion to what it is owed. The banks and the other creditors have votes but they do not have vetoes. If there is no agreement, the option exists to move to bankruptcy. This is the big pressure on the bank because if it makes an agreement under the non-judicial arrangements, there is a great chance that it will recover a high proportion of what it is owed. If there is no agreement, bankruptcy follows and the bank may then get very little in the case of a limited payments order over a short period of time and a person emerging from bankruptcy in three years. I do not say the Bill is a perfect piece of legislation but it is breaking new ground. I ask the Senators to consider it and to table amendments and we can move on. There are people waiting for this legislation. The Senator’s point is that this is a useless Bill. In case anybody would feel anyway hopeful about dealing with a mortgage issue, Senator Darragh O’Brien says, “There is no hope here lads, you are still in the swamp.” That is not helpful.

Senator Thomas Byrne: He never said that. We welcome this Bill.

Deputy Michael Noonan: That was in Senator Byrne’s speech.

Senator Thomas Byrne: We never said that; it is a complete misrepresentation of what we said. We welcome the Bill.

Deputy Michael Noonan: The Senator should encourage people to avail of this legislation so that they can get out of the trouble they are in.

Senator Thomas Byrne: I asked for the Bill to be passed as quickly as possible. That is hardly trying to tell people there is no hope.

Acting Chairman (Senator Jillian van Turnhout): As it now 5.45 p.m. statements on mortgage arrears, banking and the economy, must conclude. My apologies to the remaining four Senators who wished to ask questions.

When is it proposed to sit again?

Senator Maurice Cummins: At 10.30 p.m. tomorrow morning.

Adjournment Matters

School Transport

Senator Tom Sheahan: This is a sensitive case and I have called on the Minister to cover the costs of the €350 bill for school transport in this extreme circumstance. It concerns a 12-year old girl in my constituency who is about to start secondary school. Over a number of years she was sexually abused and a court case is ongoing. As a result of the case the girl's mother decided to change her school to prevent her from coming into contact with any of the people involved in the case, such as witnesses, for example. It was decided it was in her best interest to attend a secondary school in the nearest town. Unfortunately, this is not the nearest secondary school to her home and, therefore, she has been asked to pay €350 to Bus Éireann to cover the cost of her school transport even though her mother has a medical card. If this child were to go to the nearest secondary school, she would qualify for free school transport but due to the extreme circumstance, I ask the Minister to intervene in this case due to the sensitivities surrounding it. This change of school is deemed appropriate by her mother and the support services. I ask the Minister of State to waive the school transport fee in this extreme circumstance. The bus passes close to her house and goes to the town anyway but her family does not have the money to pay the fee. I have tried reasoning with the Department of Education and Skills but have hit a brick wall. I urge the Minister to State to examine this extreme and unique case and to do everything in his power to help the 12 year old girl to get on with her life. I ask that the fee be waived in these exceptional circumstances.

Minister of State at the Department of Education and Skills (Deputy Ciarán Cannon): I thank the Senator for raising the matter.

At the outset I want to stress that school transport is a very significant operation managed by Bus Éireann on my Department's behalf and covering 82 million km. annually. In the region of 113,000 children, including more than 8,000 children with special educational needs, are transported in approximately 4,000 vehicles on a daily basis to primary and post-primary schools throughout the country.

Under the general terms of the post-primary school transport scheme, from the commencement of the 2012-13 school year, children will be eligible for school transport where they reside not less than 4.8 km from and are attending their nearest education centre as determined by my Department or Bus Éireann, having regard to ethos and language.

Under the terms of the scheme, children who are not eligible for school transport may apply to Bus Éireann for transport on a concessionary basis subject to a number of conditions which include the payment of the €350 annual charge. The charge may be paid in two instalments in July and December. I can assure the Senator that while I sympathise with the situation he outlined, the school transport schemes must be administered equitably on a national scale.

There is an exemption for eligible children who hold valid medical cards. Unfortunately, the exemption does not extend to children availing of school transport on a concessionary basis.

If the Senator wishes to engage further with my office and provide me with a greater level of detail of the exact situation I will engage with him further to see if we can come up with a satisfactory solution to the problem.

