



DÍOSPÓIREACHTAÍ PARLAIMINTE
PARLIAMENTARY DEBATES

SEANAD ÉIREANN

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

Business of Seanad	2
Commencement Matters	3
Office of Public Works Properties	3

SEANAD ÉIREANN

Dé Céadaoin, 30 Meán Fómhair 2015

Wednesday, 30 September 2015

Chuaigh an Cathaoirleach i gceannas ar 10.30 a.m.

Machnamh agus Paidir.
Reflection and Prayer.

Business of Seanad

An Cathaoirleach: I have received notice from Senator Martin Conway that, on the motion for the Commencement of the House today, he proposes to raise the following matter:

The need for the Minister of State with responsibility for the Office of Public Works to consider handing over the unoccupied derelict buildings adjacent to St. Patrick's Hall in the village of Corofin, County Clare, to the local community so that they can renovate them for community activities.

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

The need for the Minister for Finance to respond to the concerns expressed by credit unions throughout the country regarding the commencement of the remaining sections of the Credit Union and Co-operation with Overseas Regulators Act 2012.

I have also received notice from Senator Fidelma Healy Eames of the following matter:

The need for the Minister for Finance to develop a property tax credit scheme for homeowners who are paying management charges towards the maintenance of their estates, which amounts to a double charge for expected services not now provided for by the property tax.

I have also received notice from Senator David Cullinane of the following matter:

The need for the Minister for Health, in respect of Waterford city and county, to provide a breakdown of waiting times for assessments, including diagnostic assessments for children with mild to profound physical and intellectual disabilities, the number of speech, language and occupational therapy posts and child psychologist posts, the number of child psychologist and therapy posts in the public system that are vacant, and the steps the Minister will take to reduce assessment waiting times.

I have also received notice from Senator Mary M. White of the following matter:

The need for the Minister for Communications, Energy and Natural Resources to clarify whether it is possible for a constituent to appeal an Eircode when it is different from the property's geographical address.

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

The need for the Minister for the Environment, Community and Local Government to comment on the provision of information and housing by Louth County Council in response to an urgent disability housing application (details supplied).

I regard the matters raised by Senators Conway, Bradford, Healy Eames, Cullinane and White as suitable for discussion on the Commencement of the House. I have selected the matters raised by Senators Conway, Bradford, Healy Eames and Cullinane, and they will be taken now. Senator White may give notice on another day of the matter she wishes to raise. I regret that I have had to rule out of order the matter raised by Senator Moran, as the Minister has no official responsibility in the matter.

Commencement Matters

Office of Public Works Properties

An Cathaoirleach: I welcome the Minister of State at the Department of Agriculture, Food and the Marine to the House.

Senator Martin Conway: I thank the Cathaoirleach for accepting my commencement notice and welcome the Minister of State to the House. I understand that the Minister of State at the Department of Finance, Deputy Simon Harris, who has direct responsibility for this matter, is unavoidably absent due to Government commitments.

The buildings to which I refer are in the ownership of the OPW and are located in Corofin in County Clare. They are adjacent to the community hall in the town. The buildings have been derelict for many years. There is a very active community council in Corofin, as well as a very active Tidy Towns committee. The Comhaltas branch, with which my colleague Councillor Joe Arkins is involved, is also extremely active. The community has recently invested a significant sum in upgrading its community hall, which was officially opened on 11 September last. Many communities have lots of good people working in them, but Corofin in County Clare is exceptional in terms of sheer commitment, with locals involved in sports, theatre, the arts, Tidy Towns, community groups and so forth. A local community group has expressed an interest in taking over the derelict buildings which are in the ownership of the OPW. They are interested in either purchasing the properties at a nominal price or taking them over on a long-term lease for a nominal fee. They have sent numerous items of correspondence to the Office of Public Works offices in Trim, to which they have always received courteous replies. They have had numerous acknowledgements of their propositions, worded differently but essentially saying the same thing, namely, that there was no interest in doing anything.

I acknowledge that circumstances have now changed. Many Garda stations are vacant, and I salute the Minister for making vacant Garda stations available to members where it was deemed appropriate, which has worked very well. There are numerous examples of former Garda stations being used as spaces for citizens. I suggest that the policy would extend to the buildings adjacent to St. Patrick's Hall in Corofin and that the Government would enter into a partnership with the local community, which is tried and tested and has proven itself time and again in terms of its commitment and ability to get things done and finish the job. That type of partnership has worked well in many cases. I refer to sports capital grants and so on, which are examples of Government going into partnership with communities. Community halls throughout the country have received Leader funding amounting to millions of euro. That is an example of where Government has gone into partnership and supported local communities. What is the difference in providing buildings? These buildings are derelict and open to being vandalised. They are depreciating in value but could add immense social value to the children, young people and the community of Corofin.

Minister of State at the Department of Agriculture, Food and the Marine (Deputy Tom Hayes): I thank Senator Conway for raising this important issue. The Government is committed to reforming property asset management in the public sector to ensure value to the taxpayer. The Commissioners of Public Works manage a large and diverse portfolio of property assets, including historic properties, on behalf of the State.

The stated policy for surplus properties is to identify if other State bodies, including Departments and the wider public sector, have a use for the property. If no State requirement is identified, the Office of Public Works will consider disposing of the property on the open market to generate revenue for the Exchequer. If a decision is taken not to dispose of a particular property, the OPW will consider community involvement subject to the receipt of an appropriate business case, which is very important. This must indicate that the community or voluntary group has the means to insure, maintain and manage the property and that there is no cost to the Exchequer in the short, medium or long term. Where properties have been assigned, these have been generally to community councils that represent a broad range of community or voluntary organisations, with links to local SOLAS, community employment schemes and community work placement schemes, Tús.

