



DÍOSPÓIREACHTAÍ PARLAIMINTE  
PARLIAMENTARY DEBATES

**SEANAD ÉIREANN**

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

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# SEANAD ÉIREANN

*Déardaoin, 13 Nollaig 2012*

*Thursday, 13 December 2012*

Chuaigh an Cathaoirleach i gceannas ar 10.30 a.m.

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*Machnamh agus Paidir.  
Reflection and Prayer.*

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## **Business of Seanad**

**An Cathaoirleach:** I have received notice from Senator Lorraine Higgins that, on the motion for the Adjournment of the House today, she proposes to raise the following matter:

To ask the Minister for Transport, Tourism and Sport to set out a policy programme through the NRA regarding the adequate lining of all secondary and regional routes and the illumination of bus stops on all primary routes in Ireland in the interests of safety.

I have also received notice from Senator Paul Bradford of the following matter:

To ask the Minister for the Environment, Community and Local Government if the present north, south and west divisional structures within Cork County Council will remain in place once the local election boundaries are reviewed and adjusted and, if so, if a certain minimum number of councillors will be elected from each of the divisions.

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

## **Order of Business**

**Senator Maurice Cummins:** The Order of Business is No. 1, Health Insurance (Amendment) Bill 2012 - Second Stage, to be taken at the conclusion of the Order of Business and conclude not later than 1.45 p.m., with the contributions of group spokespersons not to exceed eight minutes each and those of all other Senators not to exceed five minutes and the Minister to be called on to reply to the debate not later than 1.35 p.m.; and No. 2, Houses of the Oireachtas Commission (Amendment) (No. 2) Bill 2012 - all Stages, to be taken at 1.45 p.m. and conclude

not later than 3 p.m., with the contributions of group spokespersons not to exceed eight minutes and those of all other Senators not to exceed five minutes, the Minister to be given five minutes to reply to the debate on Second Stage and Committee and Remaining Stages to be taken immediately afterwards. Business will be interrupted until 6.45 p.m., when the House shall sit for the purpose of taking a motion, without debate, for the earlier signature of the Credit Union Bill 2012 upon receipt of a message from Dáil Éireann that it has completed all Stages in that House.

**Senator Marc MacSharry:** We will not oppose the Order of Business but I have a number of points to make. Will the Leader on behalf of the House raise immediately with the Tánaiste and Minister for Foreign Affairs and Trade, Deputy Gilmore, our concern about the investigation into the death of Mr. Pat Finucane in Northern Ireland? This morning there are additional revelations and claims by a journalist, Mr. Ed Moloney, that he informed the Irish Government of these threats at the time and it in turn allegedly informed the British Government. That raises very serious questions and as a nation we should use all our power and connections, through consular movements in the world, to impress upon the British Government the need for a public inquiry in this regard. That is essential.

I appreciate that the Houses will be very busy in the run-up to the Christmas period but given developments during the night and throughout today in Brussels on the issue of a banking union, the matter should be debated in this House. In particular, we should know what implications this will have for our so-called special status. One wonders when and if there will be a deal on the promissory note or our banking debt as a whole. A Minister, Deputy Rabbitte, at the weekend claimed on television that the promissory note will not be paid. That would be welcome but it is important for us to debate the issues as the Irish people require some certainty about the future in that regard.

It is also important to note, in a week when we are to debate personal insolvency legislation in the House, there is still no measure in place to look after the people in mortgage arrears or give them some options or confidence in a process that an independent authority can oversee. Instead, the banks have absolute control, which is a major concern of ours about that legislation.

I know that next week we will debate the Social Welfare Bill, for which I am thankful the Leader will make a substantial amount of time available. We appreciate it as that has not happened in the other House. The Labour Party chairman last evening tweeted that the die is cast; it may not be cast fully in the Dáil and it certainly has not been cast in this House. I appeal to all Members, particularly our Labour Party colleagues, to reflect over the weekend and take the opportunity to take the stand which the party's manifesto promised in advance of the last election, specifically regarding child benefit. There is also a very cynical cut to the respite grant.

As we prepare for those votes next week, we can consider how on 1 January the PRSI bill for somebody on €25,000 will increase by nearly 40% while the PRSI bill for somebody on €200,000 will go up by a mere 4%. How is that fair? It is simply not fair and I ask Members to reflect on it over the weekend in order that in this House at least, in contrast to the comments of the Labour Party chairman, Deputy Keaveney, the die will not be cast. I hope Labour Party colleagues, in particular, will seize the opportunity afforded to them on behalf of the people next week.

**Senator Ivana Bacik:** Listening to Senator MacSharry, one might think the Labour Party was in a single party Government. It is interesting that the Senator has constantly singled us

out. I am not sure whether to be flattered or alarmed.

**Senator Marc MacSharry:** What is the balance of power?

**Senator Ivana Bacik:** I agree with the Senator on the revelations this morning that a journalist, Mr. Ed Moloney, provided. Any of us who heard the interview on “Morning Ireland” would have listened with real horror as he outlined very clearly the extent of knowledge that was not referred to in the de Silva report, which suggested that knowledge had come much later to the British authorities. There are very serious concerns which confirm the comments of the Tánaiste in the Dáil last night that the Government will continue to press for a public inquiry. As I noted in response to Senator Ó Murchú yesterday on the Order of Business, that remains the position of the Government and that position is supported on a cross-party basis. It is also being pushed by the family of Pat Finucane and the need has been confirmed.

With regard to a banking debate, yesterday other colleagues sought such a debate in the new year. It would be worth having, particularly in the context of today’s summit in Brussels. In January we might consider the issue, and there were a number of concerns raised yesterday. In particular, the former Director of Corporate Enforcement, Mr. Paul Appleby, made comments about the lack of prosecution of bankers in Ireland and the need to consider white collar crime issues. The matter should be examined.

We will discuss the Social Welfare Bill over three days next week and the Leader has given a good deal of time to it, as it requires. Many of us are very concerned about the cut in the respite care grant and the impact that will have on significant numbers of carers. What is required and has been sought by the Carers Association is an interdepartmental review of the provision of respite care. Having spoken to carers I know, for many the concern is not so much the grant but rather the provision of services in the area by the HSE. The grant comes from the Department of Social Protection but the service provision by the HSE can be very patchy across different areas, which can be a bigger problem in practice for many carers seeking to have the much-needed respite they deserve. In the new year we should consider a detailed survey of the reality of respite care provision across the country, examining where gaps are and how they can be addressed.

**Senator David Norris:** Yesterday I adopted the guise of the great Dean Jonathan Swift. That was possibly a tactical error as some of my colleagues believed I was posing as Shakespeare. The point I was making nevertheless remains relevant, that we must express our outrage as clearly, visibly and publicly as possible at the financial mess in which we now find ourselves. The issue is heightened by the fact that our masters in Europe have instructed us to ensure that people’s houses can be taken from them. If anything calls for Swiftian irony, it is this kind of matter. Yesterday I expressed my hope that if the Government sends €3 billion of our money, bled from us and without a vote of the Dáil, we should rise up in our hundreds of thousands and surround the Central Bank as a symbolic protest. I hope the unions will involve themselves in this.

I noted yesterday that a committee of the Oireachtas examined the controversial “The Frontline” programme. The media are inaccurate as I have not spoken about the presidential election; I have spoken about the behaviour of the media, although I have not complained about it. I do not currently propose to speak about the election, as I have a number of legal actions and it would be improper for me to do so. It would not be asking a great deal of the Oireachtas to examine the entire election, particularly media coverage, if there is courage to do so. The

programme examined yesterday is but the tip of the iceberg. I am not impugning the election result and the people can be very happy with it as we have a splendid President. Nevertheless, the media process was corrupt and rotten. I would like my colleagues to have the courage to confront the issue, although I know they are cowed by the media when they are not performing or grandstanding for it. We should take a principled stand on this and act the way the British did, to a certain extent, with the Leveson inquiry.

With regard to the distinguished lawyer, Mr. Pat Finucane, it is extremely worrying that it is acknowledged by the Prime Minister of the neighbouring island that agents of the state were involved in moves that led to the murder of a citizen. I hope the matter will be taken very seriously. Mr. Moloney is a very considered journalist and his contribution makes it even more worrying. It appears our then Taoiseach, Mr. Charles Haughey, contacted the British authorities and probably the British Prime Minister to let them know that threats were being uttered with the connivance of the RUC against Mr. Finucane. We should stand firm and press for a public inquiry as no less is required and justified. The report of Sir Desmond de Silva, QC, underlines the need for a public inquiry because it raises more questions than are answered in its pages.

**Senator Martin Conway:** I commend all the parties involved in the budgetary process and the bravery of the Deputies who supported it-----

**Senator Marc MacSharry:** It is not over yet.

**Senator Martin Conway:** -----in spite of its being, probably, the most difficult budget in the history of the country. No budget in the next number of years will be as difficult as this one. Great credit is due to all Deputies who stuck together and did the right thing by the country. History will judge the actions of the people who occupy the Houses of the Oireachtas at present, how they behave and how they respond to difficult pressurised situations.

That said, the Finance Bill provides an opportunity for the Government to make incremental changes to the budget if it is desirable to do so. No Government gets it right all the time. There are always things that could be done differently or improved upon. For example, there should be a universal social charge of 3% to 5% on salaries in excess of €80,000, increasing incrementally as salaries go up. That would give the Government scope to revisit other difficult areas.

I ask the Leader to bring the following suggestion to the attention of the Minister for Finance. The Budget Statement should be a summation of the deliberations and discussions of Parliament. I commend the Leader for facilitating a number of budget debates in the Seanad before this year's Budget Statement. That should be given a more formalised structure whereby the Dáil would debate the different headings of the budget in the six to eight week period before budget day. Decisions would, effectively, have been made by then and there would be no surprises in the Budget Statement. The Minister for Finance would, effectively, sum up the deliberations and discussions of Parliament, which should have a significant role to play in drafting budgets. It should not be left to the Executive. All Deputies and Senators should play a role in identifying ways of improving the country.

**Senator Terry Leyden:** On Tuesday, I raised the issue of SUSI and a student who had been suspended from Queens University Belfast. I resolved that issue. We often hear Senators saying they do not have much power or influence. I can tell them we have. It is a matter of using it.

There is confusion in the communication between SUSI and Queens University Belfast. The university has asked me to intervene, but that is a matter for the Minister. I thank the Minis-

ter's office for being so helpful. SUSI has also been helpful. One official, however, told me he could not communicate with me because that would breach the Data Protection Act. This was despite the fact that the student in question is my godson. Any public representative who makes representation does so in the interest of an individual. Communications between a public representative and a Department or agency should be exempt from data protection regulations. I put this to the office of the Minister for Education and Skills and they may resolve the matter.

I also thank Ms Orla Russell of Queens University Belfast. The good news is that the suspension has been lifted and the student is restored to his studies, as of this morning. As I raised this matter on Tuesday, I am grateful for the opportunity to thank all who influenced the situation, including the Leader and his staff.

I wish Senator Norris every success with his book which is doing well. Of course, former Senator Mary O'Rourke's book is also doing well. Senator Norris is a Member of the House. His book is unique and would make a wonderful Christmas present for family and friends.

**An Cathaoirleach:** The Senator is completely out of order to advertise books on the Order of Business.

**Senator Terry Leyden:** I am not advertising a book. I am advertising Senator David Norris in person. The likes of him will never be seen again.

**An Cathaoirleach:** The Senator is out of order, nevertheless.

**Senator Terry Leyden:** I urge Senators to take the opportunity of having a copy of the book signed by what I regard as the equivalent of Oscar Wilde.

**Senator Susan O'Keeffe:** It will be difficult to follow that one.

Senator MacSharry and his colleagues may have forgotten how difficult it is to be in government and to try to govern responsibly, or perhaps they never knew. The Labour Party is one third of the Government, not the whole Government.

**Senator Marc MacSharry:** It holds the balance of power.

**Senator Susan O'Keeffe:** The balance of power is exactly that. In the budget, the Government has managed to reduce the cuts in social protection by €150 million, not an insubstantial sum, and by another €150 million in the health budget. What has happened is exceptionally difficult but that achievement is worth noting.

**Senator Marc MacSharry:** It will be noted.

**Senator Susan O'Keeffe:** We are sick and tired of being called the Government when we are one third of it but are working, in fact, as 50% of the Government.

I add my voice to those calling for a public inquiry into the murder of Pat Finucane. I pay tribute to his wife, Geraldine, for the dignity and fortitude she has shown over 23 years. She is still fighting the fight. She understands that the only way is to keep going. I am reminded of the recent Hillsborough revelations. I hope Mrs. Finucane and her family do not have to wait another 23 years, that a public inquiry will be granted and that whatever information is on this side of the Irish Sea will be made available to such an inquiry.

I support Senator Bacik's call for an interdepartmental review of the provision of respite

care services. Observations have been made about how patchy they are. As we concentrate on the cuts to funding for respite care we forget about the provision of the care itself. Such a review might assist the targeting of the provision more accurately.

**Senator David Cullinane:** It is disingenuous and hypocritical of Government representatives in the House to commend themselves and talk about their courage and bravery in voting for an unfair and unjust budget while, in the same breath, saying how welcome an increase of 3% in the universal social charge on incomes over €80,000 would be. That provision was not in the budget. The Government had the opportunity to apply the increase but failed to do so. Instead, it cut child benefit, the respite grant and the back-to-school clothing and footwear allowance, and made all the other painful decisions that the Labour Party and Fine Gael say were very tough. If they are genuine in their view that these higher taxes should be put in place, the time to do that is before the budget. It is disingenuous of Senators to commend their own bravery and courage but speak from two sides of their mouths and say they would have liked to increase tax on higher earners, when they failed to do so.

I support calls for a debate on the need for proper regulation of the banking sector. The failure of banking regulation, in the State and across Europe, led to the collapse of the banking system and to the huge debt that is on the shoulders of taxpayers of Ireland and Europe. The failures of the European Central Bank were front and centre in this. We must be circumspect in giving more powers to the European Central Bank. Sinn Féin would support stronger and more robust supervision of our banks. We must remember, however, that the European Central Bank is the single most important impediment to this country getting a deal on our banking debt. I support the call for a debate on the banking situation, in the State and elsewhere in Europe, early in the new year. It would be unreasonable to ask for the debate before the end of the year. We have only one sitting week before then.

We need to see the detail of what was agreed last night in Europe. Oireachtas Members need to have the opportunity to scrutinise what was agreed and how it will impact on the future of the banking sector in this state.

*11 o'clock*

**Senator Michael Mullins:** I also support the calls for a public inquiry into the death of Pat Finucane. No family should have to endure what Geraldine Finucane and her family have endured in having to wait all those years for the truth about what happened to her husband. It is incumbent on the Government to keep the pressure on the British Government to ensure a public inquiry is held without further delay.

As we agonise over and discuss the cuts many of us find unacceptable in the budget, it is incumbent on us to review on an ongoing basis where we are losing revenue, much of which is happening under our noses. We have discussed on many occasions illegal activity such as the illicit trade in tobacco. So far this year, 90 million cigarettes have been seized and confiscated by the Revenue. One in four cigarettes smoked in Ireland is illegal and this percentage is as high as 45% in some areas. This means a major revenue loss for the State. The sanctions imposed on those who are caught are inadequate. I call on the Leader to invite the Minister for Justice and Equality to the House early in January to discuss illegal activity and how systems can be put in place. The fines regime needs to be reviewed. Fines as high as €10,000 need to be imposed on those who are caught. A clampdown on illegal trading at fairs and markets is also needed and, because much of this activity is carried out by highly organised criminals,

there needs to be greater public awareness about the loss of revenue to the State and the serious health implications. Illegal cigarettes contain arsenic and other poisonous substances which are more lethal than the contents of normal cigarettes. Diesel laundering and the black economy also need to be addressed. We need to examine all means of increasing revenue in order that we can limit the impact of cutbacks on the most vulnerable in our society as we try to balance the budget in difficult times.

**Senator Mark Daly:** Pat Finucane was murdered by the British state and his death demands a full public inquiry. That the report leads to more questions than answers and leaves the family no better off in its understanding of the truth behind his murder tells us we need such an inquiry. The British Government signed the Weston Park Agreement, under which all cases involving murder and collusion by the British state and British forces were to be investigated. This has been done in every case except that of Pat Finucane. What has the British state to hide? We all know in our heart of hearts that he was killed at the behest, and with the knowledge, of senior members of the British establishment.