Senator Tom Sheahan: I thank the Minister of State for his reply and I will engage with him on behalf of the young girl and her family. As I said, it is an exceptional circumstance and we must do everything that we can to help. I accept that the transport scheme must be administered equitably on a national scale. This is an exceptional case and I ask for the Government's sensitivity in dealing with the matter. Times are tough but the Government cannot lose its core and must try to help the people in most need. I hope that the Minister of State will see his way to do so when I furnish him with further details.

Patient Redress Scheme

Senator Mary Moran: I thank the Minister of State for attending to allow me to raise the issue of compensation for the patients of the obstetrician, Dr. Michael Neary, who were excluded from the Lourdes hospital, Drogheda, redress scheme in 2007. It was rolled-out to women who suffered unnecessary hysterectomies or removal of ovaries by him.

However, 35 women were excluded from the redress scheme. Some 29 were excluded on age grounds, as anyone over the age of 40 years was excluded, and a further six women, including two who lost children. One lady was excluded because her procedure was delayed by one week and, as a result, it took place three days after her 40th birthday. Lately I spoke to several of these ladies and they are anxious to get closure as soon as possible in order for them to get on with the rest of their lives.

Last February, the Minister for Health, to our absolute delight, committed to carrying out an immediate review for the women who were excluded from the redress scheme. At the time he indicated that the review was at an advanced stage but that was almost six months ago. This evening I raise my concerns for these women and to highlight the fact that five years have passed since the original redress scheme. These women have already suffered once through Dr. Neary's actions. I urge the Minister to ensure that the review is forthcoming as soon as possible in order that these ladies may finally get closure on the dreadful wrong that was done to them. I ask that they are not subjected to further suffering due to a delay by the Government.

The programme for Government commits to finding a mechanism to compensate these women who were excluded on age grounds. We also need to deal with the matter in a sensitive and effective manner. I ask that the review is published as a matter of urgency or that a date be given now on when to expect the review.

As a mother and a former patient of Dr. Neary, I empathise with the situation in which these unfortunate women were subjected. To be denied the opportunity to have children or subjected to early menopause is extremely difficult for any woman. To have these procedures performed on women when they were not clinically necessary, and the resulting strain that has been placed on these women and their families, must be acknowledged for the abomination that it was. I ask the Minister to address the matter urgently.

Deputy Ciarán Cannon: I am taking the Adjournment debate on behalf of my colleague, Deputy James Reilly, Minister for Health. I thank the Senator for giving me an opportunity to outline to the House the steps being taken to address this important matter.

[Deputy Ciarán Cannon.]

As the Deputy is aware the programme for Government commits to seeking “a mechanism to compensate those women who were excluded on age grounds alone from the Lourdes hospital redress scheme.” The Minister is conscious of the distress that has been caused to a number of women and recognises the difficulty that the issue has caused to those affected by it. The Government is committed to dealing with the matter sensitively so that, if at all possible, closure can be brought to those affected.

The Lourdes hospital redress scheme was established following the findings and recommendations contained in the report of the Lourdes hospital inquiry into peripartum hysterectomy which was published in 2006. The inquiry was conducted by Ms Justice Maureen Harding Clark. The inquiry did not extend to a wider examination of Dr. Neary’s general practice or the clinical practice of his colleagues. During the inquiry, Ms Justice Harding Clark became aware of certain patients who underwent bilateral oophorectomy procedures, or the removal of their ovaries, which were not clinically necessary. These women lost their ability to reproduce and suffered immediate surgical menopause.

The scheme of redress approved by the Government was a non-statutory, *ex-gratia* scheme. Awards were determined in 2007 and 2008 by an independent redress board chaired by Ms Justice Harding Clark. The objective of the scheme was to provide compensation to the patients of Dr. Michael Neary who received unnecessary obstetric hysterectomies, that is, hysterectomies carried out in association with pregnancy, and also women under 40 years of age who received unnecessary bilateral oophorectomies. The Department of Health has been engaged in a review aimed at finding a mechanism to compensate those women who were excluded from the original redress scheme on age grounds alone. The review involves taking legal and other advice, including from the Office of the Attorney General, on this sensitive issue and departmental officials have engaged with the Attorney General’s office. The Minister is aware of the recent media reports in respect of High Court litigation where sums have been awarded to plaintiffs against the congregation of the Medical Missionaries of Mary for incidents that occurred prior to the State taking over the hospital. In this context, he also understands that litigation is before the courts in respect of two plaintiffs who were patients of Dr. Neary.