Decisions taken by the OPW to license certain properties are based on the following principles: the benefit to the broader community in terms of local services, activities or employment-training opportunities to be achieved from the use of the property; savings to the State of maintenance, service and other costs; and ownership remaining with the State with a re-entry clause at a time to be decided by the OPW. When retaining properties, the OPW continues to explore uses for them through State bodies and local authorities, in addition to considering community use.

The Senator has referred to the question of the property at Corofin, in County Clare, being made available to the local community. The property is composed of two large-semi detached houses on a site of three acres in the centre of the village of Corofin. The internal area of the two buildings is in the region of 220 sq. m and is estimated to be 90 to 100 years old. The interior of the building is in poor condition. The roof, which is of slate construction, is in need of significant repair and the property requires a substantial investment to bring it up to modern standards. The property has been used as office accommodation for the National Parks and Wildlife Service.

Senator Conway will be interested to hear that the property is surplus to requirements and has been assessed in line with the disposal policy I have outlined. No alternative State use has been identified and the property is now being prepared for disposal by public auction in the very near future. I hope the Senator will be satisfied with that answer as it outlines exactly what he wants to do with it.

Senator Martin Conway: When somebody goes to a bank manager for a loan, part of the criteria is their track record. The community in Corofin has a track record. I ask the Minister to revert to his colleague, the Minister of State, Deputy Simon Harris, and ask him if he could identify a senior official in the OPW who will liaise with the community in Corofin, which I hope will be in a position to acquire that property at a nominal cost but which would be a significant investment in terms of the social life, culture and youth of north Clare.

Deputy Tom Hayes: Senator Conway's demands are somewhat stronger than I would have anticipated. It is on the public market. In terms of it being for the benefit of the community, it will be sold by public auction. That is the proper way to do it to get value for it. If the community is interested in it and can come up with a proposal and a bid, I would say it will be given serious consideration.

Credit Unions Regulation

Senator Paul Bradford: I thank the Cathaoirleach for allowing me the opportunity to raise this important matter in Seanad Éireann. I welcome the Minister of State, Deputy Tom Hayes, who I trust is representing the Minister for Finance, Deputy Noonan. I ask him to pass on to the Minister my concerns about this matter as it relates to credit unions.

The Minister of State comes from the constituency of Tipperary South and I am sure he is aware of the tremendous work being done by his local credit union in Cashel and others in towns throughout the area. I am aware of the Mallow, Fermoy and Mitchelstown credit unions, among others, which have been at the core of the development, sustaining and maintenance of towns and communities.

We have to be careful about the way new regulations or laws will impact on the credit union movement. My question to the Minister of State and the Minister for Finance is, if the Central Bank fully understands the ethos of the credit union movement, does it fully support our credit union movement or, as some people would surmise, does it wish to restrict credit union expansion and see credit union amalgamations? Does the Central Bank wish to impose further restrictions on our credit unions?

If, at the end of the year, the Minister for Finance signs the commencement orders to which I refer, it will have a very serious impact on the credit union movement throughout this country. Personal loans would be restricted to a significant degree from a time limit perspective, and there would be a personal guarantee type requirement on many car loans and house improvement loans, and the credit union movement has been at the very core of that type of lending.

Is the Minister aware that if a person was fortunate enough to have sufficient funds to have a deposit of more than €100,000 in a credit union, that deposit would have to be reduced to a maximum of €100,000? If he or I won €1 million in the lotto in the morning, we would not be entitled or able to put that money in the credit union if these commencement orders are signed

because there would be a maximum deposit limit of €100,000. There would be further stringent liquidity requirements placed on credit unions. The credit unions' ability to respond, act and generate economic activity in their local communities will be profoundly hampered.

Currently, from a national perspective, I am told there is €8 billion on deposit in credit unions which is not generating income. Part of the reason for that may be because there was not a demand for this money during the recession. However, because of the restrictions on the lending of that money, it is on deposit but not being put to use. The credit union movement, through the Irish League of Credit Unions, has suggested that this money could play a role in the development of social and community housing and has made proposals to the Government in that regard. However, the money is restricted in its use, and that is a matter of concern. The new commencement order, if required, will further restrict the use of that money. If that €8 billion was being used in today's economy, with a conservative multiplier effect of four, it would amount to the stimulation of €30 billion worth of economic activity. That sum of €30 billion could be used to support social and voluntary housing as well as small enterprises and industries. Today in Brussels the European Commission will publish a paper on the concept of alternative forms of lending and financial support for small and medium-sized industry, while here at home we have a credit union movement with €8 billion on deposit, the use of which is restricted.

I would ask the Minister of State to recognise that this is a genuine crisis as far as the credit union movement is concerned. The representative body, the Irish League of Credit Unions, has sought a meeting with the Minister for Finance on this issue. While I fully appreciate that the Minister is, by some distance, the busiest man in the entire apparatus of Government, I ask that the Minister of State, Deputy Tom Hayes, ask him to meet face to face with the credit unions to discuss the options. They have been seeking a meeting for some time and, while they have received acknowledgements from the Department, no meeting has yet been facilitated. I believe the Minister of State at the Department of Finance, Deputy Simon Harris, may have met the Irish League of Credit Unions some months ago, but a meeting with the Minister himself is needed urgently, before the year is out.