**Senator David Norris:** He was not actually and this kind of virulent nationalism does not get us anywhere.

**An Cathaoirleach:** Senator Daly to continue, without interruption.

**Senator David Norris:** It would be good if we had the Senator occasionally talk about murders on the other side to give a little balance. We have all spoken moderately up to now.

**Senator Mark Daly:** When a British Government signs up to an international agreement, one hopes it would abide by it. The Weston Park Agreement was signed by the Irish and British Governments and murders in which collusion was suspected were to be investigated. No Member would disagree with the implementation of an international agreement. The issue of “on the runs” is part of the agreement and, to date, only one person, Gerry McGeough, who supports the Good Friday Agreement, has been arrested, despite the number of people wanted for crimes in the North. This is bizarre considering there was collusion in many of the murders of Nationalists in the North.

**An Cathaoirleach:** Is the Senator seeking a debate on the issue?

**Senator Mark Daly:** That is a concern to anyone who believes we need a resolution and to put the past behind us. As the British establishment continues to refuse to investigate itself, we can only draw one conclusion, which is Pat Finucane was murdered at the behest of, and with the approval of, senior people in the British Government.

**Senator Paul Coughlan:** Yesterday, Senator Ó Domhnaill made outlandishly outrageous allegations about the National Asset Management Agency, NAMA. Before Members speak on any matter in the House, particularly those relating to State institutions, they should at least make the proper checks. From what I have ascertained, no former HSBC official is employed by NAMA. He further alleged that of two former senior officials employed by NAMA-----

**An Cathaoirleach:** Is the Senator seeking a debate on this issue?

**Senator Paul Coughlan:** -----one had managed to have his company awarded a lucrative contract. This is totally untrue and unfounded. I remind Members that we have a duty, as legislators, to check the facts and to exercise more caution and less haste in levelling criticism

such as this.

I support the calls, as I have done on a number of occasions previously, for an official inquiry into the murder of Pat Finucane. That has been the consistent position of the Taoiseach and the Government as they have urged Prime Minister Cameron and his colleagues to hold such an inquiry. Ed Moloney reminded us on radio earlier of the issues that need to be addressed in an inquiry to put beyond all doubt established facts because we must deal only in facts.

I very much welcome the agreement reached yesterday by EU Finance Ministers. This is the first concrete step on the road to a banking union, which will be important for stability and for the currency. I wish the Taoiseach and his colleagues well today in further enhancing that agreement.

**Senator Paschal Mooney:** Contributions are rightly focused on the British Government's decision not to hold a public inquiry, which contravenes an all-party motion passed in these Houses in 2006. I compliment the Taoiseach on holding the line on that and he was supported by our party leader in the Dáil yesterday. I remind those who talk about a lack of balance that the revelation that 85% of loyalist killings of innocent people in Northern Ireland were the direct result of information provided by state forces is chilling. It also raises other issues enunciated by Eamon Mallie, the respected Northern Ireland journalist, during a radio programme on which I appeared with him last night. He said he believes this is only the tip of the iceberg and that it is almost certain there was state collusion in many of the atrocities attributed to one side in Northern Ireland and perhaps across the entire political and religious divide. It raises the question of how much UK collusion there was in the Dublin and Monaghan bombings, the single greatest tragedy that happened as a result of the troubles on this island.

I call on the Leader to ensure the Government maintains its pressure on the British Government. A coalition spokesman is quoted in today's newspapers as stating, "It is a definite rift between the two countries. We enjoy a close relationship but there are some principles on which we must make a stand and this is one of them". I would not go so far as to suggest the report is a whitewash but considering the emotions stirred up by this in the Finucane family, it is understandable that this should be their reaction. The revelations are chilling and I do not believe they have been absorbed by the general body politic here in the South of Ireland. It is important that the Government hold the line and now press again for further information to be provided by the UK Government on the Dublin and Monaghan bombings. It is clear from the de Silva report that there is more evidence out there, given that widespread collusion was discovered. How was the de Silva review able to conclude that so many state representatives - police, army and the spooks in MI5 - were directly involved and running agents both in the republican and loyalist movements unless the British also know more about collusion in the Dublin and Monaghan bombings?

**Senator Terry Brennan:** While it is not my style of politics, I have listened for the past seven or eight days to discussions on the budget. I did not open my mouth to speak on the budget. I took the time to look at the last two budgets of the previous Government and considered the facts as they were. All sides might call for debates on cuts to the carer's grants, the respite care etc. However, we need to consider what happened under the previous Government. I had thought they did not hear of respite care until last Wednesday's budget. It is useful to recall the cuts in the basic carer's grant made by the previous Government. The budget for 2011, introduced by the Fianna Fáil-led Government, made cuts to the carer's allowance and the carer's tax relief. It also cut the widow's pension.

**An Cathaoirleach:** Is the Senator seeking a debate on the budget?

**Senator Terry Brennan:** I have a question for the Leader. That Government also eliminated the Christmas bonus. It implemented across-the-board cuts to carer's allowance, the blind pension, widow's pension-----

**An Cathaoirleach:** Is the Senator seeking a debate on the budget?

**Senator Terry Brennan:** I am looking for a debate and I am making my case.

**An Cathaoirleach:** Is the Senator getting to the point?

**Senator Terry Brennan:** I was not here but some of my colleagues were, including the Leader of the Opposition, who was in the other House when these were all agreed. The previous Government opted for across-the-board cuts to all payments. It underlines Fianna Fáil's utter hypocrisy.

**An Cathaoirleach:** The Senator can make those points in the debate.

**Senator Terry Brennan:** If you do not mind, a Chathaoirligh, I did not say one word on it until now.

**An Cathaoirleach:** We are on the Order of Business.

**Senator Terry Brennan:** I ask the Leader to establish the reason for the sudden change and great concern for all carer and respite grants. Why have we had crocodile tears for the past week?

**Senator Labhrás Ó Murchú:** I firmly believe there will be a public inquiry into the murder of Mr. Pat Finucane. This is because of the tenacity of the Finucane family and because the Pandora's box has been opened and the British State admits there was collusion in his murder. I find there is great generosity in the British media on this question. I also believe the Government is committed to pursuing the matter until there is a public inquiry. I do not believe it will be possible for the British Administration to continue to act as an honest broker internationally, pointing out the importance of the state in issues of human rights and fair play, because its credibility internationally will also suffer.

This morning I listened to a radio programme in which a British journalist pointed out that it was not just Mr. Pat Finucane, but other Nationalist solicitors were also mentioned as possible targets. Death threats were made against them and they were not notified of that. From a number of contributions we have had from British journalists, it is also obvious that the names of the agents that are known publicly are at the lower end of the scale. There are bigger names up the political line who were also involved in this. It beggars belief that all of this was happening whether through the British intelligence service or its agents on the ground without people at a very high political level being aware of that. It just could not happen. That is one of the reasons the British Prime Minister, Mr. David Cameron, does not want witnesses brought before a public inquiry where they could be interrogated.

I understand how the Finucane family feels today. Of course, every other family would feel the same. However, we are dealing with one issue and it represents the tip of the iceberg. Considering the terrible times we had in Northern Ireland, it now transpires that a major part of what was happening at that time could be laid at the doorstep of the British State, which is

frightening. We have raised the question of the Dublin and Monaghan bombings and the same situation applies - we requested co-operation from Britain, but were refused. Is it acceptable that innocent people should be selected for murder with collusion by a state, in which we are to have confidence and with which we are to have co-operation? It is in the interests not only of human rights, the Finucane family and the future of this island, but it is also in the interest of the British Government to do the right thing and do it now. I support the Government statements made in the Dáil yesterday because I believe the Government feels as we do on this issue. It helped to underpin the Good Friday Agreement and the peace process. It expects more from the British Government - we might even say our partners in Britain - and we should get that quickly. I hope we will all support the Government in that regard.

**Senator Colm Burke:** I agree with the call for a public inquiry into this murder. As a member of the legal profession, I know that one of the roles in acting is to ensure that while the role of the people employed by the state, whether it is the police or the army, is to uphold the law from the point of view of the state, the role of the solicitor is to ensure that the state, itself, is upholding the law in the way it deals with prosecutions and in the way it deals with the arrest and charging of people for an alleged crime. The reality is that someone signed a death warrant for Mr. Pat Finucane. As a member of the legal profession, I find it appalling that this happened to someone who was acting in upholding that the state complied with all the legislation relating to prosecutions and making sure the courts acted in a proper manner in dealing with those prosecutions. It is outrageous that this occurred and that we do not have an open and public inquiry on the matter. I fully support the Government's demands. It should continue to demand that inquiry until it is held in a proper manner.

We are about to take up the Presidency of the European Union. Since I became a Member of this House I have frequently mentioned our role in the European Union. The Leader has indicated that there will be certain changes over the coming six months because of our Presidency. The European Commission has just published its programme for 2013. I suggest we pick a number of items from that programme and have a debate on at least five or six of them so that we know what is planned for the next few years. I ask that the Leader bring forward that as part of the programme for us in this House in 2013.

**Senator Fidelma Healy Eames:** I support the Taoiseach in his call for a full public and independent inquiry into the death of the solicitor, Mr. Pat Finucane. It seems as though the British Government is going around it every way and any way other than facing up to the truth. I am shocked by a statement in the de Silva report that he found there was no over-arching British state conspiracy to murder Mr. Finucane but that a series of positive actions by employees of the state "actively furthered and facilitated his murder" and that in the aftermath of the murder there was a relentless attempt to defeat the ends of justice. It is little wonder that the family are calling it a sham.

Last week in DCU I listened to the US Secretary of State, Mrs. Hillary Clinton, who is about to finish her term. She spoke about the role of her husband, former US President Clinton, in the North of Ireland and her own interest in it. She has since spoken about her interest in that area and her willingness to get involved. I was thinking of the impasse we are at in this inquiry. It would be quite useful to consider enlisting the support of Mrs. Clinton as a peace broker in this matter. I call on the Taoiseach to talk to the British Prime Minister, Mr. Cameron, about enlisting the support of Mrs. Clinton to see whether we can move this on to a solution that is needed after 23 years.

**Senator John Crown:** I draw the attention of the Members of the House to an article in the front of today's *Irish Examiner* entitled, "HSE to restrict 20 most common surgeries", which states that access to hip replacements and skin operations will be restricted. I would be insistent that the Leader would ask the Minister to clarify for us, preferably in this House, exactly what is this change in policy. Apparently, in the State which has the smallest number of surgeons per head of population of any country in the western world and where, as a result, waiting lists balloon, there has been an increased demand for operations of approximately 22% in recent years. If one thinks this one through for a second, the HSE will decrease the demand by instructing general practitioners not to refer patients for surgeries which the general practitioners think they may need. This is as bizarre an idea as I have ever heard. One bureaucracy of the State, the HSE, is engaging another bureaucracy of the State, HIQA, to assess the appropriateness of surgeries which are referred by a small number of general practitioners to a tiny number of consultants in the country which has the longest waiting lists in the western world. This is crazy economics and crazy medicine. It is administration gone mad. The surgeries about which they are talking include the removal of skin lesions. I remind the Members of this House that Ireland has become one of the leading countries in the world for skin cancer and malignant melanoma. The number of cases and the number of deaths doubled between 1998 and 2008 and likely will increase further. When general practitioners look at a spot and wonder whether they should refer it to a surgeon to be removed, they now will have their hands stilled by the bureaucrats who are telling them not to do it. We really need urgent clarification on this. This is a far-reaching change in policy.

Let me add parenthetically, not apropos of this, that as someone who has been a frequent trenchant critic of the role the Provisional IRA and its Sinn Féin wing had in propagating the Northern Ireland conflict for 30-odd years beyond the Sunningdale Agreement because they thought they could be dumb enough to bomb the majority living in Northern Ireland into its point of view, I join the calls for a public inquiry into the depth of collusion in the death of Mr. Pat Finucane. For someone who has been an opponent of that terrorist position, it is important we know how dirty were the hands of those who in many cases we thought were less culpable in the entire problem.

**Senator Maurice Cummins:** The acting Leader of the Opposition, Senator MacSharry, and the majority of Members of the House raised the question of the murder of Mr. Pat Finucane, rightly so, and referred to this morning's interview with Mr. Ed Moloney. The murder of Mr. Finucane was one of a number of cases which gave rise to allegations of collusion on the part of the security forces, and the British and Irish Governments agreed in 2001 to appoint a judge of international standing to investigate these cases. Judge Peter Cory recommended a public inquiry in five of those cases and, on foot of the recommendation, the Smithwick tribunal was established by resolutions of the Dáil and the Seanad in 2005. The Smithwick tribunal, as the House will be aware, is concluding its work. It is a matter of public record that the Government disagrees strongly with the decision of the British Government last year not to conduct a public inquiry into the murder of Mr. Finucane and that remains the position of the Government. While welcoming the apology from the British Prime Minister, the aim of the Government is to pursue what was agreed, that there would be a full public inquiry into the murder of Mr. Finucane. That is the unequivocal position. The Taoiseach relayed that to the British Prime Minister prior to him making the announcement in the House of Commons yesterday. The House can rest assured that the Government will continue to pursue the British Government to honour the agreements that were made on this issue a number of years ago. It is necessary for there to be a public inquiry and for all the facts relating to the murder of Mr. Finucane to come

out. The Government will pursue that matter.

Senator MacSharry also mentioned the banking debt and promissory notes and the Social Welfare Bill. There will be ample opportunity next week to discuss the Social Welfare Bill in the House. On the banking debt and promissory notes, to which other Members referred, as soon as we are back I will try to arrange a debate on the question of banking and, I hope, by that time we may have reached some agreement on the banking debt and the promissory notes. I am sure such an agreement will be welcomed by every Member of the House when that happens. It is not a question of whether it will happen; it is a question of when it will happen.

Senator Bacik raised the issues of the respite care grant and the vital need for a thorough examination of the health service plan for the provision of respite care. I agree with the Senator in that regard.

Senator Norris called for an investigation into the conduct of the media during the presidential election and other issues. It is a matter the Senator should raise with the Oireachtas joint committee that is dealing with it. The committee may decide to hold an investigation into it. That should be the forum that should hold such an investigation.

I note Senator Conway's comments on the budgetary process. We will see what we can do in that regard.

I am glad to note that Senator Leyden sorted out the student grant for the student whom he mentioned on Tuesday last. Of course, I do not know whether the Senator has received fees from Senator Norris for the promotion of his wonderful book.

**Senator Terry Leyden:** Senator Norris might do a performance in Roscommon.

**Senator David Norris:** It came as a delightful surprise.

**Senator Maurice Cummins:** Senator Leyden did an excellent job on it.

**Senator Susan O'Keeffe:** Senator Leyden is wasted here.

**Senator Maurice Cummins:** In response to Senator Cullinane, I think I addressed the points on the budget. The Social Welfare Bill will be discussed next week.

Senator Michael Mullins raised the issue of the illegal importation of cigarettes and having the penalties fit these crimes. It is a matter which has been raised with the Minister for Justice and Equality, Deputy Shatter. We need to have debates with the Minister and I shall arrange one early in the new year.

Senator Paul Coghlan referred to allegations made by a Member of the House in regard to NAMA. He asked that people check their facts first and I am sure everybody agrees with his request.

Senator Colm Burke mentioned the Presidency of the EU for the next six months and that the Commission's work programme had been published. As the House is aware, I sought extra resources for us in order that we could deal with the work programme and select a number of items from it. While we have not been granted the resources, I still intend to arrange a debate on the work programme and to select a number of items for discussion. We must inform ourselves and will have to reach an agreement. If the resources will not be provided we will have

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to provide them ourselves and I shall see what I can do in that regard. I have invited the MEPs to address the House during the Presidency and I am confident a number of commissioners will also attend. European affairs will have a greater hearing in the House in the next six months.

Senator Crown referred to a proposed change announced in a newspaper. However, Members should not believe everything they read in the newspapers. If the announcement is true, it is a serious situation which needs to be clarified by the Minister for Health. The message would interfere with the duties of GPs. It would be deplorable if such a missive were given to GPs urging them not to refer their patients to certain consultants. I am sure the Minister will clarify the matter. He will be in the House later and perhaps he will clarify the matter during the debate. I have covered the majority of items raised.