My colleague, the Minister, would like to assure the Senator that he is committed to finding a mechanism as soon as possible and that he intends to bring proposals to Government for its consideration of the matter at the earliest opportunity. The Senator can rest assured that the Minister and his Department are aware of the sensitivities associated with the issue and understand the importance of finding a solution that will bring closure for all concerned.

Senator Mary Moran: I thank the Minister of State for his reply. I reiterate my plea for an urgent redress and for a date to be set for a review, preferably before the end of the summer. If we go into September without it the matter will drag on.

Deputy Ciarán Cannon: I will convey the Senator’s concerns to the Minister.

Garda Districts

Senator Thomas Byrne: I am grateful to the Cathaoirleach for allowing me to raise this matter on the Adjournment. The merger of the Ashbourne and Laytown Garda districts in County Meath is an important issue for the county and I understand that it took effect in April.

The Ashbourne and Laytown Garda districts were two of the most populated in County Meath and between them contain seven of the ten largest towns in County Meath.

The Laytown district was established in 2008 as a result of the increasing population and the need for a more effective Garda presence in east County Meath which, I understand, is one of the largest districts in the country. A decision was taken by the Government and the Garda authorities to merge the Ashbourne and Laytown districts with effect from 2012, which results in a Garda district stretching from the bridge at Kilcock on the Kildare-Meath border up to the edges of Drogheda in County Louth. It is unacceptable that this should be a one Garda district that facilitates cutbacks in the area, particularly in regard to community policing. There is no direction of resources into areas of high population. The population increases which continue apace have not been recognised. There is no recognition of commuter belt crime which has become prevalent in that county, along the N2 and N3 within the merged Garda districts. It will leave the public more fearful and exposed because the Garda cutbacks have been targeted at the areas where there are no people and more crime.

I call on the Government, the Garda authorities, the Minister for Justice and Equality and the Garda Commissioner to reverse the decision to merge Laytown and Ashbourne and to provide a policing service in the two areas. These areas are not well served by Garda station closures. It would be impossible to close Garda stations in the merged district because there are so few. No new Garda stations have been opened in the new towns in that area during the past ten years. This decision must be reversed. While there is an excellent superintendent in charge of the district, that superintendent should be more focused on one particular area and not on, effectively, half of County Meath as there are three Garda districts dealing with the other areas which are predominantly rural. I call for the decision to be reversed. I hope the Minister will not say this is not a matter for the Government because I am aware the Minister for Justice and Equality would have discussions with the Garda Commissioner on this issue. Certainly the Minister has an influence and I want it used on behalf of the people of County Meath.

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

The Minister for Justice and Equality, Deputy Alan Shatter, has asked me to thank the Senator for raising this important issue.

The Senator will be aware that proposals to alter Garda districts are a matter, in the first instance, for the Garda Commissioner, in accordance with the provisions of the Garda Síochána Acts. In that context, section 22 of the Garda Síochána Act 2005 requires the Garda Commissioner to prepare an annual policing plan setting out the proposed arrangements for the policing of the State for the following year, including any proposal to first, establish or dissolve a national unit of the Garda Síochána, second, alter the boundaries of a regional geographical area under the control of an assistant Garda Commissioner or of a divisional geographical area under the control of a chief superintendent, third, establish or relocate a divisional headquarters under the control of a chief superintendent or of a district headquarters under the control of a superintendent, or fourth, open a Garda station in a new location or cease stationing members in an existing station.

The Garda Annual Policing Plan for 2012, which was laid before both Houses of the Oireachtas on 5 December 2011, set out the Commissioner's proposals in regard to changes within the Meath Garda division under which the Laytown district was merged with the Ashbourne Garda district. This occurred on 29 April 2012. The current strength of the new Ashbourne Garda district is 109 from a total of 296 gardaí in the Meath Garda division. There is

[Deputy John Perry.]

also a total of 29 Garda reserves and 22 civilians attached to the Meath Garda division of which eight Garda reserves and six civilians are attached to the Ashbourne Garda district. The resources available in the Meath division are further augmented by the Garda national units such as the Garda National Drugs Unit, the Criminal Assets Bureau and other specialised units.