We need to support and strengthen the credit unions. I am concerned that there could be a view that we should slim down the credit unions, with money then being transferred into the banks. When credit union deposits are restricted it is good news for the banks but bad news for the credit union movement. The Minister of State and I know of thousands of families across the country whose financial existence has depended on the intervention, common sense and practicality of the local credit union. Of the moneys provided for bad debts in the credit union system, very little was actually required. The vast majority of credit union loans are fully repaid, which proves that their lending policies have always been wise and locally managed. It is a model that has succeeded, and the credit union movement is seriously concerned that the proposal to commence this legislation will have a negative impact on the movement and on community life in general.

Minister of State at the Department of Agriculture, Food and the Marine (Deputy Tom Hayes): I thank Senator Bradford for raising this important matter. We are all aware of what credit unions have done for people throughout the country.

The Credit Union and Co-operation with Overseas Regulators Act 2012 was signed into law by the President of Ireland on 19 December 2012. Following on from that, an implementation plan put was put in place which was agreed by all stakeholders. It was agreed that such a plan

was necessary for the coherent and timely commencement of all sections of the Act.

Credit unions are regulated and supervised by the Registrar of Credit Unions at the Central Bank, who is the independent regulator for credit unions. Within her independent regulatory discretion, the Registrar acts to support the prudential soundness of individual credit unions, to maintain sectoral stability and to protect the savings of credit union members. The role of the Minister for Finance is to ensure that the legal framework for credit unions is appropriate for their effective operation and supervision.

The outstanding sections of the 2012 Act relate to savings, borrowing, lending, investments, reserves and liquidity. The Minister has been informed by the Central Bank that the draft regulations set out in consultation paper 88 will be introduced on commencement of the remaining sections of the 2012 Act at the end of December 2015. The regulations will replace and, where appropriate, amend a number of requirements that currently exist in legislation and guidance. Additional requirements have also been included in the regulations where necessary to strengthen the regulatory framework.

The Minister is aware that a number of issues have been raised regarding the proposed regulations. The main issues are the introduction of a savings cap, the development of the credit union business model and the imposition of lending restrictions. Following consultation on the regulations, the Central Bank has introduced a number of changes. The introduction of a maximum individual member savings limit of €100,000 is to ensure the protection of members' savings and also to ensure that credit union funding is sufficiently diversified and not dependent on a small number of members. Following consultation with the credit union sector and representative bodies, the Central Bank amended the transitional arrangement for the savings regulations to provide for credit unions that have individual member savings in excess of €100,000 at the commencement of the regulations to apply to the Central Bank to retain these savings where they can demonstrate that it is appropriate and prudent for them to do so. The Minister has been informed by the Registrar of Credit Unions that information relating to this matter and details of the application process will be available to credit unions before commencement of the regulations at the end of 2015.

The Central Bank is currently refining its application criteria for retention of savings in excess of €100,000 to include the following: the asset size of the credit union, with a minimum asset size of €10,000,000; the credit union's liquidity ratio, with a minimum liquidity ratio of 25%; and the level of additional reserves in excess of the minimum 10% level, taking account of the scale, complexity and risk to the credit union. Consideration will also be given to other supervisory information, including whether a credit union has a regulatory direction or a business restriction.

The Registry of Credit Unions intends to engage with the representative bodies and to invite comments from them prior to the finalisation of this application process. When the application process is finalised, the registry will provide an application form and explanatory notes in order to assist credit unions in making such an application. It is anticipated that application forms will be available during December 2015. The Central Bank envisages that applications will be accepted in the first quarter of 2016 and that applicant credit unions will be informed by the end of the second quarter of 2016 on the outcome of the process, which is well within the 12-month transitional period. Where a credit union has demonstrated that it meets the criteria, it will be in a position to retain members' savings in excess of €100,000 held at the commencement of the regulations. The Central Bank has also informed the Minister that it is committed

to undertaking a review of the continued appropriateness of the savings limit once the impact of the restructuring process can be assessed. It is expected that this review will commence within three years of the introduction of the regulations. The Central Bank has agreed to provide regular updates to the Department of Finance on this matter.

The Central Bank has further informed the Minister that it is open to working with the credit union sector to ensure that prudent and appropriate business development can be facilitated within the regulatory framework. As set out in the feedback statement on consultation paper 88, the Central Bank intends to invite interested parties to discuss business model development in the coming months. While to date the Central Bank has not received any specific proposals regarding investment projects of a public nature, the bank has indicated that it is willing to consider such proposals, including the type of regulations that would be required to facilitate them.

It is worth noting that the credit union sector is currently being restructured on a voluntary, incentivised and time-bound basis. The Central Bank is taking a proactive approach to facilitating restructuring and is working closely with the Credit Union Restructuring Board, ReBo, and individual credit unions on restructuring proposals. The Central Bank supports restructuring proposals that are financially sound, supported by proper risk and control frameworks and have clear leadership and vision for the future direction of the merged credit union. The important objective is to ensure that restructuring achieves better outcomes for current and prospective members, enhances the financial soundness of credit unions and acts as an enabler for future growth and development, setting the sector up for a viable and successful future.

The Central Bank is currently carrying out a lending restriction review programme and has invited credit unions with lending restrictions to apply to have those restrictions reduced or lifted. The closing date for receipt of applications is today, 30 September 2015. The Minister has been informed that, of the credit unions that applied for a review of their lending restrictions, 45% have had them lifted. A number of applications received are still in the review process. Credit unions will be able to apply to the Central Bank for an extension of longer term lending limits. Approval will be subject to conditions set out by the Central Bank. The Minister for Finance has been consulted on the regulation, as was the Credit Union Advisory Committee, as required under section 84A of the Credit Union Act 1997. It is the Minister's intention to commence the remaining section of the 2012 Act by the end of 2015 in line with the introduction of the regulation. This will provide time for credit unions to ensure clarity in terms of what is required and to make any changes that are necessary.