Order of Business agreed to.

*Sitting suspended at 11.35 a.m. and resumed at 11.45 a.m.*

### **Health Insurance (Amendment) Bill 2012: Second Stage**

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

**Acting Chairman (Senator Terry Leyden):** I welcome the Minister for Health, Deputy James Reilly.

**Minister for Health (Deputy James Reilly):** I am pleased to address the House on Second Stage of the Health Insurance (Amendment) Bill 2012. As Senators will be aware, the Bill passed through all Stages in the Dáil recently.

As Minister for Health, my objective is to reform the current health system and deliver a single-tier health service in which access to health care is based on need and not on ability to pay. The programme for Government sets out the high-level principles for the introduction of universal health insurance, UHI, in Ireland, a system of compulsory insurance in which every individual will have a choice of health insurer and will have equal access to a comprehensive range of services. The Government is committed to the delivery of a single-tier health system, supported by universal health insurance. The system will be based on a multi-payer model and will be underpinned by the principles of social solidarity with access based on need, not on ability to pay, as I noted.

The introduction of UHI is a complex and major undertaking that requires careful planning and sequencing over a number of years. In order to assist the Department in this regard, I established an implementation group on universal health insurance. The group was established in February and met on six occasions over the course of 2012. Its role is to assist in developing detailed and costed implementation proposals for universal health insurance and in driving the implementation of various elements of the reform programme. The group will also support the Department of Health in preparing a White Paper on universal health insurance. The White Paper will outline details of the UHI model in addition to the estimated costs and financing mechanisms associated with the introduction of universal health insurance. Preparation of the

White Paper is a complex process. It will involve significant financial modelling to support analysis of different design options and to help estimate the cost of UHI. As a precursor to the White Paper, the Department will produce a preliminary document, which will outline progress to date and scope out the major issues which stand to be addressed on the path to UHI.

The main object of the Health Insurance (Amendment) Bill 2012 is to provide for a robust system of risk equalisation. Its purpose is to ensure that the burden of the costs of health services are shared by all insured persons by providing for a cost subsidy between the healthy and the less healthy, as well as between the young and the old. The maintenance of a healthy and functioning private health insurance market is an essential step to facilitate the transition to a market-based universal health insurance system and the risk equalisation scheme provided in the Bill before the House today is a crucial element towards achieving this.

Before outlining further detail on the specific provisions of the Bill, it may be useful to reiterate some of the key principles underpinning the operation of the health insurance market, particularly the principles of the young supporting the old and the healthy supporting the less healthy. Community rating is a fundamental cornerstone of the Irish health insurance market. It means that the price of health insurance for all persons should reflect the principle of inter-generational solidarity, that is, that the entire community of privately insured persons should contribute towards the higher costs of claims for older people and less healthy people. Under community rating, everyone is charged the same premium for a particular health insurance plan, irrespective of age, gender and the current or likely future state of his or her health. The only exceptions to this rule relate to children of less than 18 years of age and students in full-time education. Community rating, therefore, means that the level of risk that a particular consumer poses to an insurer does not directly affect the premium paid. Other important principles in health insurance which apply are that health insurers must accept all applicants for health insurance, all consumers are guaranteed the right to renew their policies, regardless of their age or health status, and insurers must provide a minimum benefit level prescribed by legislation.

The pricing of risk across the community of insured persons clearly requires robust mechanisms to share costs when there are several insurance companies in the market. The standard transfer mechanism to support community rating is called risk equalisation. The aim of risk equalisation is to look at the market as a whole and distribute fairly some of the differences that arise in insurers' costs due to the differing health conditions of all their customers. Community-rated health insurance systems across the world use this as a means of providing the necessary support for the market. Members will note that the Bill limits participation in this risk equalisation scheme to those insurers operating in the open market. Several other undertakings exist that mainly provide health insurance for certain vocational groups and their families and restrict membership to those groups. As they do not operate in the open market and do not compete for the business of all customers, it would not be appropriate for them to participate in this scheme.

To better understand the requirement to provide for a transfer mechanism such as risk equalisation in the private health insurance market, it may be useful to provide some information on the current market position. The total premium income for the three insurers in the market in 2011 was €1.92 billion, an increase of €360 million or 23% more than the 2008 figure of €1.56 billion. As of the end of September 2012, approximately 2.1 million people or 46% of the population, held inpatient plans. In terms of market share, VHI has 57%, Laya Healthcare has 21.5%, Aviva Health has 17.3%, restricted membership undertakings have 4% and GloHealth, the most recent arrival, has 0.4%. Laya Healthcare and Aviva Health combined have a 48% market share in the 30 to 39 year age group but only 11% of those aged over 80 years. At the

same time, VHI Healthcare continues to have a much greater proportion of members in the older age groups. In the first six months of 2012, it had six times the proportion of members in the over 80 year age group compared with Laya Healthcare and five times the proportion compared with Aviva Health.

It can be seen that there is a clear disparity in the membership profile and thus the associated costs being incurred across the various commercial insurers. A consequence of this is that insurers with the worst risk profiles either have to charge higher premiums or incur heavy losses. Therefore, the risk equalisation scheme is designed to compensate insurers which have older, less healthy customers and as a result, higher claims costs, compared with insurers which have younger, less costly customers. It does so by a system of credits, based on age, gender and the level of cover held by persons. The scheme is funded by a stamp duty payable by health insurers in respect of each health insurance policy written. Ultimately, the Bill seeks to strengthen and maintain stability in the private health insurance market. It is important to note that levels of compensation are set at a level so as not to encourage inefficiencies. Insurers should then compete for market share by providing better services rather than competing for younger healthier lives.

Without a robust risk equalisation scheme, there are potentially serious consequences for the stability of the market and the sustainability of registered undertakings. In designing the future UHI model, there also is a need to ensure it meets the needs of Irish citizens and achieves the best outcomes for patients in a manner that is cost-efficient and financially sustainable. An important additional challenge now, therefore, is to implement and oversee the necessary arrangements that will deliver increased efficiencies in the current private health insurance market in advance of the introduction of UHI. I continue to focus on a number of key areas in this regard. I have raised consistently the issue of costs with health insurers at a number of levels and am keen to explore all available measures to reduce the costs related to health insurance. My Department continues to focus on the need for VHI to address its costs, both in terms of the underlying cost of procedures and treatments for which it pays and in terms of volume. VHI has also been strongly focused on this aspect of its business. An external review of its claims costs is nearing completion and I look forward to its implementation. VHI reported recently that its cost containment programme has saved €200 million since 2009 by applying various cost containment measures including the reduction of consultants' fees by 15%, the reduction of the prices it pays for various procedures by between 13% and 53% and the introduction of a revised payment system for radiologists and pathologists. VHI is also focused on claims recovery through the work of its special investigation unit, which resulted in savings of approximately €7 million during 2011.

I am mindful that health insurance is becoming harder to afford, especially for older people, as insurers increasingly tailor their insurance plans towards younger, healthier customers. In order to address this issue in particular, I established a consultative forum on health insurance to bring forward ideas for achieving cost savings and for reducing the cost of health insurance overall. The forum was set up originally with a view to generating ideas to help address health insurance costs. Its core focus has been on identifying ways of addressing costs throughout the industry, while always respecting the requirements of competition law. The forum also has provided a vehicle for engagement and consideration of issues relating to the introduction and implementation of the Bill.

*12 o'clock*

Current practices concerning payments for procedures carried out also need to be examined, to identify improvements and efficiencies that can be made, in particular the practice of paying by the day rather than paying by procedure. Improved clinical audit of insurers will also be introduced, whereby a like-qualified clinician or surgeon may challenge the providing surgeon on why various procedures which may not be deemed necessary were carried out. Improved audit, in ensuring procedures claimed for were carried out, is also being considered. It is being more than considered; it is being actively pursued. Practices which are being introduced in public hospitals, whereby the focus is moving towards same-day admission and reduced re-admission rates, must be introduced in private hospitals. VHI has engaged with the clinical programmes in this regard. Not all innovation takes place in the private sector; much of it takes place in the public sector and it then transfers back to the private sector.

In summary, the Government remains committed to keeping down both the cost of health insurance in order that it is affordable for as many people as possible and the general cost of health care delivery, as part of measures to ensure the sustainability of the private health insurance market in the transition to a UHI system. An additional consideration regarding the cost of health care delivery concerns the charging for public bed occupancy. Under the current legal framework, private inpatients who occupy public beds in public hospitals are not levied the daily maintenance charge which ranges from €586 to €1,046 in most public hospitals. The Comptroller and Auditor General reported in 2010 that 45% of inpatients treated privately by consultants were not charged maintenance costs because they were not occupying designated private beds in public hospitals. I have previously announced my intention to bring forward legislation to provide for the charging of all private patients in public hospitals, irrespective of whether they occupied a public or private bed.

As part of budget 2013, I announced further detail on legislation to provide for the charging of all private patients in public hospitals. Primary legislation will be introduced during 2013 to provide for charging of private inpatients in public hospitals where they are not in a designated private bed. On that basis, budget 2013 has provided for additional patient income of €60 million in 2013. The implementation date will be announced during 2013 when the new legislation is in place. In the meantime, the maintenance charges for private inpatients in public hospitals remain unchanged. An additional €5 million in patient revenue during 2013 arises from increasing the daily inpatient charge by €5 from €75 to €80. The date of implementation will also be announced later in 2013. Those measures are designed to recoup some of the cost of treating private patients in public hospitals and to generate much needed income for the public hospital system.

I wish to return to the Health Insurance (Amendment) Bill 2012 and broadly outline some of its main provisions. The key measures in the Bill comprise, first, the provision of risk equalisation credits, payable from a new risk equalisation fund and administered by the Health Insurance Authority in respect of private health insurance premiums by insured persons aged 50 years and over, based on age, gender and type of insurance cover and each hospital stay involving an overnight stay in a hospital bed in private hospital accommodation. Second, the payments from the fund will be made by a stamp duty payable by open market insurers in respect of each insured life covered. The stamp duty will be collected by the Revenue Commissioners and transferred to the risk equalisation fund. There will be four rates of stamp duty, depending on whether the policy provides for advanced cover or non-advanced cover and whether the insured life is a child or an adult.

The scheme will take effect from 1 January 2013. The legislation provides for a range of

credits to be payable to insurers on behalf of insured persons. In the case of policies taken out or renewed between 1 January and 30 March 2013, inclusive, the applicable rate is set at the same level as applied in 2012. That is intended to allow insurers time to plan and to “trade-in” to the new rates which will come into effect on 31 March 2013. The credits will depend on the age, gender and level of cover held by the customers of each insurer. There will be an additional hospital bed utilisation credit, HBUC, payable to insurers in respect of customers who stay overnight in designated private or semi-private accommodation in a hospital.

I recently announced the revised rates for 2013 which will, from 31 March onwards, increase the support levels in respect of older and less healthy customers, in order that health insurance will be made more affordable for them. Without this support, health insurers have a strong financial incentive to “segment” the market by offering policies targeted at younger, healthier people. The credit is provided at source, that is, the cost of the policy is reduced by the amount of the risk equalisation credit. The credit is in addition to the standard rate income tax credit on all health insurance policies. The measures are designed to result in no overall increase in premiums paid in the market and to spread the risk more evenly between the healthy and the less healthy, as well as the old and the young.

It is important to note that the scheme is designed to be Exchequer-neutral, in that the level of credits is covered by the stamp duty payable. It involves the distribution of the stamp duty collected from insurers in respect of healthier customers, back to insurers in respect of less healthy customers, in the form of age, gender and hospital bed utilisation credits. It is not intended to increase the overall costs in the market. The Minister for Finance has proposed that the current payment structure will be modified from a once annual payment in September to quarterly payments, as follows: levy for policies from 1 January to 30 March payable on 21 May; levy for policies from 31 March to 30 June payable on 21 August; levy for policies from 1 July to 30 September payable on 21 November; and levy for policies from 1 October to 31 December payable on 21 February 2014. The necessary changes to stamp duties legislation will be made by the Minister for Finance by way of the Finance Bill.

I wish to outline the specific provisions contained in the Bill. Section 1 defines the principal Act as the Health Insurance Act 1994. Section 2 amends section 1A of the principal Act. This amendment, first, broadens the scope for sharing the burden of the costs of health services between insured persons by extending the cost subsidy - currently between the young and the old - to include the more healthy and the less healthy. The more healthy are less frequent users of health services and the less healthy are more frequent users of health services. Second, the amendment adds a further criterion to be taken into account for the purpose of achieving the principal objective of the Health Insurance Acts, namely, the importance of discouraging registered undertakings from engaging in practices such as market segmentation which have the effect of favouring the coverage of the more healthy, including the young over the coverage of the less healthy, including the old.

Section 3 amends section 2 of the principal Act by defining certain words used in the Bill and inserting them into section 2 of the Act. The definition of “net premium” is amended in respect of health insurance contracts effected on or after 31 March 2013 so as to take account of the part, if any, of the premium to be paid from the risk equalisation fund in respect of age, sex and type of insurance cover. A definition of an “authorised officer” was included on Committee Stage in the Dáil.

Section 4 amends section 3 of the principal Act. This amendment provides powers for the

Health Insurance Authority to make regulations to categorise products. As the new scheme, including rates for risk equalisation credits and stamp duty levies, are strengthened in future by being set in primary legislation, paragraphs (b) and (c) are no longer required. Therefore, the Bill removes the requirement for regulations to be approved in advance by the Houses of the Oireachtas.

Section 5 substitutes section 4 of the principal Act to provide for offences. It provides for conviction of persons and organisations who contravene the provisions of the Act.

Section 6 substitutes a new section for section 6A of the principal Act. It provides definitions and key terms relating to interpretation of Part II of the Bill and Schedules 3 and 4. Key definitions include “hospital bed utilisation credit”, “relevant contract (advanced cover)”, “relevant contract (non-advanced cover)”, “risk equalisation credits” and “type of cover”.

Section 7 amends section 7 of the principal Act. In subsection (1)(a) the amendment extends the period of time an insurer must maintain the price of a health insurance contract to 60 days from 31 days.

Section 8 amends section 7A of the principal Act. This is a technical amendment arising from the repeal of section 12 of the principal Act dealt with at section 20 of this Bill.

Section 9 provides for the submission of new and “changed existing” health insurance contracts to the authority. Clearly, my priority is the implementation of a robust risk equalisation scheme, RES, while minimising the impact on insurers’ ability to carry on their business. My Department had very useful discussions with the private health insurers through the consultative forum. As a result of the discussions, I amended a number of the proposed restrictions on product notifications. These relate, first, to the impact of the product notification periods specified in section 7AB now reduced to 30 days for new and changed products, where the product classification does not change. Where a change to an existing product alters its product classification, such changes will take effect from 31 March 2013 and 1 January each year thereafter.

Second, the definition of products “not providing advanced cover” now provides for an objective delineation of the product categorisation, which in turn allows the Health Insurance Authority, HIA, to categorise products in a more timely manner than previously envisaged.

Section 10 amends section 7AC of the principal Act. This is a technical amendment to the Act.

Section 11 amends section 7C of the principal Act. This is a consequential technical amendment arising from new section 11C and relates to the gathering of certain information by insurers in respect of insured persons.

Section 12 amends section 7D of the principal Act. This amendment expands the breakdown of information returns which registered undertakings are required to submit to the Health Insurance Authority to include the gender profile and type of cover of each age group in respect of the relevant period.

Section 13 amends section 7E of the principal Act. The current legislation already provides for the evaluation and analysis of data provided by registered undertakings. This amendment provides for additions to the factors to which the authority must have regard in carrying out its evaluation and analysis of information returns.

In recommending the level of credits, the Health Insurance Authority will analyse information returns from insurers which will include historical data relating to numbers of lives insured by age and gender categories, hospital utilisation data and relevant claims data. The information will be provided by more detailed data available, including at product level. Having determined its recommended level of credits, the authority will also recommend a level of stamp duty which it believes is required for the scheme to be self-financing.

In setting the rates for risk equalisation credits I will also have regard to the principal objective. I will consider any reports furnished to me as well as: the aims of avoiding overcompensation of registered undertakings or former undertakings; maintaining the sustainability of the market; having fair and open competition in the health insurance market; and avoiding the fund having a surplus or deficit from year to year based on approved accounting standards.