In preparing the policing plan, the Garda Commissioner reviewed all aspects of the Garda Síochána's policing model, including the deployment of personnel, the utilisation of modern technologies and the operation of Garda stations, in terms of opening hours and possible closures. In addition, all divisional officers were asked to assess the level of activity in each Garda station in their area. It must be stressed that the key objective of this ongoing review was and is to promote the more efficient and effective deployment of resources rather than secure specific cash savings.

The Commissioner's priority in introducing this change was to ensure that the most appropriate policing arrangements are in place to ensure the continued delivery of an effective policing service to all areas concerned and to ensure that Garda resources are deployed to meet the existing and projected policing requirements of the Meath Garda division in 2012. The Minister has been assured by the Garda authorities that the policing service provided within the Meath Garda division will be maintained following the proposed merger. The Commissioner is satisfied that this change will deliver greater efficiencies in the deployment of personnel and other resources, for example freeing up a superintendent for redeployment.

Garda management will continue to closely monitor the allocation of resources, taking account of transfers and retirements, crime trends, policing needs and other operational strategies in place on a district, divisional and regional level. The Meath Garda division and the new Ashbourne district are subject to the same level of monitoring and decision making to ensure that optimum use is made of Garda resources and the best possible Garda service is provided to the public. The Garda Commissioner has reiterated the commitment of the Garda Síochána to providing a professional and effective service to the community and has the Minister's full support in this regard.

The Minister wishes to pay tribute to the Garda Síochána for the commitment and professionalism it displays in carrying out its duties.

Senator Thomas Byrne: The Minister of State said that of the 296 gardaí in County Meath, 109 are in the Ashbourne-Laytown district. That means that this district has 50% more gardaí than each of the three districts on average. It shows that the breaking down of the districts in County Meath was not done on a population basis. That is a root cause of the problem. I join the Minister in paying tribute to the gardaí on the ground. They are professional and do the job as best they can. However, the Government must continue to provide the resources and must be aware of the changing population as in County Meath.

Deputy John Perry: For the benefit of the Deputy, the personnel strength for the Meath Garda division on 31 December 2007 and on 31 May 2012, the latest date for which figures are available, was 264 and 296 respectively. This represents an increase of 32 or 12% in the number of personnel allocated since that date. The personnel strength of each Garda station in the Meath Garda division on 31 December 2007 and on 31 May 2012 is set out as follows: On 31 May 2012 there was a total of 29 Garda reserves and 22 civilians. On 29 April, Ashbourne Garda district and Laytown Garda district were amalgamated as set out in the 2012 policing plan. All division resources are further augmented by a number of Garda national units, such as the

Garda Drugs Unit, the National Immigration Unit, Criminal Assets Bureau and other specialised units.

The personnel strength of the Garda Síochána as at 31 December 2007 and May 2012 was 13,755 and 13,581, respectively. The Government's programme for national recovery has set a target for a reduction in the numbers employed in the public service between now and the end of 2015. A decision on when Garda recruitment will recommence will take into account the target reduction and the rate of retirements from the Garda Síochána.

In respect of the Meath Garda division the following is the breakdown: Ashbourne — on 31 December 2007 there were 44 gardaí, on 31 May 2012 there were 46 gardaí; Dunboyne — 16 in 2007 and 14 in 2012; Dunshaughlin — 21 in 2007 and 21 in 2012; Duleek — three in 2007 and three in 2012; Laytown — 12 in 2007 and 25 in 2012; Kells — 45 in 2007 and 50 in 2012; Crossakiel — zero in 2007 and one in 2012; Oldcastle — four in 2007 and three in 2012; Athboy — six in 2007 and four in 2012; Navan — 57 in 2007 and 75 in 2012; Nobber — three in 2007 and four in 2012; Slane — four in 2007 and four in 2012; Ballivor — three in 2007 and three in 2012; Enfield — 12 in 2007 and 7 in 2012; Kilmessan — one in 2007 and one in 2012; Longwood — one in 2007 and two in 2012; Summerhill — one in 2007 and three in 2012; Trim — 30 in 2007 and 30 in 2012.

Sick Pay Scheme

Senator Brian Ó Domhnaill: It is good to see the Aire Stáit in the House to take this Adjournment matter. The Minister is here as a business person as well as the Minister responsible for businesses. This Adjournment matter is to do with the transfer of responsibility for sick pay from the Department of Social Protection to employers generally. The proposals mooted by the Department to transfer the costs of the first two to four weeks of sick leave to employers is concerning employers up and down the country.