The Government recognises the important role of credit unions as a volunteer co-operative movement in this country. While the Minister and the Central Bank have distinct roles in the credit union sector, they are both working to protect members' savings and maintain the financial stability and well-being of the credit union. As I have stated, the credit unions are working with the officials. I do not think the meeting should be held until much of the background work has been done, but I think the Minister, Deputy Noonan, will meet representatives of the credit union movement, because it is, as the Senator has stated, a huge part of what the country is, and it is important in protecting families in particular.

Senator Paul Bradford: I thank the Minister of State for his response. I think he understands the significance and importance of the credit union movement. Is it possible to facilitate a meeting with the Minister for Finance? A meeting should take place. I know there are many other matters to be dealt with by the Minister, but the meeting needs to take place before the order is signed at the end of the year.

Deputy Tom Hayes: I will request that.

Senator Paul Bradford: We have to ensure that the Minister and those who have been elected, who have a very clear understanding of the significance of credit unions, are very much in the driving seat of this legislation. I do not know what the Central Bank's agenda is on the long-term development of the credit unions, but we need to state that we want to see credit unions maintained, expanded and developed and working with their communities into the future. A meeting with the Minister is urgent and it needs to happen before the end of the year, because once this commencement order is signed the world will change for credit unions.

Deputy Tom Hayes: I will relate what the Senator has said to the Minister later today or tomorrow and I will request that. I think it is right that the Minister meet them.

Property Tax Administration

Senator Fidelma Healy Eames: I welcome the Minister of State. Is he is the man for this matter also?

Deputy Tom Hayes: Yes.

Senator Fidelma Healy Eames: Very good. The Minister of State is very welcome. My Commencement matter was addressed to the Minister for the Environment, Community and Local Government, Deputy Alan Kelly. I wish to ask him to devise a property tax credit scheme for homeowners who pay management charges. Is it in order for the Minister of State to take this?

Deputy Tom Hayes: The text of the Commencement matter mentioned the Minister for Finance.

Senator Fidelma Healy Eames: That is fine. I do not mind which Minister-----

Deputy Tom Hayes: The Minister for Finance is here at the top of this.

An Cathaoirleach: The Minister of Finance is the Minister indicated in the Senator's Commencement matter.

Deputy Tom Hayes: The Senator put that in her Commencement matter.

Senator Fidelma Healy Eames: That is fine. I do not mind which Minister takes it, as long as it is in response to the issue.

Deputy Tom Hayes: "Minister for Finance" is written here.

Senator Fidelma Healy Eames: The Seanad Office may have changed it.

An Cathaoirleach: The Senator's motion states, "The need for the Minister for Finance...".

Senator Fidelma Healy Eames: That is fine. Obviously, it is a budgetary issue, but property tax is within the remit of the Minister for the Environment, Community and Local Government. However, the request for a property tax credit scheme may rightly fall within the remit of the Minister for Finance. I will proceed.

I have written to the Minister for the Environment, Community and Local Government to ask him to devise a credit scheme against the local property tax for hard-pressed homeowners who are also paying management charges. Families and individuals are paying considerable management charges. In Galway, the charges range from €600 to €2,000. In a fairly rural area such as Lackagh, Turloughmore, where there are two estates, Carrickmore and Woodlands, the families pay €600 a year in management charges, and they feel duped because they also pay local property tax.

Does the Minister have a difficulty?

Deputy Tom Hayes: No.

Senator Fidelma Healy Eames: The local property tax was supposed to address some of the services, such as road maintenance, lighting and grass cutting. None of that is done, and they are paying on the double. That is how they feel. To their great dismay, none of the basic services promised under the property tax legislation has been delivered on. They feel that they are paying on the double for a service they are not getting. I have mentioned Carrickmore and Woodlands in Lackagh. When one adds their property tax and water charges to their bill, they are paying close to €1,000 per annum. I stress that this figure is at the lower end of charges compared with what others face. In Gleann na Rí, Murrough, Renmore, people pay management charges of €2,068 for a two-bedroom apartment. When one piles the property tax and water charges on top of this, it causes a lot of financial hardship to these families. At the lower end of range - for example, in Lackagh, County Galway - people have reported to me that they have to put aside €20 a week to be able to afford their bills. Others feel very strongly that they have been deceived in that the purpose of paying local property tax was to cover these very same local services. There are families in Lackagh, Turloughmore, who have heard that I was in the area and phoned me when I was on my way home to say they did not get to meet me but they wanted to stress this issue and the hardship that it is causing. On top of this, they are justifiably worried that with the increases in property value they will now face an increase in their property tax bill on the review date. They feel caught and fooled.

To add insult to injury, private estates that have applied to be taken in charge have also been let down, with Galway County Council replying to representatives of many of these local estates that it does not have the funding to take them in charge. At every level, including at Galway County Council, the local property tax has not delivered on its promise. That is why I ask the Minister for the Environment, Community and Local Government, in co-operation with the Minister for Finance, to devise a property tax credit scheme on a sliding-scale basis against the local property tax for those who already pay for management charges for services that were expected to be covered by the local property tax. I believe that it is a very fair and reasonable request. Why should one pay on the double? Why does the local property tax not pay for the services it promised at a local level? If it did, these homeowners would have an argument against their management companies to get credit from the management companies, but they cannot make that argument because they still need the management companies to provide the basic services that were supposed to be provided by the local property tax. I look forward to the Minister of State's reply.