The risk equalisation credits payable in respect of age, gender and level of cover are set out in Schedule 4. Table 1 provides the rates from 1 January 2013 to 30 March 2013 and Table 2 sets out the applicable rates from 31 March onwards. In setting these rates, following consultation with the Minister for Finance, I was conscious of the need to maintain the stability of the market while continuing to protect community rating and enhancing the risk equalisation measures. Having consulted the Minister for Finance, I will also make recommendations to the Minister on the applicable stamp duty rates required to support the risk equalisation credits.

Section 14 amends section 7F of the principal Act. These amendments refer to two linked elements of the risk equalisation scheme, namely, the calculation of risk equalisation credits and the carrying out of an over-compensation test to ensure no insurer is over-compensated under the scheme. Each year the Health Insurance Authority will conduct an assessment of the profitability of any insurer which has been a net beneficiary of the scheme, with a view to determining whether the insurer has been over-compensated.

Section 15 inserts new sections 11A to 11G after section 11 of the principal Act. Provisions for a risk equalisation scheme are set out, including to whom the scheme will apply, how it will operate and how an insurer can make a claim for risk equalisation credits. This section also gives the Health Insurance Authority powers to establish and operate the risk equalisation fund and make regulations specifying which products it is satisfied provides non-advanced cover and the form in which an application is to be made by insurers under the scheme. The section also provides that a hospital bed utilisation credit will be payable from the risk equalisation fund in respect of each overnight stay in a hospital bed in private hospital accommodation on or after 31 March 2013 incurred by an insured person where the health insurance cover of his or her contract effected on or after 31 March 2013 covers the hospital overnight stay in question. The rate is set out in Schedule 3 and is set at €75 so as not to encourage inefficiencies in any way.

One criticism of the current interim scheme has been that younger people taking out products with benefits below the standard level were potentially cross-subsidising standard level benefits taken out by older people. The provision for differentiated levels of stamp duty and risk equalisation credits for the two types of cover - advanced and non-advanced cover - addresses this point. The Health Insurance Authority will be required to evaluate and analyse each type of contract and ascertain to its satisfaction whether a contract provides for advanced or non-advanced cover.

The lower risk equalisation credits and the stamp duty rate will apply to contracts with non-advanced cover. Insurance operators have been consulted on the Bill and I amended the defini-

tion of “contracts not providing advanced cover” on Committee Stage in the Dáil. This section also provides that the Minister will make regulations relating to the making and determining of claims under the scheme. These regulations are being drafted and will be in place shortly.

Section 16 amends section 17 of the principal Act. This is a technical amendment to subsection (4) following the repeal of section 12 of the principal Act at section 20.

Section 17 amends the principal Act by inserting new sections 18E, F and G to provide for the appointment of and powers of authorised officers of the Health Insurance Authority. It also allows such officers to secure the enforcement of the provisions of the Act. In addition, it provides for dealing with privileged legal material.

Section 18 amends section 21 of the principal Act. This amendment expands the functions of the Health Insurance Authority by requiring it to manage and administer the risk equalisation scheme. Section 19 amends section 32 of the principal Act and is a technical amendment. Section 20 repeals sections 12, 12A and 33A of the principal Act which refer to the risk equalisation scheme 2003.

Section 21 substitutes a new Schedule for Schedule 2 of the principal Act. The purpose of the framework is to spell out the conditions under which state aid can be found compatible with the Common Market pursuant to Article 86(2) of the EC treaty. An updated Schedule replaces the existing Framework 2005/C 297/04. The revised framework is entitled, Communication from the Commission - European Union Framework for State Aid in the form of a Public Service Compensation 2012/C8/03.

Section 22 provides the Title, collective citation and construction of the Bill. The Bill is critical to ensuring we continue with community rating, which benefits society as a whole. It is underpinned by the principle that the young subsidise the old and the healthy subsidise the less healthy. I commend it to the House.

**Senator Marc MacSharry:** I welcome the Minister to the House and I am pleased to have an opportunity to make a few points. The Fianna Fáil Party supports the Bill, albeit with some reservations. We support the principles of risk equalisation, having commenced the process in which the Minister is engaged in 2010, and community solidarity, under which those who have the misfortune of being unwell are supported by those who are well and the young support older people. Those of us who are young and healthy do not have any difficulty giving a little more to ensure that we will have the benefit of being looked after when we reach a certain age or become ill.

As the Minister will be aware, the Fianna Fáil Party, while in government with the Progressive Democrats, decided on a comprehensive set of actions to support older and sick people. We firmly support the position that the principle of solidarity should apply in private and public health insurance. The former has played an important role in funding and organising health care for the past 50 or 60 years. In 2010, for example, the private health insurance sector was responsible for health care claims totalling €1.7 billion.

The Fianna Fáil Party is gravely concerned about the number of people leaving the health insurance market and the spiralling cost of health insurance cover. VHI, Laya Healthcare, Aviva Health and GloHealth are lining up increases in premiums of between 10% and 15% from the start of next year. This will bring the average plan for a family with two children to €2,300, an increase of €300. Families with three children, which include my family, face a significantly

greater increase in premiums. The latest hike follows increases in VHI premiums of 23% in January 2009, 8% in February 2010, between 15% and 45% in February 2011, 2% in November 2011 and between 6% and 12.5% seven months ago. The rises are to cover an increase in health care claims, spiralling health inflation, the cost of new drugs and procedures and the expected rise in the cost of the levy on private health care of up to €200 per family. I am also concerned that we are not carrying out any analysis of people presenting in hospitals who had health insurance. Such an analysis would be of use to us. One expert is quoted as saying that the average family can expect rises in premiums of between 10% and 15% but it could be higher. We may be lucky to get away with 15%. All this means that the costs of health insurance have doubled over the past four years at a time when general inflation has been very low. Everyone will be aware that we even had deflation for a time.

People are either giving up or downgrading their coverage. I did an analysis of it for my family and would advise others to the same. It is getting to the stage where if there is one income in the house and a number of children, it is not affordable even for people on what would be considered generous salaries. People are deciding that they can do without health insurance and are taking the risk of not having any cover. This is very concerning and we need to do more about it. I accept that the Minister said in his speech that a number of measures are being taken but the pace at which these things are happening is not quick enough. I ask the Minister to continue to explore ways to hasten the reforms he proposes to implement in this area.

The Minister spoke about the universal health insurance model and the White Paper as envisaged in the programme for Government. Is there any indication when that might appear? The Minister said there are many complexities and an analysis of financial modelling that must be taken into account but it all sounds a bit on the never never. We all want solidarity, universal health insurance and a one-tier system and we want them yesterday, as the Minister will recall from his robust commentary on these issues while in opposition. The Minister should state whatever it is that he, the Department or the support network do not have to help bring this forward as quickly as possible. He should tell us what he needs to get over the line more quickly with regard to some of these issues and let us see as a nation whether it is possible to provide him with them.

The health insurance companies have a vested interest but they made a number of points with regard to this legislation. I am sure the Minister will have taken some of them into account. VHI believes it is good news for community rating but feels that the most important element in the Bill is the level at which stamp duty paid in respect of health insurance contracts effected to provide health insurance cover would be applied. GloHealth is worried in that it wonders whether the new Bill will add factors that may be taken into account when setting the levy related to health status but that there is no requirement to ensure affordability for all customers in the market. If the ambition as stated in the legislation is to equalise all age and health costs within the market, the inevitable consequence in its view will be higher premiums for all, which is concerning. Laya Healthcare claims that the ability of consumers to avail of new innovative benefits has been squashed by the new Bill as insurers will only be permitted to alter benefits across its most popular range of schemes once a year.

All of the health insurance companies have an issue with the time afforded to them to react to it. Aviva has been expecting this legislation for a few years, is in the market and supports the introduction of risk equalisation. It has a genuine desire to work with the Department of Health and Children on the issue but it needs see more of a constant and timely dialogue. I am sure the Minister might be able to take those issues on board. Insurers do have a vested interested but

they make some worthwhile points.

We will support the Bill but I have a concern in respect of attracting younger people. We mentioned all the people who have left health insurance schemes earlier. I know that while in opposition, the Minister would have bemoaned the fact that so many people had left the health insurance system. The rate of people leaving has doubled since 2008 and 2009. I think the figure was 76,000 to March 2012. The Minister's view was that overall, this was a modest reduction. Those were the words he used, which are different from those he used while in opposition. It is difficult to identify measures here that will attract younger people into the market. We need young, healthy people to contribute and take part in this system if it is to be successful. We will support the Bill but the Minister might take some of those suggestions on board. As always, I thank him for taking the time to appear in person in the House.

**Senator Colm Burke:** I welcome the Minister to the House and thank him for bringing forward this legislation, which I welcome. We have been dealing with this issue through statutory regulations since 1994. There have been a number of regulations and pieces of legislation dealing with this issue. This is about formalising what now needs to be put in place to deal with the matter into the future. It is important to remove any discrimination between younger and older people and between healthy and unhealthy people. The Bill does this in respect of health insurance and ensures there can be no discrimination because of age, sex or health status.

The Bill broadens the scope for sharing the costs of health insurance not only in respect of age but between the healthy and unhealthy. It also prevents insurers from engaging in market segmentation. This involves going after the area where there is less risk of claim. The Minister referred earlier to the proposal on universal health insurance. It is important for us to put the proper plans in place before that is fully introduced. The Bill is one of a number of further steps in this area. It is important that there is careful planning in respect of universal health care by the Department and the entire health care sector from those in general practice to public and private hospitals and their staff.

The delay in hospitals recovering moneys from health insurers is an important issue. A complaint raised recently with me related to people admitted to hospital who, while under the overall supervision of a consultant, would not have been seen by him or her because the required procedure was minor and dealt with by a senior or specialist registrar. The problem is that the claim being sent to the insurance company cannot be submitted by the hospital unless it is signed by the consultant even though he or she may never have seen the patient. Could this issue be looked at? Why is there a requirement for the consultant to sign a health claim form when he or she has not seen the patient? It is not that the consultant is avoiding seeing the patient, rather it is that the patient was adequately looked after by the senior or specialist registrar. My complaint is that consultants are now being required to complete a huge amount of documentation unnecessarily and it is consuming a huge amount of time. The reason I raise this is with regard to the legislation that is planned regarding charging for public beds occupied by private patients. In that case will the consultants also have to sign the forms before the claims go forward? Can a procedure be put in place whereby the paperwork can be dealt with administratively, because much of it is administrative rather than medical? This issue is causing a great deal of concern, especially in smaller units across the country. In the bigger units, if people are on a one-in-five roster or a one-in-six roster, they have more time to deal with administrative issues, but if they are on a one-in-two roster, which is still in place in certain areas of medicine, or a one-in-three roster, they do not have the same amount of time to deal with what is purely administrative work. Perhaps that could be examined, because this issue will arise with the

introduction of legislation providing for charges for private patients in public beds.

The Minister gave a comprehensive overview of each section of the legislation in his presentation. This is important legislation. As the deadline for the old procedure expires on 31 December next, it is important that this legislation be passed and in place for 1 January 2013 in order that proper procedures are followed by the health insurance providers and to ensure there is a balanced approach in the charges imposed on people who spend money on private health insurance. An issue we must examine in the long term is how we can ensure that the number who opt out of taking out health insurance is reduced. We must ensure that people continue, if possible, to remain in private health care. That is necessary to make sure there is adequate funding available from the point of view of both the insurance companies and also the health care providers. That is extremely important.

I welcome the Bill and look forward to working with the Minister on the other planned legislation that is due to be introduced in 2013.

**Senator Sean D. Barrett:** As always, I welcome the Minister. As Senator MacSharry said, he is most assiduous in coming to the Seanad. I support the Minister's goals of abolishing the HSE - in fact, we tried to do it at a quicker pace when the Minister was last in the House - and establishing universal health insurance. However, I have serious misgivings about the Bill.

The Bill is based on a couple of fallacies. One of them, which we could debate and on which there is academic literature, is whether ageing is a major cause of increases in health expenditure. There is academic literature from both Oxford and Chicago to which I will refer on Committee Stage. The second and more serious fallacy is the way the Department, repeatedly and under several Ministers, scapegoats the competing insurance companies for the problems of VHI. The give-away line in the Minister's speech was when he referred to the need to stabilise the market. Competition does not stabilise the market. It is the dynamic of it. I am disappointed that the former Minister, Mary Harney, and other Ministers have fallen for the departmental line, which is to protect its in-house insurance company, VHI, from competition at all times.

I must strongly point out to the Minister that the competing companies never refused to recruit anybody on the grounds that they were old or sick or for any other reason. The Department failed to produce a single witness in all the court cases it has fought over this. Despite the accusations made, there are no victims and no witnesses. The Department concocted this model. In its view the only reason anybody left VHI was that the other companies cheated by not recruiting old people. It never addressed the alternatives.

Let us suppose that was the problem. How else could the Department have addressed it? It could have decided to close new membership of VHI to old and sick people, because VHI had its quota, and transferred them to these alleged cheating companies which had newly entered the market. It could have imposed a requirement that the new companies should recruit a proportion of their membership from the designated target groups. It could have devised measures to inform the old and sick customers that, as was shown in one of the reports at one time, there were savings of approximately one third. Why did it not tell the old people to move to the new companies where they would save one third of their money? It was because it was too busy protecting VHI.

That has always been the Department's goal, and the manner in which it has conducted

itself is shameful. That is why it lost in the Supreme Court and in the European Court. It is why the Milliman report referred to the inefficiencies in VHI, its obsession with the age of its customers and its refusal to look at its own efficiency. The Minister referred to belated attempts in this regard, but we have been trying to do this since 1994. At every step the Government has intervened to protect its insurance company. That is shameful. It is a bad way for Ireland to represent itself abroad in respect of foreign investment. It is saying: "You can come to this country but do not compete with the State company because we will rig the rules, even if there is no validity for those rules." I am convinced there is none. The Minister has not shown us what private health insurance companies other than VHI refuse to recruit old and sick people. There are no witnesses. That is the basic fallacy underlining this Bill. If there was an ombudsman to deal with cases where health insurance companies denied cover, that ombudsman would have nothing to do because the Department has failed to produce a single case.

The Minister is increasing the powers of the Department. Given its losses in courts both here and in Europe and given what Milliman found in his report on the operation of VHI, the Department lacks all credibility on this issue. The Minister wishes to extend the powers of the Health Insurance Authority. It also lacks credibility on this issue. We never let the market work so we do not know what market failure is. Talking about stabilising the market is really about protecting VHI. There are substantial savings available, as the Milliman report shows. I will table amendments based on this. The report shows VHI to be an organisation that is obsessed with the age of its customers but not operating remotely near minimum cost.

The Bill is anti-consumer. If it is passed and we have compulsory health insurance, everybody will be subsidising VHI. At present, it is just those who left VHI and saved money, as I did, who subsidise VHI, but the entire population will be corralled into doing it. The McCarthy report reviewing State companies was published in April last year. It stated: "The VHI was excluded from the Review Group's terms of reference because the Government had already initiated a separate process that addresses both the sale of the VHI and the wider complexities involved in the private health insurance market". What has happened since? We were told by the European court in October last year to transfer the Health Insurance Authority to the Financial Regulator, but we have not done that. There is a €300 million gap in VHI's finances, as was reported in *The Sunday Times* two weeks ago, which has not been provided for in the Estimates for this year. Is this the back door method of trying to keep VHI going? As the review group stated in 2007, VHI enjoys an implicit subsidy through its sponsorship by the State, that is, its protection by the Department, as compared with competitors who must set aside financial resources from the equity provided by investors. The value of this subsidy might reasonably be quantified at €25 million to €45 million per annum. We must stop protecting this company. I support the Minister's desire to bring it up to date. For example, the average length of stay for one treatment is 11.6 days whereas the best international practice has been cited as 3.7 days. Monopolies are bad and this one is defended relentlessly and ruthlessly in courts in Ireland and abroad with tame consultants used to support it. VHI does not stand up to the test. I am afraid that we will adopt the wrong kind of compulsory health insurance because of the protectionism repeatedly shown by the Department of Health towards its in-house health insurance company since 1994. It is invidious that the owner of an insurance company also regulates the market. It is impossible and will not work in the Bill.