As the Minister of State is aware, businesses are under severe financial pressure due to a lack of confidence among consumers about spending money. The domestic economy is in decline and for that reason many jobs in businesses are being lost, and the businesses already in operation and trying to develop are finding it extremely difficult to survive and obtain credit from financial institutions. Having spoken to a number of chambers of commerce in the north west region, particularly in Donegal, I believe the course of action being proposed by the Department of Social Protection is flawed, principally because it would place an additional and unjust burden on businesses at a time when many of them are struggling to stay afloat.

The Department's justification for the proposal, as I understand it, is that it would merely bring Ireland into line with other European jurisdictions. However, the argument fails to take into account the cost of doing business in Ireland. The argument that Ireland is unique and not making employers responsible for sick pay is spurious when one takes into consideration the massive impositions this would place on companies and on employers within the country. Data published by the National Competitiveness Council shows that the cost of doing business in Ireland remains higher than that in the eurozone area and the EU 27 averages. For that reason, there is no doubt that the rationale that the cost of sick leave should be transferred to employers to bring Ireland into line with those countries is technically flawed.

The range of costs in the report include the figure that Ireland has the second highest minimum wage in the EU. Many Irish small and medium businesses are bound by agreements that oblige them to make payments above the minimum wage. Due to the Organisation of Working Time Act 1997, Ireland is one of the few European countries where additional Sunday premium

[Senator Brian Ó Domhnaill.]

payments are mandatory. No such premium exists in major competitor countries such as Germany, the United Kingdom and France.

Businesses in Ireland have to deal with an array of different items of legislation and regulatory bodies. Those include the Labour Relations Commission, the Labour Court, the joint labour committees, the Organisation of Working Time Act, and the National Employment Rights Authority. Further costs are then placed upon businesses and many employers through unjust and unnecessary employment regulation orders and registered employment agreements. One only has to talk to those in the restaurant sector to hear about the pressures they are under from environmental health officers, EHOs, up and down the country. As someone who has a professional background in the food safety sector, I am aware of that from speaking to hotel owners. I was doing a clinic in a hotel over the weekend when an EHO came in and listed an array of changes that would cost €15,000, even though the hotel never had a complaint about a food poisoning instance. Those are the regulatory burdens that are targeting businesses.

The cost of business and professional services are generally higher in Ireland. The service producer price index shows that the cost of selected services in Ireland are now 0.7% above 2006 levels. While that increase is less than in some EU countries, Ireland's figures started from a very high base. Budget 2012 introduced a 2% increase in Ireland's VAT rate, giving it the joint sixth highest in the EU. That has had a considerable impact on the profitability and competitiveness of Irish small and medium businesses. The consumer sentiment index produced by the ERSI and KBC Bank shows considerable decline in consumer confidence in the wake of the VAT rise.

At a time when businesses are under increasing pressure it would be the last straw for many businesses if they were forced to take on the responsibility of the Department of Social Protection and pay sick pay to employees for the first two to four weeks. I am not arguing that employees should not get their sick pay. I am saying that the sick pay responsibility should rest with the Department of Social Protection because at a time when we need jobs to be created and people to spend money in the economy to get it going again, this would be the wrong way to proceed. I am aware that business owners up and down the country who are creating jobs are very concerned by this move. I hope the Minister of State has some good news to give reassurance to the sector.

Deputy John Perry: I would like to apologise at the outset that my colleague, the Minister for Social Protection, Deputy Joan Burton, is unable to be here to respond to this debate. On her behalf, I thank the Senator for raising this important issue.

The question of introducing a scheme of statutory sick pay, whereby employers would directly meet the costs of sick absence for an initial period of illness, is being considered in the context of the need to reform the social welfare system to bring it into line with practices in other countries in this area; the need to address the deficit in the Social Insurance Fund; the need to limit progression from short-term illness to long-term illness or disability; and in the wider context of enhancing the health of the workforce and addressing levels of absenteeism.

A range of complex issues must be addressed before any decision could be taken by Government on the possible introduction of a statutory sick pay scheme. These include the extent of coverage; the duration of payment; the rate of payment; compensation mechanisms for employers where appropriate; and how to ensure that a scheme of statutory sick pay would be enforced and policed.