Deputy Tom Hayes: The confusion arose because I was not sure whether this was an issue for the Department of Finance or the Department of the Environment, Community and Local Government.

An Cathaoirleach: When the Senator tabled it, it was addressed to the Department of the Environment, Community and Local Government. The Seanad Office has got confirmation that the Department of Finance said it had responsibility in this area.

Deputy Tom Hayes: That is what I was going to say.

Senator Fidelma Healy Eames: That is fine. It is the reply that I want.

Deputy Tom Hayes: The introduction of the local property tax is part of a broader approach to the taxation of property which aims to replace some of the revenues from transaction-based taxes, which have proved to be an unstable source of Government revenue, with an annual recurring property tax, which international experience has shown to be a stable source of funding. The Government decided that the local property tax should be centred on the principles of equity, transparency and simplicity and that a universal liability should apply to all owners of residential property with a limited number of exemptions. Limiting the exemptions available allows the rate to be kept to a minimum for those liable persons who do not qualify for an exemption. Senators will appreciate that reliefs and exemptions have costs which have to be paid for and their introduction must be considered only where there is a clear economic and social policy need to be addressed. Even with the limited number of exemptions available under the legislation, I understand exemptions were claimed in respect of 41,000 properties in 2014.

Properties in managed estates to which management fees apply will have been purchased by their owners in the knowledge that they would be taking on commitments to fund and partake in the management of the estate and that it was the intention that many such estates would not be taken in charge by local authorities, nor would it be appropriate for local authorities to do so. Management fees in these estates can include services such as refuse collection, maintenance of common areas and a sinking fund for certain repairs to the buildings, depending on circumstances. These are costs which home owners in other households, particularly in rural areas, must fund for their own properties. In certain circumstances, private estates will be taken in charge by local authorities in accordance with the relevant section of the Planning and Development Act 2000, as amended. This is a matter for the Minister for the Environment, Community and Local Government and the relevant local authorities.

Revenue from the local property tax accrues to local authorities and supports the provision of local services. Local authorities provide a broad range of services in the public realm, which benefit the wider community. The proper functioning of these services is important for the well-being of every community and household. They include fire and emergency services; road maintenance and cleaning; street lighting; spatial and development planning and other similar services; regulatory and inspection functions and business support services; and libraries, parks, and other recreation and cultural public amenities. The benefits of these services accrue to all members of society.

A requirement to pay management fees is not relevant in determining whether a property is subject to the local property tax. Accordingly, while those who are liable for management fees to property management companies may be exempt from local property tax for another reason or may be entitled to avail of a deferral arrangement under the provisions contained in the legislation, there is no specific exemption for the payment of management fees. There are no plans to change the basis of liability to the local property tax.

An Cathaoirleach: Senator Healy Eames may ask a brief question.

Senator Fidelma Healy Eames: Given my letter to the Department, I am disappointed with the Minister of State's reply. My point remains that those paying management charges and local property tax face a double-whammy given the expectation that some duplication of services would be involved. People who pay management charges are paying on the double because it was intended that revenue from the local property tax would be used to cover certain services. This is the basis on which I am seeking the introduction of a credit.

Deputy Tom Hayes: What about people living alone who do not have a management company?

Senator Fidelma Healy Eames: While I take the Minister of State's point, I am speaking about hard-pressed people living in housing estates who believe they have no choice but to pay management charges. That is the basis on which I am making my argument.

The Minister of State indicated that it was never intended that local authorities would take in charge many estates.

An Cathaoirleach: Does the Senator have a question?

Senator Fidelma Healy Eames: What about estates in which residents have received letters from a local authority stating that it does not have sufficient funding to take an estate in charge, as occurred in the case of Galway County Council? In such circumstances, is it not the case that the local property tax has failed to serve its purpose?

An Cathaoirleach: The Senator has exceeded the time available to her.

Senator Fidelma Healy Eames: I speak only of the portion of the local property tax about which promises were made, namely, the cross-over element. I am not referring to the abolition of the tax. I ask the Minister of State to respond.

Deputy Tom Hayes: One cannot have people in rural areas having to pay for services, while people in urban areas receive a Government subsidy because they pay a fee to a management company. That would be unfair and unjust, as the Senator will understand given that she comes from a rural area.

Senator Fidelma Healy Eames: I am speaking about people who live in housing estates. I ask the Minister of State to stick to the point.

Deputy Tom Hayes: That is the point.

Senator Fidelma Healy Eames: It is not the point I raised.

Deputy Tom Hayes: It is the point the Senator made when she stated that people living in housing estates who pay management fees to property companies should be exempt from paying the local property tax, while people in rural areas should pay the tax.

Senator Fidelma Healy Eames: I stated they should be exempt from paying a portion of the local property tax. I am referring to areas where services overlap.

An Cathaoirleach: Please allow the Minister of State to continue without interruption.

Deputy Tom Hayes: I will relay the points the Senator raises to the Minister for the Environment, Community and Local Government. However, my point regarding the treatment of

people living in rural areas as opposed to people living in towns stands. Fairness is the issue.

Senator Fidelma Healy Eames: I am seeking fairness.