**Senator John Gilroy:** I welcome the Minister to the House. I do not like the idea of private health insurance. It has given rise to the two-tier system. I was going to say "that we enjoy in this country", but we do not enjoy it at all. If we traced the evolution of the health insurance

market in Ireland, we would see that it closely paralleled the rise of inequalities in our system. I have private health insurance. I might be called inconsistent, but I would fear for my life and the lives of my family members if I did not have it.

A serious argument can be made that the standards of care for private and public patients in public hospitals are not the same. Some claim that the value of having private health insurance is access to the system as opposed to the quality of care received therein.

I will draw the Minister's attention to a Medical Council hearing during the summer at which the person appearing before it, a surgeon, was subsequently adjudged to have been guilty of poor professional practice. He stated that, had he realised that the patient he was treating was a private patient, he would have treated the patient himself. It went unremarked by the Medical Council and the media at the time, but the possibility that this was the prevailing attitude in the system was drawn to my attention when the Bill appeared before us in recent days.

Recently I spoke to a woman whose young son needed to attend a private hospital for two nights and was charged €15,000 for accommodation. One would get a two-month holiday to Hawaii for a full family for that type of money. Anecdotally, it seems to be standard practice that private health insurers do not challenge the costs presented to them by the hospitals. Nor do the people paying the premia challenge them out of fear that they might lose their cover.

I must confine my comments to the Bill. In so far as we are pragmatists and it is politically expedient to support private health insurance, we will do just that. In providing a statutory basis for the health insurance market, we are protecting a core principle of the system. While that system is flawed, it is the one we have and insurers charge the same premia irrespective of people's ages and health status. According to Senator Barrett, there is literature to the effect that age is not an increasing risk. Intuitively, one would believe that to be wrong.

I do not want to keep prefacing everything I say when speaking in favour of this model, as it has served us well in terms of the intergenerational solidarity that this country enjoys, but I must point out that we are only referring to the sector of society that can afford private health insurance. Younger and healthier people generally use the health insurance system less than older people do. This is due to accumulating risks as people grow older. Everyone understands that younger people will benefit as they grow older and accumulate their own health risks. This is the basis of community rating and, in so far as it goes, it is equitable and desirable, if "equity" means anything in our society.

In affirming access to health insurance, the Bill is of some importance. The risk equalisation scheme eradicates in a fair manner the differences in health insurance costs that arise due to variations in health status among policyholders, where it is often the case that persons with accumulated health risks are sometimes over-represented in the schemes provided by certain insurers. The Minister stated that VHI still held 57% of the market. That is remarkable. With such a share, I wonder whether the other health insurers benchmark their costs and services against the major provider of health services.

The €1.92 billion in the schemes is an extraordinary sum of money. Do we have up-to-date figures for this or last year for the number of people withdrawing from schemes owing to the economic crisis and what impact that will have on costs for those who remain?

A few years ago one of the main providers withdrew from the Irish market and presented risk equalisation as a problem, notwithstanding the fact that it made plenty of money before

it withdrew. Many concerns were loudly expressed, with some commentators stating that it made no economic sense for providers to subsidise competitors' policyholders. We are still hearing that argument in the House today, although it is dressed up in a different language. If we stripped away the veneer, we would see what was really being said. The argument has more to do with an ideology, and many of those making it might not care to recognise or admit that the idea of intergenerational solidarity finds infertile ground among those who would see health and health insurance as a commodity rather than an essential public service. The Bill seeks to ensure intergenerational solidarity, a principle that must be at the core of our consideration in framing this legislation.

Most of the changes proposed in the Bill are technical in nature and I look forward to discerning the Minister's intention in this regard on Committee Stage. Notwithstanding my mention of my dislike of private health insurance, I have a number of questions. How will the role of current health insurers evolve when we start moving towards the introduction of a universal health care scheme? I support that model, as it is has the potential to revolutionise how we deliver health care. The Labour Party proposed it prior to the 2007 election and mentioned it before the 2002 election, albeit in a less evolved manner.

A solid and sound legislative foundation is essential for the introduction of universal health care and the Bill will underpin the system's basis in that regard. I would welcome it if the Minister addressed the points and questions that I raised. Of course, we will support the Bill.

**Senator John Crown:** I welcome the Minister. I will broadly support the Bill while taking on board all of the reservations raised by Senator Barrett. The only hopeful way to consider this legislation is to view it strictly as an interim measure until the big bang of major reform into a universal, single-tier insurance-based health care system occurs. I hope it occurs yesterday. The Minister has committed to it being done in the next term of Government, but I again urge him to try to ensure it occurs as quickly as possible. The dysfunctions that are exemplified on a daily basis in our health system will continue until it is fixed. There will be much opportunity cost for the time, effort and energy to be expended in trying to patch up this badly broken system until we usher in the new system.

If one wanted contemporary evidence of the level of dysfunction, one would open one's ears and eyes, read the newspaper today and listen to the proceedings of the Oireachtas health committee. In the *Irish Examiner* it was reported that a consultation process has begun between the HSE and HIQA, and what a critical mass of incompetence becomes involved when those organisations get together. It has resulted in a recommendation that doctors should refer fewer patients for surgery and we should effectively triage referrals to those which will have greatest impact. That is in response to the fact that waiting lists are getting out of control and issues of cost.

Among the procedures targeted are tonsillectomy, which has historically been a grossly overused procedure. The Minister knows that in modern medical practice, very few people are referred inappropriately for tonsillectomies, and those who are referred will seldom have the tonsillectomy. There has been a colossal decrease in the use of the procedure. Chillingly, in a country where the incidence of malignant melanoma and the mortality for malignant melanoma has doubled, there is also talk of curtailing people being referred for assessment and removal of skin lesions. In many cases a good GP can be certain that a lesion is not a melanoma and does not need to refer the patient, but in some cases a doctor may not be sure because he or she may not have the expertise to see the kind of subtle lesion that only a plastic surgeon or dermatolo-

gist could deal with. I am troubled by this. It would be different if we had a colossal problem in this country with gross overuse of surgical resources but we have the smallest number of surgeons per head of population of any country in the western world. This is not where the problem lies. The issue is that we do not have an appropriate system for matching the expenditure with the required level of activity.

A second contemporary example occurred at this morning's health committee meeting when we discussed the cystic fibrosis unit. As the Minister knows, over 2005 and 2006 forward planning was initiated for the provision of an appropriate cystic fibrosis unit following the recognition that the existing facilities in the national adult centre at St. Vincent's Hospital were inadequate. Based on international guidelines, this should be a 34-bed unit. There is a 20-bed unit, with a promise of 14 additional beds, and we asked for validation today of that promise and that the commitment is being honoured. Neither I nor Senators Zappone and van Turnhout - the instigators of the discussion this morning - were in any sense reassured that we had heard any degree of comfort that the 14 beds would be provided. The distinguished representative of the HSE and the chairman of administration at St. Vincent's Hospital told us there would be further crisis meetings on various evenings next week.

This is prolonging the politics of the last health care atrocity; it is crisis management. The unit has been planned for years and open for five months. The system, as it stands, is not geared to making appropriate forward planning and everything is done on a reactionary basis. The sooner this reform is introduced, the better. We will through gritted teeth support this Bill in order to keep VHI afloat until the big bang occurs.

Members should be aware of what we will sign up to when we get universal health insurance. It will be very different and everybody's relationship with the health system will be fundamentally different from what it is now. Some hospitals will thrive and some will fail. There will be no logic in having national consultant contracts and people will have different kinds of contracts depending on the people for which they work. The system will cost more but it will be much more efficient. It will be of higher quality and it will be fair. We must aim for that and we must get it going as quickly as we can, as until we do we will have repeated health care atrocities, scandals, wasted measures and interim measures in crisis management. I wish the Minister the best and hope he will complete this ambitious reform, which I know he has taken to heart, as quickly as possible.

**Senator David Cullinane:** I welcome the Minister to the House. My party will support the Bill but only because it brings some level of equity to the health care system and retains some equity in the delivery of health care in the State. The Bill continues a necessary system of community rating, which ensures that all consumers are charged the same premium for a particular plan, regardless of age, gender or health status, thus preventing price discrimination against those more likely to require medical treatment. It amends section 1A of the Health Insurance Act 1994 by making the provision for community rating more specific, extending the cost subsidy currently between the young and old to include the more healthy and less healthy. This is necessary and valuable, as equity and solidarity within the health care system are important. However, the necessity illustrates effectively to me and those who use the health care system that there is inequity in the system because of the existence of private health insurance companies. That is one of our problems but the Minister wants to open the future of the health care system to the private health insurance market. We are trying to regulate the system and work against the worst excesses of what happens because we allow our public health system and patients to rely on the private health care system. It is only a sticking plaster solution to the

problems we have in the system. Without legislation, the unregulated market would discriminate against the old, the sick and any other group that individual insurance companies decide is at greater risk. The necessity for this legislation is evidence that the Government accepts this issue.

The Bill is part of a long-standing but complex system of risk equalisation to support the community rating principle, which compensates those who carry heavier risk burdens as against those with lighter risk burdens. It provides against a raw profit motive and protects our elderly, unwell people and the vulnerable. That is a positive step. The current position is farcical and we need the safeguards in this legislation to protect against the sharp practice of private insurance firms while at the same time subsidising heavily the private insurance industry. We would hardly have a private insurance industry - if it can be called as much - without State support. That is ironic. We subsidise the private, for-profit health system with private beds in public hospitals and fast track treatment for private patients. Meanwhile, the bottom is falling out of the market, with 60,000 people forced to drop their insurance in the past year. It would be laughable if it was not so serious; we are subsidising the private health care system with the public system, which is itself at breaking point.

Based on the figures from the Government, if we applied the full cost of private beds in public hospitals, it would save €432 million per year, and that money could be spent on dealing with the problems we have in our public system by reducing waiting times and ensuring genuine equity in the system. I want a world class public health care system to be funded through progressive taxation and based on need alone. There should be no charge at the gate when people receive treatment.

The reform strategy of the Fine Gael and Labour Party Government will be based on competing private health insurance companies and will represent the effective privatisation of health services. The strategy has no basis in rights as it contains no commitment that patients will be guaranteed in law by the State to receive basic and essential health care. The Minister is relying on a profit motive and hoping the edges will be softened with regulation. We must wait to see how that works out. I note with interest the concerns that IMPACT has tabled about the future of health care in Ireland and the Minister's plans for the health care system. The union believes this will lead to a more inequitable system and we will not get value for money, quality or universal access to health care.

I am not one of the two-faced politicians or public representatives in this state. I have the courage to say to the Minister's face what many in this room have been saying in the past few weeks. There have been many calls from Senators for the Minister to come before us and explain issues relating to site locations of primary health care centres. Many have said the Minister should resign as Minister for Health, and I am one of them.

*I o'clock*

I take the opportunity, while the Minister is in the Chamber, to call on him to resign.

**Acting Chairman (Senator Terry Brennan):** That has nothing to do with the Bill.

**Senator David Cullinane:** I do not believe the Minister is fit to run the health service. The policies he has in place will not be good for the patients of the State.

**Senator Colm Burke:** The Senator is not entitled to raise this issue. It is not before the

House.

**Acting Chairman (Senator Terry Brennan):** Tá an t-am istigh.

**Senator David Cullinane:** I am talking about the policy of the Government in the context of the Bill. The Minister can speak for himself and will defend his own record. He does not need Senator Colm Burke to defend it.

**Senator John Gilroy:** I raise a point of order. Senator Cullinane is out of order in this regard. He is not respecting the Chair. Perhaps you could make an adjudication, a Chathaoirligh.

**Acting Chairman (Senator Terry Brennan):** That is not for discussion. It is not part of the Bill.

**Senator David Cullinane:** I am sticking to the Bill, with respect. People should be less excited about what I say and give me a chance to finish what I am saying.

**Acting Chairman (Senator Terry Brennan):** The Senator's time is up. What he has raised is not part of the Bill. He should, please, respect the Chair.

**Senator David Cullinane:** I am speaking to the Bill and about the future-----

**Senator John Gilroy:** We saw the disgraceful behaviour of Sinn Féin Members in the other House. I hope they are not about to transfer such behaviour to this House. When the Chair is standing, it is customary and conventional for Members to resume their seats.

**Acting Chairman (Senator Terry Brennan):** The business of this House has nothing to do with the other House. Tá an t-am istigh. An chéad Seanadóir eile, Senator Bradford.

**Senator David Cullinane:** I have not finished my contribution. My time is not up, with respect.

**Acting Chairman (Senator Terry Brennan):** Tá do chuid ama críochnaithe. The Senator has been speaking for six minutes and 45 seconds, which is a minute and a half over his time.

**Senator Paul Bradford:** I welcome the Minister and I am sure he is more than sufficiently robust to deal with the views of Senator Cullinane.

No topic comes up in the Seanad more frequently than the health service. It would be useful for both the Minister and the House, therefore, for him to come to the House early in the new year to discuss a broad range of health issues, when charges can be answered and the Minister can bring forward his own ideas and perspective.

We are speaking about the Health Insurance (Amendment) Bill. I have addressed the issues of risk equalisation and community rating on numerous occasions down the years. I will, of course, support the Bill, but probably with a heavy heart. Risk equalisation, while necessary in the short term, continues the system of health insurance we have had for many years but which is not sufficient to address the needs of the current generation. That is why I welcome the Minister's comments about plans for universal health insurance. A debate on that issue as soon as possible would be useful and worthwhile.

Universal health insurance sounds like good news. As the Minister and other speakers have

said, however, some aspects of it will not be simple. They will be complex and very costly. Much of our thinking on universal health insurance is based on the Dutch model. In that country, it appears, the average premium is between €1,400 and €1,500, and increasing. The lesson we can learn from Holland or any country where universal health insurance is in place is that a top quality health service will cost money. There is no cheap option for solving the health crisis, but the quicker the Minister can come forward with proposals and debate them with members of the Oireachtas, the better. We need to move beyond the current chaos in health insurance.

Over a decade ago we saw difficulties with the first leading competitor to VHI, namely, BUPA. The automatic response was to prop up VHI, penalise BUPA and take whatever measures were necessary to save the skin of VHI. VHI has provided a top quality service to hundreds of thousands of people since it was set up by the late Tom O'Higgins when Minister for Health in the 1950s. It should have been more robust in dealing with the competition that arrived when BUPA and other companies came onto the market. The only response we got from VHI was, "Poor old us. We are looking after all the old people. The new firms are looking after all the younger healthier people and we must be protected". We have always responded to the requests of VHI, whether for an increase in premiums, community ratings or risk equalisation. We have always said "Yes" to VHI. It was necessary, politically, to do so but we must try to move on to new arrangements as soon as possible. It is with a heavy heart that I support this concept of risk equalisation, because it is a false concept. In economics, false concepts do not work in the long term. They have never worked anywhere and they do not work in this market either. Risk equalisation may be necessary in the very short term but we must try to move beyond the current system.

We must recognise, with deep concern, the huge numbers of people who can no longer afford private health insurance, putting further pressure on the public health service. The cost of health provision in Ireland is a fundamental question which we have not tackled, or hardly even answered.

I recognise that I have only one minute left, which is why we need a more substantial debate. Time after time, Government after Government and Minister after Minister, requests are made by the health insurance companies for an increase in fees because of the increase in costs. We must do significantly more to deal with costs. The Minister has been in office for only a number of months. He cannot be expected to perform miracles overnight. Nevertheless, the cost of health provision must be to the fore in this debate. No matter what kind of health insurance we have, whether universal or multi-whatever, if a product is expensive a big penalty must be paid by the consumer.

I have drifted somewhat from the Bill, but we need a substantial debate on the health service. We must recognise that there is no magic bullet. Universal health insurance, which we propose to introduce, will not be cheap. We must tackle the cost of health provision. It is something we have ignored for too long.

**Senator Feargal Quinn:** The Minister is very welcome to the House because he is one of the Ministers who comes on a regular basis and he gives us the opportunity to say what we have to say, even if some of us are very critical.

I welcome the objective of the Bill and what the Minister is trying to achieve. Having listened to Senator Barrett, however, we are going to have to change the system in some way or other. I cannot believe the costs we have in Ireland.