The impact of introducing a statutory sick pay scheme would be contingent on the way all of these issues are addressed and how, ultimately, such a scheme would be structured. The Minister is acutely conscious of the pressures facing employers in the current economic climate and, in particular, the pressures facing small and medium sized enterprises. A preliminary analysis based on estimates of absenteeism in the private sector indicates that if a sick pay scheme with a duration of four weeks were to be introduced, it would add about €1 per week per employee to the costs of employment. In the event that a scheme were to be introduced, the Social Insurance Fund would continue to provide supports for extended periods of illness.

The Minister for Social Protection hosted a consultative seminar on the feasibility and implications of introducing a scheme of statutory sick pay in February of this year. That seminar was attended by a broad range of key stakeholders who were afforded an opportunity to discuss the complex issues involved. A report of that seminar was published on the Department of Social Protection website recently and provides the basis for further consultations with key stakeholders. All of the issues around statutory sick pay will be discussed in the course of the wider process associated with the preparation of budget 2013 and any decisions which might be taken by Government on the possible introduction of such a scheme will be considered in that context.

I thank the Senator again for raising the issue and assure him that the concerns he has raised will be brought to the attention of the Minister for Social Protection.

Senator Brian Ó Domhnaill: I thank the Minister of State. I know he is responding on behalf of the Minister for Social Protection and that his Department has responsibility for employment but I am not sure what planet the Minister for Social Protection is living on if she believes that a preliminary analysis based on estimates of absenteeism in the private sector indicates that if a sick pay scheme with a duration of four weeks were to be introduced it would add about €1 per week per employee to the costs of employment. That is off the wall and does not seem to make any sense. If, for example, a small shop owner in west Donegal or Cavan has three employees and one of them is, through no fault of his or her own, off sick for three weeks, how will charging the employees an additional €1 a week over the year cover the costs of that sick leave? Who has the Minister consulted on this? She has not consulted the chambers of commerce or the business sector. I urge the Minister of State, whom I respect, and his senior Minister, Deputy Richard Bruton, to do their utmost at Cabinet level not to accept the arguments being put forward. There are other ways of dealing with this issue. When something is not broken, an attempt should not be made to fix it. The current scheme works and protects employers and employees. Transferring the burden will ensure we drive another wedge between those who create jobs and provide services in the economy. This is wrong and I hope that in the lead up to the budget, the Minister of State will do his utmost to fight against these proposals.

Deputy John Perry: The number of people claiming illness benefit and other disability payments has increased greatly in the past 11 years. There has been a 40% increase, from 173,000 to 242,000 between 2001 and 2011. During that period, Exchequer spending on illness benefit alone has risen from €330 million to €876 million. Transferring responsibility for some element of sick pay would generate administrative savings for the Department and would enable a greater level of resources to be employed in addressing the wider controls, management and activation agendas and would bring Ireland into line with other peer countries.

In Australia, employers pay ten days per annum and employees receive from six to 12 weeks on full pay and four weeks at half pay. In Belgium, employees get four weeks on full pay. In

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the Czech Republic, employees get two weeks on 60% of average pay. In Denmark employers provide from the top rate of illness benefit to normal pay. In Finland employees get nine days. In France employees are paid from top of the illness benefit to normal pay. Germany pays six weeks on normal pay. Hungary provides 15 days at 80% of salary. Iceland provides one month at normal pay. Italy pays 180 days, six months per year. Luxembourg pays 13 weeks. New Zealand pays five days for each year of service. Norway pays 16 days of full pay. Poland pays 33 days at 80% of pay, based on the previous 12 months. Spain pays 15 days, with the first and fourth unpaid. Sweden pays 14 days at 80%. Switzerland pays three weeks at full pay, then 80% for up to two years. The UK pays 28 weeks at the sickness benefit rate.

As indicated in the table, Ireland is an outlier when it comes to employers being obliged to fund some element of sick pay. Most other European countries, including all of our major competitors oblige employers to pay for some sick pay costs and the extent of this obligation varies considerably. For example, it is two years in the Netherlands, 28 weeks in the UK, six weeks in Germany and nine days in Finland. That is the background to the approach we now propose.

The Seanad adjourned at 6.25 p.m. until 10.30 a.m. on Wednesday, 4 July 2012.