Deputy Tom Hayes: The Senator referred to estates that have not been taken in charge by local authorities. This can only be done when funding becomes available. That is the position in my local authority in any case and I presume Galway County Council will take estates in hand when it has the money to do so. As the local authorities are collecting the local property tax, it is an issue for them.

Senator Fidelma Healy Eames: That gives me at least a little hope.

Hospital Waiting Lists

Senator David Cullinane: I welcome the Minister of State and thank him for taking this Commencement matter. Since I was elected to Seanad Éireann, I have tabled Commencement or Adjournment matters on waiting times at University Hospital Waterford, formerly known as Waterford Regional Hospital, at least twice each year. Unfortunately, for the past seven years, under this Government and its predecessor, services and capacity at the hospital have been reduced. It has lost surgical theatre space, beds, wards and front-line staff, as have all other hospitals. These cuts have an impact on patient care. On each occasion that I raise this matter, I point out that waiting times at the hospital have increased since I last raised the issue. The most recent figures show that more than 7,000 patients have been waiting for longer than 12 months to be seen by a consultant in Waterford University Hospital and the south east. Sinn Féin did not set the benchmark that patients should be seen within 12 months. It was set by the Government, yet many patients must wait longer than 12 months. Rather than deal with this issue and face up to the fact that its policy has failed, the Minister simply moved the goalposts by changing the benchmark to 18 months.

I will give the Minister of State a flavour of how bad things have become at University Hospital Waterford despite the best efforts of managers, front-line staff and other health service employees. A newly built delivery suite is still not open or operational for funding, capacity and staffing reasons. In addition, people in the south east were promised a palliative care unit by previous Ministers for Health as far back as the period in which the Progressive Democrats Party was in government. Despite a number of announcements, the unit has not yet been built and people in Waterford must engage in fund-raising to pay to have the unit developed. The south east is the only region in the State that does not have a palliative care unit. The Government has also failed to deliver the promised 24-7 cardiology service.

University Hospital Waterford is experiencing serious capacity issues. The Government should be ashamed of its approach to the health service, especially in light of a serious incident in Waterford last week when ambulances were diverted from taking patients to University Hospital Waterford to hospitals in Wexford and Kilkenny. Can the Minister of State honestly claim that it is acceptable in 2015, four years after his Government took office, that patients are being diverted from a regional hospital? Can he imagine circumstances in which patients would be diverted from any other regional hospital?

An Cathaoirleach: The Minister of State may not be equipped to answer all the questions the Senator is raising.

Senator David Cullinane: That may be the case but he can certainly refer them to the Minister for Health. The Minister of State came to the House to take this serious matter on behalf of the Minister. The Minister for Health must be aware of what happened in Waterford last week. I am sure the Minister of State will accept that it is unacceptable that patients were diverted from a regional hospital because of capacity and funding issues. These are ambulances carrying sick patients which are told to bring those patients elsewhere. It is not good enough and it is all down to capacity. My questions for the Minister of State and the questions which were tabled are as follows. What are the current waiting times? What are the most current figures and has there been any improvement? Some patients in Waterford were diverted to Mullingar for treatment at a greater cost to the State because they could not be treated in Waterford. The Government is making a mockery of its own policy on patients being seen in their own areas where possible and within 12 months. It has tried to massage the figures as we get close to an election and is putting more pressure on patients. I am asking for the most up-to-date figures. Let us see if there has been any improvement since the last time I raised these issues some months ago.

Deputy Tom Hayes: I thank Senator Cullinane for raising this important matter. I represent south Tipperary which is part of the same hospital group as Waterford and I want to be very fair in acknowledging that huge changes have taken place in the health service in our area. There is no magic wand in relation to funding and the reality is that change has taken place notwithstanding that staff are under a great deal of pressure. People are making the changes and there is no doubt that a better service is being delivered now than was provided some years ago.

The Government is committed to developing therapy services for children with a disability, including speech and language and occupational therapy and psychology services, in so far as possible within available resources. Speech and language therapy services in Waterford are provided by HSE teams in primary care and disability services as well as by the Brothers of Charity and the Central Remedial Clinic's regional service. There are currently 15 approved speech and language therapists in the Waterford service overall with six therapists assigned to primary care services, five to the children's specialist disability services while the remainder look after adults, mental health and other needs. In addition, the Central Remedial Clinic's regional service provides more specialised speech therapy for particular children with physical and sensory disability across the whole south east region. Of the 15 speech and language therapy posts, two are temporarily vacant at present due to maternity leave. Local HSE management has prioritised the filling of these posts but I understand there are difficulties nationally in terms of filling such temporary positions. The Waterford service also includes ten additional occupational therapy posts. Five therapists are assigned to the paediatric disability services, two are working in the Central Remedial Clinic and the remaining three are employed in the CAMHS team. There are two psychology posts in disability services, one of which is on the autism diagnostic team. I understand that this particular post is currently vacant and efforts are ongoing to fill the position. The Senator may wish to note that a number of psychologists are also employed in Waterford's CAMHS and primary care services.