Singapore is a country the same size as Ireland. It has a population of 4.6 million, about the same as Ireland, but it has a health system that costs 3.8% of GDP, compared with ours which costs 8.2% of GDP. The health service in Singapore costs €1,000 *per capita*. Ours costs €2,800 *per capita*. Admittedly, Singapore has an 80% private and 20% Government system. What can we do to reduce our costs? We have not taken even the first step in that direction. I spent a night in hospital recently and I am covered by insurance. I could not believe the price the hospital charged the insurance company. There must be some better way of doing it.

Let me touch on the Singapore model. The Singapore Health Minister explained it as follows. Patients are expected to co-pay part of their medical expenses and to pay more when they demand a higher level of service. At the same time, Government subsidies help to keep basic health care affordable. The model works by mixing public and private health care. In the Singapore system the primary role of Government is to require people to save in order to meet medical expenses they do not expect. There are mandatory health saving accounts called medisave. Individuals pre-save for medical expenses through mandatory deductions from their pay cheques and employers' contributions. Approved categories of medical treatment can be paid for by deducting from one's medisave account for oneself, for grandparents, parents, spouses or children, and consultation with private practitioners for minor ailments must be paid for in cash. There are clearly systems that work in a different way. One journalist wrote in regard to the Singapore system:

The reason the system works so well is that it puts decisions in the hands of patients and doctors rather than government bureaucrats and insurers. A key principle of Singapore's national health scheme is that no medical service is provided free of charge regardless of the level of subsidy even within the public health care system. This mechanism is intended to reduce the overutilisation of health care services.

This is something we experience here. This may be unpopular to say but it is a bugbear of many people that medical card holders use their cards unnecessarily for prescriptions and so on. In addition, many people do not want to take up employment out of fear of losing their medical cards. We need to examine this issue because people need to be disincentivised from abusing the system. If a patient has long-term back pain, why do GPs send them to accident and emergency departments? Is the Minister considering measures in this regard?

Picknpay, a supermarket company in South Africa, provides incentives to encourage staff to stay healthy. Discovery, an insurance company, provides health cover for the staff and they are on reduced premia if they stop smoking or reduce their weight or, for example, can prove they use a gymnasium. Safeway in the US does something similar and it has reduced health care costs dramatically because staff have been encouraged to stay healthy. We can learn by looking at what is done around the world. We do not have to automatically continue with the system we have. I am particularly impressed by the contributions of Senators Crown and Barrett. I hope the Minister will take account of some of what they said, if not all of what they said. We must change the system. The Minister hopes to introduce universal health insurance by 2016 but that will not happen unless costs in our health care system are tackled.

**Senator Fidelma Healy Eames:** I welcome the Minister. In view of the restricted budgets, difficulties in the Department and ever increasing population, I refer to the experience in other countries in the field of health economics and the notion of shared decision-making, which could benefit Ireland. It is a potential path to better health outcomes and lower costs. I am calling for trials in this regard in Ireland. Shared decision-making can reduce the demand by

as much as 25% across a range of clinical conditions leading to massive savings, fewer complications and more satisfaction. Instead of inflicting indiscriminate cuts on the health system, shared decision-making is a way to work smarter. Patients involved in shared decision-making often choose a less intensive form of treatment leading to better health outcomes and lower costs. In Ireland, there has been much talk about reducing the dependence on hospital care but few practical tools have been given to patients to achieve this. This is an exciting solution and a wealth of international evidence demonstrates positive effects.

Shared decision-making informs patients on the risks and benefits of health care and it empowers individuals towards a more active partnership with their doctors. It is irrelevant when patient preferences should play a role in selecting the treatment strategy. For example, somebody may believe he or she needs a hip operation but when he or she is informed of the various options, that may not be the ideal solution. Other examples are patients with mild, stable heart disease who can choose between the best medical therapy and surgery as well as those who need cataract surgery or treatment for certain back injuries. A wealth of evidence demonstrates the benefits of this option in settings such as Canada, the US and Norway. The UK has invested much policy effort in this innovation. It is vital that Ireland should also examine this. The next step would be to consider how shared decision-making could be implemented on a pilot basis. It could potentially drive down costs while improving the appropriateness of health care and satisfaction. We urgently require trials to measure its effect in Ireland. If used appropriately, this could be an important factor in effectively managing our health budget and maximising the health of our citizens. Will the Minister comment on this? Has its use in other jurisdictions been examined? Has its implementation been considered?

**Minister for Health (Deputy James Reilly):** I thank the Senators who contributed. We are discussing a health insurance Bill, not broader health issues. On that basis, I will stick to the issues relevant to the legislation but I take on board what Members have said. I utterly reject some of what was said but that is the nature of debate.

The Bill is intended to strengthen and maintain stability in the private health insurance market. Senator MacSharry wondered about the UHI paper and that will be with us before the end of the month. A White Paper will be published early next year. Senator Colm Burke has asked why consultants have to sign forms when junior doctors have done the work. They should not sign them if they have not done the work.

**Senator Colm Burke:** It is a requirement.

**Deputy James Reilly:** Only if they have done the work themselves.

**Senator Colm Burke:** The hospitals will not send back the forms without the---

**Acting Chairman (Senator Terry Brennan):** The Minister to continue, without interruption, le do thoil.

**Deputy James Reilly:** Consultants who have not seen patients should not sign forms that say they have seen them. That is the law and if that is not the practice, there is a problem and it will be addressed. It is idiotic that consultants have to sign the forms and we will decouple this but, at the same time, we have to do so in a fashion that ensured proper probity around hospital claiming because we cannot have a scenario where a manager claims that a patient was in the hospital and he or she claims for many procedures that have not been verified as having been done but I agree with the Senator that the consultant should have to sign the forms. The

current system needs to be changed and we are examining that. In the interim, we have a new mechanism for supporting consultants in making the claims on time in order that the forms are signed off.

I am afraid Senator Barrett has made a number of statements that do not stand up, one of which is that getting older does not impact on illness and claims. Everybody who has done credible work on this will provide evidence to the contrary. It is clear that as the population gets older, there is a higher incidence of cancer and chronic diseases. He has said that people are cheating but I reject that. Nobody is cheating. We are trying to ensure older and less well people are not targeted for higher fees. This is not an ordinary market similar to car insurance. This is health insurance and there is a Government policy in place, which supports community rating whereby those who are well support those who are unwell and those who are younger support those who are older, as previous generations did. A key question is why there is such a low number of older people in the new insurer's clientele. If this was such a dreadful market and we are all so nasty and mean, how has it been possible to attract a new insurer this year in GloHealth? Of the three new insurers why are so few of their clientele over 65 years of age? The reason is obvious, the other insurers are targeting younger people, by creating products that are not attractive to older people. Now VHI has started to do it. One will find that very few of the standard policies available cover things which will be looked at by older people. How many people in their 40s consider they will need a hip replacement? How many people in their 70s consider they might need one, yet prostheses are gone off the standard policies? How many think they will need a cataract procedure, an issue on which many older people will be focused? That is taken off the standard policy. Segmentation of the market is taking place and we have got to battle it. All the statistics argue against the Senator in that regard. I appreciate the Senator's comments about getting rid of the HSE as quickly as possible, in terms of what it stood for in the past. We are well advanced on that issue. This, as Senator John Crown has said, is an interregnum to get to universal health insurance. I will deal with that issue more comprehensively later.

Senator Gilroy mentioned the two-tier system. I could not agree more. This is why we are committed to universal health insurance in order that people are treated on the basis of medical need, not on ability to pay. He mentioned the consultant who said that, had he realised that the patient he was treating was a private patient, he would have treated the patient himself. That is something we are trying to end through the new contracts with consultants. How does it fit with universal health insurance? This is very much the preamble to introducing universal health insurance. While we have VHI with its not so dominant role in the market at 57% but its hugely dominant role at the paying out end of the market at 80%, we want to tackle these costs and we will tackle them.

Senator Bradford raised the issue of cost containment. A new cost containment committee is in place in VHI, from which I have asked for a much more robust audit and, for the first time ever, a clinical audit. It is astonishing there was no clinical audit up to now where a team of clinicians could challenge the treating clinician or surgeon as to why a particular procedure was done. If found to be unnecessary, the next time he or she does it, he or she will be fined. There is a whole issue around the procedures. Instead of paying per day, there should be a payment per procedure. In that way the hospitals that are efficient will thrive and those that are not efficient will not thrive. The issue of what we pay is being reviewed. In the past, 15% was taken off the top of consultant fees. I want a more nuanced approach. There are certain procedures that used to take two hours but now take 20 minutes. Why pay the same amount for those procedures?

There is a clear focus in VHI that it must tackle its costs.

Senator Crown also mentioned tonsillectomy. I wish I could share his confidence that is the case. As a general practitioner, I know that if I send a child with tonsillitis to a surgeon the odds are the child will have a tonsillectomy whereas if I send the child to a paediatrician, the odds are that there will not be a tonsillectomy. That speaks volumes. It is interesting to note that in the UK where it stopped paying for tonsillectomies, the incidence of-----

**Senator John Crown:** With respect, what is proposed today is to remove the right of the general practitioner to send the child. The Minister would not send the child to the surgeon inappropriately because-----

**Deputy James Reilly:** As I was not at the committee I do not know what members were told. I can say this, as a Minister for Health and as one who practised medicine for 25 years, there is no way that I will remove clinical decision-making from the clinician. I will have counterbalances whereby other clinicians can challenge that decision-making but I certainly will not have somebody with a biro dictating what health care people get.

The Senator mentioned skin lesions and dermatology. In the drive towards primary care centres and more primary care teams, I see no reason these people would be referred away from primary care. They should have skin lesions removed in general practice - I did it myself. I identified three melanomas over a period of years. That should be encouraged rather than discouraged and should be done locally. If there is a lesion that proves to be of a serious nature clearly one has a valid reason for seeking an urgent appointment when one has got the histology back to prove the point.

In regard to matching of resources, the cystic fibrosis unit at St. Vincent's Hospital is not a matter for today's debate. I hear the concerns. There was an arrangement and I want to see it honoured. I want people who suffer from cystic fibrosis to have the same life expectancy as their cousins 40 miles up the road. A number of things have been done to address that issue, a key part of which is the unit at St. Vincent's Hospital. While the unit may attract clientele from other parts of the country because it is seen as a centre of excellence, nonetheless those beds must be available. I will certainly look into the issue to ensure that is happening. I had understood the matter had been resolved.

Senator Quinn mentioned the costs in the system. The costs are too high. I say it here and elsewhere that we are focused on cutting the cost of service, not cutting the service. Of course, that relates to rosters and how people work and the new LRC arrangement with consultants which is being enforced and put in place is critically important. We now have consultants available five days out of any seven, not just Monday to Friday, and at night. This will lead to much quicker decision-making and a faster throughput for patients. As leaders in the health service, it gives a lead to the others who work in the service that they too must change their ways. The Senator mentioned the system in Singapore which is very different. I am not sure if we looked into it we would find huge disparities there. I subscribe to prevention being better than cure and early intervention being better than late intervention.

Senator Healy Eames raised the matter of shared decision making. That issue is being looked at, particularly in relation to new drugs. Dr. Barry White who has stood down as clinical director, and has been replaced by an excellent lady, Dr. Áine Carroll, is a haematologist and encouraged the Irish Haemophilia Society to enjoin with him and the HSE in dealing with the

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pharmaceutical industry in respect of the provision of drugs and have saved several million euro in recent years. That is just as an example. I am for more patient empowerment, more patient involvement and more advocacy group involvement. That is why the patient safety authority is so important. I am moving away from the Bill itself.

**Senator Fidelma Healy Eames:** It is about cost.

**Deputy James Reilly:** The Bill is very much about regulating and stabilising the market to the advantage of the clients who use it most, those who are older and less well.

My last point is in response to Senator Cullinane. I want to tell him clearly that I have no intention of resigning. I am committed to this programme of reform and a huge amount of reform has taken place already. I am not going to take lectures from a party that engages in fantasy economics where everything can be solved by taking money off some imaginary group.

**Acting Chairman (Senator Terry Brennan):** I have to rule the Minister's last comment out of order. It is not relevant to the Bill.

**Senator David Cullinane:** Very good. The Chair is consistent.

**Acting Chairman (Senator Terry Brennan):** I must be consistent.

**Deputy James Reilly:** I take the Chair's correction.

**Acting Chairman (Senator Terry Brennan):** I am sorry about that.

**Deputy James Reilly:** Not at all. I thank the House for its attention and the issues raised. I hope the House can allow the Bill pass to the next Stage.

Question put and agreed to.

**Acting Chairman (Senator Terry Brennan):** When is it proposed to take Committee Stage?

**Senator Maurice Cummins:** Next Tuesday.

Committee Stage ordered for Tuesday, 18 December 2012.

*Sitting suspended at 1.30 p.m. and resumed at 1.45 p.m.*

### **Houses of the Oireachtas Commission (Amendment) (No. 2) Bill 2012: Order for Second Stage**

Bill entitled an Act to amend the Houses of the Oireachtas Commission Act 2003 and to provide for related matters.

**Senator Maurice Cummins:** I move: "That Second Stage be taken today."

Question put and agreed to.

**Houses of the Oireachtas Commission (Amendment) (No. 2) Bill 2012: Second Stage**

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

**Minister of State at the Department of Health (Deputy Alex White):** I am privileged to deputise for my colleague, the Minister for Public Expenditure and Reform, Deputy Howlin, in addressing the House on the subject of the Houses of the Oireachtas Commission (Amendment) (No. 2) Bill. This is designated a (No. 2) Bill because an Oireachtas Commission (Amendment) Bill, which concerns the Oireachtas translation service and is being dealt with by the Minister for Arts, Heritage and the Gaeltacht, Deputy Deenihan, is already before the Oireachtas, having commenced its legislative passage through Parliament earlier this year.

The Houses of the Oireachtas Commission was first established by statute in 2004 and since then the legislation has been further amended in the Houses of the Oireachtas commission Acts 2006 and 2009. The commission is the independent body which, in effect, is the governing board of the Houses of the Oireachtas Service. The primary functions of the commission are to provide for the running of the Houses of the Oireachtas, to act as governing body of the Houses of the Oireachtas Service, to consider and determine policy in relation to the service and to oversee the implementation of that policy by the Secretary General.

The commission is chaired by the Ceann Comhairle and consists of 11 members, including the Secretary General. The commission is financed from the Central Fund for a three-year period and has control over current expenditure and, to a considerable degree, over its staffing. The commission has no role in regulating the business of the Houses. The commission is accountable to the Parliament and presents annual reports of its work together with Estimates and accounts of its expenditure.

The Houses of the Oireachtas Service is the public service body that administers the Houses of the Oireachtas on behalf of the commission as the governing authority. The functions of the service are set out in the Act of 2009. They are to provide advice and support services for the commission, the Houses and their committees, and Members of the Houses.

Since 2004, the current expenditure of the Houses of the Oireachtas has been financed from the Central Fund rather than, as had been the case up to then, being included in the Estimates voted annually by the Dáil Éireann. This change was effected by the Houses of the Oireachtas Commission Act 2003. Under the terms of that Act, a three-year budget, covering the period 2004-06, was provided for the commission. Further Acts were enacted in 2006, covering the 2007-09 period, and 2009, covering the 2010-12 period. A new Act is now required, as the financing provided under the 2009 Act expires as of 31 December next.

The primary purpose of the Bill is to make available the funding for the commission in the coming three years. The Bill proposes to make available to the commission a sum not exceeding €324 million to carry out its functions for the three-year period from 1 January 2013 to 31 December 2015. The sum has been agreed between my colleague, the Minister for Public Expenditure and Reform, and the commission and takes into account foreseen expenditure.

I draw to the attention of Members that the sum in question is a great deal less than the €360 million provided for the past three years and, to an even greater extent, the €393 million provided for in the previous three-year period. In looking at these figures, a pattern of reducing expenditure by the commission is very clear. The proposed funding continues the trend and

reflects the current budgetary situation, while taking into account the needs of the commission in the coming three-year period. To keep its spending within the reduced figure of €324 million, the commission is committed to ensuring that funds are only designated to essential expenditure. The reduced three-year figure also takes account of the decrease in Members' allowances announced by the Minister in his Budget Statement of 5 December.

In regard to the curtailment of expenditure, I draw the attention of Members to the fact that under the terms of the Oireachtas commission legislation, the commission determines its own staffing requirements, with the exception that for senior appointments the consent of the Minister for Public Expenditure and Reform is required. Since 2009, the commission, while not obliged to implement the staffing moratorium that has been in place in the Civil Service, has mirrored it and authorised staffing levels for public servants in the Oireachtas have been reduced by 10% in the period.

I am sure that Senators will agree that the €324 million target is a challenging one and will require substantial economising by the commission over a three-year period. It will be no more difficult than the regime to which Department and offices will be compelled to adhere. The Oireachtas must show the public that it is ready, able and willing to participate in the general reduction of administrative costs.

In addition to the financial provision, the Bill provides for a revised format to the manner in which the commission's accounts are presented. The existing format does not take account of changes to the structure of the service since the establishment of the commission. For example, the establishment of the library and research unit and the communications unit. Alterations are also being proposed in the lay out of the accounts, including the deletion of references to receipts no longer received.

The third and final provision contained in the Bill refers to the retention of receipts by the commission. The receipts will be offset against the Exchequer allocation and will be accounted for in both the annual Estimate, which the commission presents to the Dáil, and the appropriation account which is audited annually by the Comptroller and Auditor General. The commission has requested the initiative on the grounds that, up to now, receipts generated went straight into the central fund and gave no incentive for efficiencies in the provision of services. Under the new proposed arrangements there will be heightened awareness of the need to maximise the extent of receipts.

I also wish to advise Senators that the Minister for Public Expenditure and Reform intends to bring forward legislation early in 2013 to ensure the modernisation of the senior management structures of the Oireachtas service. These are specifically recognised in the Staff of the Houses of the Oireachtas Act 1959. It is accepted that the configuration in that Act, particularly in terms of senior management structures, needs to be modernised. It was flagged in 2009 by the then Minister for Finance when moving the Second Stage of the Houses of the Oireachtas Commission Bill in the Dáil. While it is recognised that significant modernisation has taken place, the statutory framework in the 1959 Act does not reflect this and needs to be modernised. In this regard, the Minister is committed to ensuring, in co-operation with the commission, that the administrative structures of the Oireachtas do not become out of step with Civil Service norms in terms of adapting flexibly to the needs and demands of modern management practices.

The Bill is designed to allow funds be made available to the Houses of the Oireachtas Commission to continue to provide the services that facilitate both Houses in the carrying out of

their function. I am sure that Senators will support this very worthwhile aim.

**Senator Thomas Byrne:** I welcome the Minister of State to the House. He has an extremely important role, for which he is well capable of, in the Department of Health. It is a waste for a good Minister of State to be sent into the Seanad to discuss a technical Bill on the funding for the Oireachtas for the next three years. I wish him well in his main role and hope that he accepts my comments in the spirit that they are directed. Another Minister could have done this job for the Government while the Minister of State could be going about important work at the Department of Health.

This is mainly a technical Bill to keep the Oireachtas funded for the next three years. That job must be done. It is a pity, with all of the talk of Oireachtas reform, that there is no one all encompassing Oireachtas reform Bill to take account of funding and accountability in terms of the public's acceptance of how the Oireachtas is run. There is a view that the public should be thankful for the Oireachtas but Members must earn their respect. One way of doing so is to have an overall reform Bill that would regulate how we run ourselves. There has been a lot of spin on reforms that have taken place within the Houses but no reform has taken place. For example, the guillotine is being used more than ever.

**Senator Maurice Cummins:** That is not correct.

**Senator Thomas Byrne:** Yes, it is. I accept that the use of guillotines has reduced somewhat in the Seanad but we battled over them during the early months of the current Government. I accept the Leader's point that it has not been used in the past while, for which I pay tribute to him. I know that he has had to battle with the Government and its Chief Whip over its use. The other House, as we speak, is running out of time to discuss draconian social welfare cuts due to Government guillotines of the kind that were castigated and attacked while the Government parties were in opposition. The guillotine system seems to be acceptable now that they are in government.

Funding for the Oireachtas has decreased but I would not say that it is welcome because it must happen. As everything else has been cut, funding for the Oireachtas must be cut. It does not seem like a big cut but at the same time important functions must be carried out here. There is a lack of respect for politics and politicians, some of which is justified. The democratic representatives of the people have an important job to do and that must be recognised. Public representatives must do their job in a way that inspires confidence among the public.

The Bill is technical and I have little more to add. My party supports the Bill but we would like to see more substantial reform which was promised by the Government but has not been delivered.

**Senator Maurice Cummins:** I commend the Bill to the House. We must budget. I am glad to see that the expenditure is significantly less than the previous budget for the three years prior to the legislation. I also take on board the efficiencies pointed out by the Minister of State and the need for more management skills within the Houses of the Oireachtas which will be addressed in the coming years. As Senator Byrne has said, this is a technical Bill to provide the finances for the running of the Houses of the Oireachtas. I support the legislation and commend it to the House.

**Senator Sean D. Barrett:** I agree with the previous speakers that the funding is going in the right direction. It was decreased from €393 million to €360 million and it is now €324 mil-

lion for the period 2013-15. That means that we are in touch with what is going on outside of these Houses. Perhaps the communications unit will communicate that message. There is a lack of coverage and many taxpayers do not know what happens here, which is a pity. They are well represented and we have good debates here. We try to discuss the great national issues of import. Ministers also attend and their participation in debates has been most impressive but little of this is seen outside. We try to raise the considerations and concerns of the wider society and Ministers have been most receptive to us. We need to communicate this to the public.

The Minister of State referred to the library and research unit. I commend the unit for the top class service that it provides for Members which enables us to make an informed response when dealing with legislation. Over 300 amendments have been made to the Personal Insolvency Bill as a result of the many discussions with the Minister for Justice and Equality here. That is not unique. It is essential to have a functioning parliament that deals with how legislation is formulated, hears all kinds of views and considerations made by Ministers.

*2 o'clock*

I would hate it if this House did not exist or if a Government with a very large majority in the other House was able to put legislation through without much scrutiny. We need checks and balances. Sometimes the case for the importance of Parliament has to be made at a time when, as Senator Byrne said, there is so much hostility towards politicians. Much of what happened in the past was not solely laid at the door of this House - or certainly very little was - or with the average Deputy either. It was because so much political power had moved away from Parliament and we lacked the scrutiny of checks and balances.

I thank the Minister of State. It is always a pleasure when he comes to this House. I commend the Bill to the House. We must strengthen our resolve to continue to serve the wider society and ensure we get the best possible policies and legislation to help the country through this difficult period.

**Senator Jimmy Harte:** I thank the Minister of State for attending the House. I agree with Senator Barrett and others on the technical need for this Bill to be passed. Democracy does not come cheaply, however, and we are all aware of the cost of the budget and the pain many people are feeling. As happened in the past, there was a certain constituency of people who said democracy was not working, but it was the road to dictatorship. We must continue with what we know as our democracy. Efficiencies obviously come with this Bill and, as parliamentarians, we must welcome all such efficiencies, especially in the running of Parliament. As Senator Barrett said, the Seanad has been instrumental in highlighting issues.

Getting rid of the Seanad might save money, but it is like closing a town library - it might save money but we must continue educating people. One might save €1 million in a council area by closing some libraries but what is the real cost of such a move? There are people who would say that both the Dáil and the Seanad should be closed. It may satisfy some people and save a few euro but the consequences would be catastrophic.

I commend the Bill to the House. I also commend the Minister of State for introducing further efficiencies and cuts in this Parliament. Nonetheless, the role of the Oireachtas will not be diminished, nor should it be.

**Senator Marc MacSharry:** I welcome the Minister of State to the House. As a member of the Oireachtas commission I wish to make a few brief points. First, the Bill before us is

predominantly about funding the commission for the next number of years. I note that the figure of €324 million allocated under section 2 for funding is for the next three years. In case it is overlooked, the Minister of State mentioned that the Houses of the Oireachtas have had their funding reduced significantly, which fully reflects the downturn. Everybody has been affected and we must now do more with less. It is worth stating, however, that when the Oireachtas commission was established in 2004, the initial funding for the first three years was €295 million. The figure rose to €397 million in 2006 and was €360 million in 2009.

Given the constitutional role of the Houses of the Oireachtas in holding the Government to account, the figure allocated is a tiny fraction of the overall expenditure of €56.2 billion. In addition, Members have taken significant cuts in salaries and allowances, which are necessary. There is a misconception that because the commission's funding covers salaries, pay and allowances to Members, in some way the commission has a say in setting those payments. That is not the case. The Minister has exclusivity on this issue.

In budget speeches it has at times suited Ministers for Finance to hang that level of responsibility for cuts in expenditure on allowances and salaries around the commission's neck, but that is incorrect. In this regard, I am referring to the former Minister for Finance, the late Brian Lenihan - Lord have mercy on him - and the current Minister for Public Expenditure and Reform, Deputy Howlin. As a public corporate body it would be inappropriate for members of the commission to set the levels of salaries, allowances or expenses. As was done previously, an independent group should examine salaries and allowances and set them accordingly. They could perhaps be benchmarked against ten other parliaments throughout the world in countries of similar size and relative wealth. It should be done in that way. I do not like superficiality when it comes to cutting pay and allowances, but these are matters that Ministers and their officials will consider. It is true to say, however, that if one had to pay a certain amount to come through the gates of Leinster House, there are those who would believe it should be more. We should be cognisant of this.

The 1959 Act is definitely out of date, although parts of it will continue to serve us well. In that regard, I welcome the Minister of State's intention to bring forward legislation in the new year. I understand that proposed changes are currently before the commission - involving the Clerk of the Dáil, the Clerk of the Seanad, the Superintendent of the Houses and the Captain of the Guard - to help them form the legislative process the Minister of State will bring forward. We must have a modern parliament; therefore, what worked in 1959 will not work now in so many ways. Nevertheless, there are parts of it that will. As we consider this critical process, the Minister of State might arrange for the officials who are pulling this legislation together to consult the people who currently hold those positions. In addition, I have no doubt that some of their predecessors, who are enjoying retirement, would give some good insight in how the project could progress. The group, involving four principal officers, certainly has a lot to offer but in isolation even they would admit that it is difficult to capture precisely what is needed without adequately liaising with those who currently hold those positions and those who held them in the past. Such a wider group is required to consider how that might best be brought forward.

In considering all aspects of expenditure, the current commission and its forerunners have done an exemplary job in reducing the cost of running the Houses of the Oireachtas. Cutbacks have been made in a number of areas, while, at the same time, the levels of service have increased. Of course, there is always room for improvement.

There are many good reasons, including legislation and other issues of public interest, for

which we might seek to play the ball or even at times play the man. However, I would caution against anybody seeking to dig up the pitch just in the interest of scoring political points. There is a cost involved in running the Houses of the Oireachtas and people must be paid to do that particular job. Expenses are incurred, naturally, but thankfully we are moving into an area where all these expenditure levels will be reformed. It is also necessary that they should be fully vouched. There are considerations that may have to be taken into account, such as the headings under which expenses can be vouched. No doubt the Minister of State will be examining these particular areas.

Overall, I welcome the Bill. The Houses of the Oireachtas Commission is doing a pretty good job in cutting back while providing a good level of service. I would caution that there is a cost involved in doing business here. There will always be those who will say it is too much and it needs to be brought down, but the figures speak for themselves in that costs have consistently been reduced in recent years. Arguably, regardless of who is in government, the levels of service are going up.

There will always be issues of the day on which we can disagree. In addition, the public can rightfully disagree about how Members of the Oireachtas are doing their job. However, I cannot think of a more accountable system than standing for election every number of years when the public have their say.

There is a structural issue concerning wider Oireachtas reform, which will be a challenge for the Government or the next one. While this is just a personal view, increasingly in this country Parliament is a tool of the Government of the day. That is not meant to be a criticism of the current Government, any more than the last one, but the Whip system ensures Parliament is a tool of the Government of the day. Policy is formulated elsewhere, while legislation comes before the Oireachtas and if one votes for it, it will go through. Perhaps in the future, greater minds than me will introduce reforms in which the members of the Government may cease to be Members of Parliament. Instead, the onus will be on the Government to try to sell its policies to the Houses of the Oireachtas to get them through, similar to the way some parliaments operate. That may be a positive move in the future.

**Senator Susan O’Keeffe:** I welcome the Minister of State, Deputy Alex White to the House. I commend the Houses of the Oireachtas Commission and the Houses of the Oireachtas Service for the work they have done. It is always incredibly difficult to be doing the same or more with less and it is good to see this is happening. As Senator MacSharry has said, such is the growing cynicism about politics that some think we ought to be paying for the privilege to be here. It is very easy for that idea to take root and it is very difficult to say to people outside the Oireachtas that if we are to do the work well, we need a system to support that work, and those who do the work very well need to be paid and treated properly and with respect. It is becoming increasingly difficult to make that case outside these walls.

I commend the Minister for his commitment to bringing forward legislation in 2013 to modernise the senior management structure. I trust the legislation is pending and that we will see it in 2013. That will afford a clear moment for people to understand how the Houses of the Oireachtas work and how the work is carried out. It will also give Members an opportunity to allay some of the growing cynicism.

Senator Barrett raised the issue of communications and the role of this Chamber. I do not know if there is an opportunity and the Leader may have a view as to how we would be able to

share our thoughts on how savings can be made. Certainly Senator MacSharry has mentioned the idea of involving former members and the Captain of the Guard, but could we, as Senators, contribute? I do not know if there is a system by which we can do that, either formally or informally. Senator Barrett's challenge to the communications unit is a valid one, because we have been Members of the Seanad for more than a year and the workings of the House remain as big a mystery to the public now as they were then. There is an onus on us to try to make our role clear, but equally the media have some responsibility in this to try to show when we do it well and if we do it badly. That is part of the job, but somehow we seem unable to make that connection. Whether the Houses of the Oireachtas can assist us in that matter, given that there is a communications unit, is an issue we ought to raise, either through the Committee on Procedure and Privileges or through the Houses. I commend the Bill to the House.

**Senator David Cullinane:** I welcome the Minister of State to the House. I welcome the opportunity to discuss this Bill. It is regrettable that all Stages of the Bill are being forced through with just a little over an hour for discussion. I accept that the Houses of the Oireachtas Commission itself does not determine where savings could be made. That is the job of the Minister for Finance. I take on board the comments of the previous speaker, I want to be helpful and point out to the Minister of State the areas in which savings can be made in future years.

Politicians should be reasonably well paid. We have a difficult job to do. Politicians incur expenses and must travel to Dublin from different parts of the country, for which people should be fairly reimbursed. I also believe we can achieve greater savings in this area, especially at a time when we know that painful decisions are being made that impact on vulnerable people, for example, on carers, and people who are suffering.

Let me give some examples. I believe the salaries of Government representatives at the highest level, be it the Taoiseach, the Tánaiste or Ministers should be capped at €100,000. I believe the salary for a Deputy should be reduced to €75,000. That is still €1,500 a week, a very generous salary in the current economic climate. The salary of Senators should be reduced to €60,000. I do not believe the Seanad should be abolished but should be reformed.

I also want to see a number of allowances scrapped altogether. It is small money in the general scheme of things but it would save €335,177, which is still significant. It is about whether these allowances are fair. The Ceann Comhairle has expenses of €76,603, the Leas Cheann Comhairle has expenses of €37,370, the Cathaoirleach has expenses of €44,336, and the Leas-Chathaoirleach has expenses of €24,429. The party Whips in the Dáil have expenses of €78,000. The Leader of the Seanad has expenses of €19,439, while Whips have expenses of €24,000. The leader's allowance for the Fianna Fáil leader in the Seanad is €9,500, while both of the Independent's Leaders allowance is €6,000.

There are also a number of allowances paid to committee members which should be abolished. The chairpersons of committees are paid €9,500 for mobile phone payments and €1,100 in hospitality payments. These are payments on top of what they get as a Member. This should be part of their work.

Some of these payments are just outrageous and they genuinely need to be scrapped. We have the super junior Minister allowance of €34,000, and that should also be scrapped. We know that several Ministers, including Deputies Joan Burton, Brendan Howlin, Pat Rabbitte, Richard Bruton, Leo Varadkar and Simon Coveney have breached the €90,000 cap on the salaries of their special advisers.