The Senator has also raised the issue of waiting times in Waterford for an assessment of needs. Part 2 of the Disability Act 2005 provides for an assessment of needs to be commenced within three months of receipt of an application and completed within a further three months. The HSE has advised that 28 assessment-of-needs applications under the Act were received in Waterford this year up to the end of June, all of which are being processed at present. A further 28 applications on hand for over six months are currently overdue for completion. While such

delays are clearly not desirable, I stress that the assessment process under the Act can take place in parallel with any interventions deemed necessary and guidance to this effect has been issued to front-line staff. I understand that there have been particular delays for children waiting to be assessed for occupational therapy arising from staff vacancies in the occupational therapy service. However, these vacancies have now been filled in respect of services for children aged up to six years of age and for children with autism which should help address this issue. I also understand that 80 children in the Waterford area are currently on the HSE's waiting list for autism assessment or diagnosis. Priority is being given in the first instance to those children who commenced primary school in September 2015 and then to children who will be on the special educational needs organiser list for March 2016. In the meantime, HSE management in the Waterford area has agreed to outsource these assessments to an external provider. A procurement process to provide these services is currently under way and will be finalised shortly. It is expected that assessments will then commence in October 2015.

The HSE is currently involved in a major process of reforming and re-configuring its services for children with disabilities through its progressing disability services for children and young People programme. Additional funding of €4 million has been allocated to the programme this year, equating to 120 new posts, including six additional therapy posts in Waterford. These include two additional speech and language therapists and two additional occupational therapists. Along with the outsourcing of assessments of needs, I am confident that these service reforms when fully implemented will help improve the waiting times which the Senator has highlighted today.

Senator David Cullinane: I apologise to the Minister of State, but I tabled a number of commencement notices and there was a mix-up on my part. There was one on waiting times at the hospital and another on waiting times for children with disabilities. The latter is the one that was selected for today.

I welcome the six additional therapy posts. It is important that children with disabilities have access to early intervention and as much support as they can possibly get. That is certainly good news. There has also been some good news where there were delays in carrying out assessments due to the assessment team not being at full complement on foot of a number of posts which were not filled, including a senior child psychologist post. I understand the HSE is buying in those services now and that all children will be assessed before the end of the year, which I welcome.

If he can, I ask the Minister of State to bring the first issue back to the Minister for Health which is the issue of what happened in University Hospital Waterford with ambulances being diverted. A senior consultant who works in the accident and emergency ward was on a Waterford local radio station this week and said it could happen again. As somebody who lives in the south east, I doubt that is something the Minister of State could stand over or would want to see happen. It is a very serious and urgent issue and I ask the Minister of State to bring it to the attention of the Minister for Health.

Deputy Tom Hayes: There are ongoing issues with the health service in the south east which we must all work to improve. I will certainly relate the matter to the Minister for Health. That instance in Waterford should certainly not be happening and the Minister's attitude would be the same as mine. We should work to ensure that does not happen again. I assure Senator Cullinane that I will talk to the Minister about it.

30 September 2015

Sitting suspended at 11.30 a.m. and resumed at 11.35 a.m.

Order of Business

Senator Maurice Cummins: The Order of Business is No. 1, pre-budget statements, to be taken at 1 p.m. and to conclude at no later than 3 p.m., with contributions from group spokespersons not to exceed eight minutes each, those from all other Senators not to exceed five minutes each, and the Minister to be called on to reply at 2 50 p.m.; No. 2, Minerals Development Bill 2015 - Committee Stage, to be taken at 3 p.m. and to adjourn at no later than 5 p.m., if not previously concluded; and No. 3, Private Members' business, Longer Healthy Living Bill 2015 - Second Stage, to be taken at 5 p.m., with the time allocated to this debate not to exceed two hours.

Senator Marc MacSharry: While we will not oppose the Order of Business, I would like a debate to be held early next week regarding rural Ireland and rural regeneration. We welcome the many announcements that have been made in the course of the past 24 hours on the so-called capital programme, and certain programmes seem to be supported on a regional basis, but the absence of a strategic approach to empowering rural and regional Ireland to perform to its potential is worrying. This was exemplified last week in one announcement that seemed to show complete contempt for rural Ireland, with the insult of some €30 million. When I heard about it on the radio I wondered whether it was just for Sligo and, if so, I would have been disappointed with such a small amount. The stark reality of the contempt for rural Ireland soon became crystal clear on last Wednesday's "Morning Ireland," as we heard that the €30 million was for the entire country and would be spent over the course of six years. That is a whopping €190,000 each for Sligo, Leitrim, Tipperary, and every county in Ireland that has suffered desolation and wipe-out at this Government's hands in its actions on rural and regional Ireland.

We could debate rural crime in particular. The Government closed 139 Garda stations. Yesterday we heard that a whopping €500,000 was saved with that great move. What value have we taken from our rural communities? Yesterday we heard of the shocking crime perpetrated on a family in Tipperary by a Dublin gang. Some 30,000 such burglaries have taken place in the past 12 months, a 10% increase. Many of them occurred in rural Ireland. I could give an example in Dromore West, County Sligo, in which in the early evening, while most of the family were at mass, the lady of the house was tied up and the house ransacked in search of money. Members have seen the announcements of the past couple of days to much fanfare, all of which are welcome. While any announcements regarding investment are welcome, they lack the strategic approach that is required to acknowledge the potential of rural and regional Ireland and to acknowledge the desolation they have suffered from many Governments it must be said but in particular from the current Administration in recent years. When the great account of ignoring rural Ireland is written, no Government will escape but this Government and its actions since 2011 surely will command the most damning chapters in that regard. I therefore call for a debate at the earliest possible opportunity, albeit not today because my party does not wish to be disruptive. I call for a debate in the House on rural and regional Ireland, on the Government's lack of a strategic approach to acknowledging its potential to act as a contributor to the national effort and the lack of a strategic level of focus in recent capital and other investment announcements.