The mobile phone allowance payable to Members every 18 months is €750, but I have not availed of that allowance. We get very generous allowances through the standard parliamentary allowance. Why is a mobile phone allowance of €750 for phones and car kits payable every 18 months? What other job would pay such an allowance? These allowances should be cut.

We continually outline our position but it is often misrepresented by members of the Government parties that we do not want politicians to be reasonably paid. We want politicians to be reasonably paid. What I have set out is fair in a climate in which we are asking people who are genuinely suffering to take cuts. We must give leadership. We must ensure we are achieving real savings so that people can see the cuts are genuine and being applied across the board. If the cuts I have outlined were accepted, it would shave €5 million off the Oireachtas bill this year, next year and the following year. I hope adjustments can be made in the coming years, yet still allow Oireachtas Members to be reasonably well paid.

**Senator Paul Bradford:** I welcome the Minister of State who started his parliamentary career in this Chamber. I look forward to his response to some of the comments.

I agree with much of what the previous speaker said, but not the entire package. He has raised pertinent points which are worthy of observation and comment. A good starting point for the debate and where we stand politically is the Staff of the Houses of the Oireachtas Act 1959. I ask Members to reflect on the Houses of the Oireachtas and the state of Irish politics in 1959 and the types of people who were elected to the Oireachtas. If one looked at the profile of Members of the Oireachtas in 1959, they comprised wealthy farmers or business people, generally from the legal and medical fields and from some of the other privileged professions, and men rather than women. There was no space on the Irish political platform for people of modest incomes. It was expensive to practise politics. The salaries of Oireachtas Members, be they Deputies or Senators, up to 25 years ago shut the Oireachtas to ordinary people.

In the rush to score cheap popularity with the public, especially with changes to the income structure of politicians, we should be careful to ensure we do not return Irish politics to being the preserve of a wealthy elite, which it was. We need to ensure the Houses of the Oireachtas are open to people of all backgrounds. That is the reason politicians must have a reasonable income stream. We should be careful we do not throw out the baby with the bathwater.

I recognise that many of the salaries are excessive and that some of the allowances and expenses, as proclaimed by Senator Cullinane, could certainly do with urgent review. Senator Cullinane stated that he had never claimed that mobile phone allowance. I have been here more than 20 years and I am not sure when that allowance was introduced. I could never understand why a Member of the Oireachtas should claim an allowance to purchase a mobile phone. We must try to strike the correct balance between excess and being fair. There is now a rush down the tube which is not helpful.

The public demand is for not cheaper or more expensive politics, not bigger politics or small politics but better politics. The Minister in charge of the Bill is the Minister for Public Expenditure and Reform and we look forward with some degree of anticipation to the package of political reform. I say this not out of any degree of bitterness, but the debate about political reform has been about abolishing the Seanad. I would call that ladybird politics. If we believed that scrapping the Seanad is the extent of political reform in this country, that is a low aspiration for political reform. Simultaneously, we talk about changing the Dáil by abolishing eight seats out of 166. I look forward to when a referendum will be put before the people asking them to

reflect on whether it is the 60 Senators with their salaries of approximately €60,000 and one secretary who caused most of the problems in this country or, perhaps, the other House with 166 Deputies and with salaries of €100,000 plus, in addition to secretaries, parliamentary assistants, constituency offices and various allowances. That will be an interesting debate. It will not be the simplistic popularity race and chase that some might wish it to be. For that reason, if no other, I would say, bring on the Seanad referendum. It will lead to a fundamental debate and a fundamental choice about the sort of politics, democracy, transparency, scrutiny and value for money we want in this country.

I am privileged to be a Member of this House and I was privileged to be a Member of the other House, but I will say with certainty that the average Senator, by virtue of the numbers in this House and the workload, participates to a much greater degree in public and parliamentary debate through his or her work in the Chamber and in the committees. If people want to focus the light on the Oireachtas and ask which House on average is providing the best value to the taxpayer, it will be very much to our advantage.

I was privileged to serve on the Oireachtas commission for a number of years in the previous term. It has done its work in a balanced and fair fashion. It has continually reduced expenditure here in the past few years. It must continue in that vein and try to ensure the Houses work, provide an open and transparent place and value for money for the taxpayer.

The most important value we can provide for the taxpayer, in this and the other House, is to practise good open transparent politics and decision making. One cannot put a price on that but it must be demanded and expected of us. My question to the Minister of State, Deputy Alex White but, more importantly, to the Minister for Public Expenditure and Reform - I am not sure whether it is the Minister, Deputy Howlin, or the Taoiseach who will bring forward the proposals for adjudication on the Seanad to us and the people - is what sort of accountability, transparency and democracy do we want and value in this country? Reform of politics must be more than a one-line slogan. It must involve questioning the electoral system, the parliamentary system, the relationship between the Government and Parliament, the role of Ministers and backbenchers, and the ability of the Opposition not only to bring forward ideas but to have some of those ideas translated into political action. We do not have a monopoly on political wisdom in this country and there is much we can learn from some of our political brethren across the world.

That is probably a little preview of the substantial debates I hope we will have on political reform next year. I wish the Minister of State well in shepherding this legislation through the House. The Oireachtas commission has a heavy duty of responsibility to spend the taxpayers' money wisely and to ensure that value is provided. Although it may not be the popular phrase, as an individual Senator and on behalf of all of my colleagues in this House, I think I can say that we genuinely provide political value for money. We do not have the trappings, salaries, offices or allowances that they enjoy in the other House, but we provide genuine political value for money in this House and long may that continue.

I am sure there will be no division on this legislation. I only hope it will allow us reflect on the serious choices that will come before us in the next 18 months. If solving the problems of politics in this country could be solved by a simplistic slogan, they would have been solved a long time ago.

**Minister of State at the Department of Health (Deputy Alex White):** I thank the Sena-

tors for their contributions. This legislation, although important, is relatively limited in scope. As Members have acknowledged, many of the issues that are worthy of public debate and elaboration, such as those on which Senator Bradford has touched and others have mentioned, while related to the subject matter of this Bill, are not contained or referenced in it. The Bill, as Members will be aware, deals with a relatively limited, although not unimportant, requirement that the commission should continue with its work and, most importantly, should continue to have funding in order that it would be able to continue with its work, not least in the payment of the salaries and expenses of Members of the Houses, but also in the important support work that is done by senior staff and those across the system, such as the library and research service, to which Senator Barrett referred and which, I agree, is an excellent service.

Drawing on my own experience as a Deputy before I became a Minister of State and while I was Chairman of a committee and when I was in this House, it may be that in some instances the work and materials provided by the library and research service are underused by Members and that there is a great deal of information, background research and support available that may not always be used to its fullest. Senator MacSharry made the point that Parliament, the way it has evolved in our system, to use his term, was as a “tool” of Government. I suppose that is putting it at its most extreme but Members would be aware of what the Senator is touching on, that the Government has a uniquely important role in our system and often the Parliament or the Members of the Parliament either chooses not to or, for some reason, are not in a position or able to assert itself or themselves, be they Members of this or the other House. On that score, the availability of research tools - the staff of the library and research service have a high level of expertise - is something that the Members should support as much as ever they can. One should be aware that those kinds of supports are available because the more they are used, the more they must be supported, funded and replenished. If they are not used, an argument might arise - I hope it never would - as to the priority that should be given to these vitally important services in our system.

I will not refer to all the comments made by all the Senators but I note that Senator Cullinane was unhappy about the length of time being assigned to this Bill. That is a matter for the House. It is not a matter for me to comment on but the issues the Senator was anxious to talk about are not issues that are specifically referenced in this Bill. We can discuss the contents of the Bill relatively efficiently and quickly, as colleagues have done, but that is not to say Senators do not have the entitlement, as do Members in the House, to raise other matters as they see fit in the context of a Second Stage debate. I know Senator Cullinane did not raise any objection to the contents of the Bill and I do not believe anybody else has done that in the course of the debate.

In respect of Senator Bradford’s points, I do not want to break my own strictures by engaging in the very area of debate that I pointed out is not directly germane to the Bill but I will make one or two observations regarding reform generally because it is important that we talk about and deal with reform. I agree with Senator Bradford’s point that reform cannot be reduced to the question of whether the Seanad is abolished, leaving aside one’s view as to the merits or otherwise of a proposal to abolish the Seanad. It is not the case that the Government’s agenda for reform can be reduced to that. It could not be reduced to such a proposition, regardless of what one believes about that on one side or the other. It is certainly not a one line agenda for reform. There are quite a few areas of reform being pursued by the Government, some arising directly from the programme for Government and others that have arisen since, for example, in regard to the electoral system. I heard one of Senator Byrne’s colleagues in the other House complaining recently that electoral reform was not one of the issues included in the constitutional

convention. That is not true. Electoral reform is one of the issues included in the constitutional convention. It is important that there be a debate about our electoral system and it is provided for in the constitutional convention.

The question of the Oireachtas and the power and ability of committees to take on issues of public importance and concern is being addressed also. There is legislation to be brought before the Houses soon in 2013 and it may even be before the finance, public expenditure and reform committee at present, which is to give powers to committees to hold inquiries into matters of public importance and interest. That legislation is being progressed.

On the question generally of legislation and the power and scope for influence of Members of this House and the other House, the innovation that has been introduced allowing for pre-legislative scrutiny is very important, and Members on all sides of the House would agree with that. In terms of what I observed and participated in regarding the credit union legislation, that was dealt with in a pre-legislative forum in the finance committee before it progressed. The whistleblowers legislation, another area of serious reform being brought forward by the Government, was also dealt with in a pre-legislative context before the finance, public expenditure and reform committee.

None of these individual innovations may be revolutionary but when they are combined together, they evince an intention on the part of the Government genuinely to reform the way we do our public business on the behalf of the people who elect us. There are other areas such as the question of lobbying, the question of freedom of information and so on that are being brought forward also.

On those points I thank Senators for their support for this legislation. I gather from what colleagues have said that the support for the contents of this legislation is unanimous. I look forward to its passage.

Question put and agreed to.

### **Houses of the Oireachtas Commission (Amendment) (No. 2) Bill 2012: Committee and Remaining Stages**

Sections 1 and 2 agreed to.

#### SECTION 3

**An Cathaoirleach:** Amendments Nos. 1 to 5, inclusive, in the name of Senator Cullinane have been ruled out of order.

Amendments Nos. 1 to 5, inclusive, not moved.

Section 3 agreed to.

#### SECTION 4

**An Cathaoirleach:** Amendment No. 6 in the name of Senator Cullinane has been ruled out of order.

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Amendment No. 6 not moved.

Question, "That section 4 stand part of the Bill," put and declared carried.

Section 5 agreed to.

Title agreed to.

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

*Sitting suspended at 2.35 p.m. and resumed at 6.45 p.m.*

### **Message from Dáil**

**An Cathaoirleach:** Dáil Éireann has agreed on 13 December 2012 to the amendments made by Seanad Éireann to the Credit Union and Cooperation with Overseas Regulators Bill 2012, changed from the Credit Union Bill 2012.

### **Credit Union and Cooperation with Overseas Regulators Bill 2012: Motion for Earlier Signature**

**Senator Maurice Cummins:** I move:

That, pursuant to subsection 2° of section 2 of Article 25 of the Constitution, Seanad Éireann concurs with the Government in a request to the President to sign the Credit Union and Cooperation with Overseas Regulators Bill 2012 (changed from the Credit Union Bill 2012) on a date which is earlier than the fifth day after the date on which the Bill shall have been presented to him.

Question put and agreed to.

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

**Senator Maurice Cummins:** At 12.30 p.m. on Tuesday, 18 December 2012.

### **Adjournment Matters**

#### **Local Government Reform**

**Senator Paul Bradford:** I welcome the Minister of State with responsibility for Gaeltacht

affairs to the House. I will not make a detailed submission. If we had a concept known as parliamentary questions in this House, which we might have the next time around, I would be placing same but my Adjournment motion speaks for itself. Cork County Council is unique in that it has three health divisions and, therefore, three administrative divisions within the county - north, south and west, all of which have managers, directors of services, chief engineers and divisional headquarters. As part of the new local government reform and new boundary provisions for local authorities, will the county of Cork be treated as three separate entities, as it currently is, or as a singular area for the division of the proposed 55 seats. I look forward to the Minister of State's reply.

**Minister of State at the Department of Arts, Heritage and the Gaeltacht (Deputy Dinny McGinley):** I thank the Senator for raising this matter on the Adjournment. The action programme for effective local government setting out Government decisions for local government reform was published on 16 October 2012. It sets out the most fundamental reorganisation of local government structures since the current system began in the 1800s. City and county councils in Limerick, Tipperary and Waterford will be unified. There will be extensive change at regional level, with rationalisation of structures and updating of functions. At sub-county level, a new system of municipal governance will be introduced. This will involve a complete territorial configuration of each county into municipal districts in which the elected members will perform a range of important local functions on a fully devolved basis. The districts will be designed, as far as possible, around existing town authorities and large urban centres which do not currently enjoy municipal status. Overall, the number of council seats will reduce from 1,627 to no more than 950.

On 15 November the Minister for the Environment, Community and Local Government established an independent statutory local electoral area boundary committee to carry out a local electoral area review on which the new municipal districts will be based. The committee has been asked to review and make recommendations on local electoral area boundaries in the context of the results of census 2011 and the action programme for effective local Government, and to report no later than 31 May 2013.

The committee has been asked to consider and make recommendations on the division of each council area, other than Cork city, into local electoral areas, and to make recommendations on the number of members of each council to be assigned to each local electoral area. The terms of reference for the committee are set out in the Schedule to the establishment order. In paragraph 6 of that Schedule, it is provided that the number of councillors representing a local electoral area should typically be seven and not more than ten or fewer than six. In paragraph 7, it is provided that within the county the variance in representation of each local electoral area from the average for the county should, as far as practicable, be within a range of plus or minus 10%. In paragraph 8, it is provided that the number of members shall be fixed at 55 in Cork County Council.

These are the parameters within which the committee will operate for Cork county as regards numbers. There is no specific reference to any divisional structure. However, in recommending changes to local electoral areas, the committee is required to take due account, as far as practicable, of existing local authority electoral and administrative areas. I understand the committee has invited submissions to be made by 25 January 2013. Therefore, if the Senator has views on local electoral areas in the county of Cork, he might consider making a submission to the committee in response to that invitation.

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**Senator Paul Bradford:** I thank the Minister of State for attending but in respect of the response, which I know comes from the Department, my query should not be beyond answer. I am disappointed, therefore, that the Minister of State was not provided with an answer because my question is very basic. Unlike any other county in the Republic, under the law of the land, there are separate health and administrative districts for north, south and west Cork with their own council divisional headquarters, managers and individual structures. We are told that each county is to have at least 18 councillors under the new provision. The three divisions within Cork are treated as singular counties to all intents and purposes.

Will the Minister of State arrange for my question to be answered? It is not a matter of opinion because I am not advocating for or against. I simply want to know what the legal position is because north Cork, south Cork and west Cork are all legal entities. If they are to remain as legal entities, that will have a dramatic impact on what the committee can or cannot do for County Cork. I asked a colleague of mine in the other House to table a question but he was unable to get clear, precise information.

I ask the Minister of State to take my question to the Minister for the Environment, Community and Local Government and arrange for us to get the factual answer next week to the question of whether north, west and south Cork will remain the separate entities they legally are with their managers, divisional engineers and directors of services. Once we know that, we can then make submissions about reconfiguring the council areas. It is crucial that we receive that information because there is no point in us making submissions until we know how County Cork is being treated. I would appreciate it if the Minister for State arranged for the Minister to either make a decision or clarify any decision that has already been made in respect of County Cork. I appreciate the Minister of State's answer but my question still requires a full and precise answer.

**Deputy Dinny McGinley:** I assure the Senator that his query and concerns will be conveyed to the Minister as soon as possible. As I have said, if he wishes to make a submission to the committee on foot of the information obtained or provided by the Minister, he is free to do so and I am sure the committee would welcome his comments given that he was a member of the local authority and one of the youngest members in the country at the time of his election. It is great to see that he is still an elected public representative.

The Seanad adjourned at 7 p.m. until 12.30 p.m. on Tuesday, 18 December 2012.