Senator Ivana Bacik: First, on behalf of the Labour group, I thank the many colleagues from across the House who expressed their good wishes to Senator Harte on his retirement. I am aware of how much his family appreciated it, as did all members of the Labour group, but his family has specifically asked me to pass on their appreciation and to thank all Members again in this regard. Members will miss him in the Chamber and in the House.

Yesterday, many colleagues spoke in welcome of the capital investment plan and I welcomed the increased investment in education, housing, health and transport. However, I wish to welcome specifically the allocations for justice, which are very important but perhaps not as high profile as the others. The announcement of funding for a new family and children's court complex at Hammond Lane, Dublin, is important, welcome and long overdue, as facilities in the area of family and child care law are very poor. In addition, given the concerns many colleagues have expressed on rural crime, the announcement of €46 million in additional funding for new Garda vehicles is welcome, as is the €205 million for information technology improvements for the Garda and for a new forensic science laboratory, all of which will greatly help in the prosecution and investigation of crime.

I ask the Leader for a debate on childhood obesity and on healthy eating and nutrition for children. I am grateful to Senator van Turnhout, who has convened a children's future health group supported by the Irish Heart Foundation, Barnardos and the Children's Rights Alliance among others. Yesterday, it heard some alarming facts and figures about the incidence of childhood obesity and the sort of measures that might be adopted to tackle it. Members might usefully have a debate on that subject in the coming months to try to bring that message to a wider audience and to debate in a constructive fashion the sort of measures that could be adopted by the Government to tackle this growing health issue.

Finally, I note Members will debate a motion tomorrow on Syria and the issue of migration. This morning, the Joint Committee on Justice, Defence and Equality heard some highly informative presentations from the Refugee Appeals Commissioner and the head of the Department of Justice and Equality's immigration service on how the resettlement and relocation of migrants from Syria will be managed logistically on foot of the welcome Government announcement that Ireland will take 4,000 refugees and I look forward to that debate.

Senator Feargal Quinn: News emerged last night of how it may be necessary to vacate a large number of homes in the Dublin docklands area or how their owners may be obliged to pay a large sum of money because they were built, I think in 2006, but now turn out to be a fire hazard. The cost to the individuals living in those homes will be approximately €20,000 each and they simply cannot afford to pay this. The reason I raise this matter is that this is not the first time this has happened. It happened last year or two years ago, when it was necessary to vacate a large number of homes in north Dublin at an extremely heavy cost to the State. There is an answer to this issue, which I supported when it was put forward to the Minister by a well-known legal expert in this area, which is to have some form of insurance on new homes being built. Consequently, even years afterwards, up to ten to 30 years hence, were it to turn out that those homes were built incorrectly, they then would be covered by insurance. The Minister showed no enthusiasm for it and nor did others who were approached because they thought it would increase the cost considerably. However, given the news that emerged last night of what is happening in the Dublin docklands and the large number of home owners who must either pay a large sum of money or vacate their homes, this is something that must be done. I welcome the opportunity to have a debate on this matter in the near future.

Another issue to which I have not really received an answer is the question of Seanad reform. I asked what is happening with Seanad reform both last week and two weeks ago. Members received a promise from the Taoiseach that action would take place and he then brought former Senators Maurice Manning and Joe O'Toole into the Chamber to put that reform programme before Members. While there was a good debate on it, Members have heard nothing more since. They had hoped something would happen before an election but while one does not know when the election will take place, it appears as though nothing will happen until the next Government takes office. On that basis, I urge the Leader to find time in order that something be done about that.

My final point pertains to genetically modified organisms. Northern Ireland has now banned their production and importation and while it may well be right, and there certainly are two views on this issue, a debate is needed on the issue but none has been held on genetically modified organisms here for years. There is little doubt but the world has changed over the past century and many successful scientific developments in food have meant that people who otherwise would have starved are not starving now. I do not suggest we should automatically do what Northern Ireland is doing and ban the production and importation of genetically modified organisms, but there should at least be a discussion and this House is the perfect place in which to have it. I urge the Leader to find time for such a debate in the next few weeks.

Senator Paul Coghlan: I am greatly disturbed, as I am sure are most, if not all, Members by today's reminder that all local radio stations nationwide have an annual levy of 2% of their turnover imposed on them. As Members are aware, RTE receives a licence fee but those public service broadcasters get nothing for it. In addition, all these local radio stations provide a great deal of news programming, are significant providers of public services but receive nothing in turn.

Senator Mary M. White: Hear, hear.

Senator Paul Coghlan: I do not believe, with respect, that RTE deserves this type of monopoly-like treatment. It does a major disservice to the public and to their local radio stations and is crying out for redress. I call on the Leader to try to bring in the Minister, Deputy White, who is a reasonable man. He has called for some debate on this issue and perhaps Members could speed up matters. I reiterate it seems ridiculous that they are providing such a service as public service broadcasters. RTE of course is charged with public service broadcasting, which is part of its legal remit, but I note it gets all of the licence fee, with nothing coming out either from it or the levy for the other public service broadcasters. The playing pitch should be levelled and serious attention should be given to this matter.

I acknowledge I have referred to this previously but I wish to refer briefly to the 39 works of art that were taken out of Killarney House and stored prior to renovations. I am looking at Senator Sheahan and I am sure he is as concerned as I am. Two items turned up in an auction and I believe were recovered. I had thought the other 37 works of art had been recovered but what has happened to them? This matter must be investigated as well. Were they removed from State storage, have they been recovered and what is the position? I do not know but Members probably read about it this morning. While I do not know how accurate the report is, it is a matter that must be investigated.

Senator Mary M. White: I raised the issue of inheritance tax in the Seanad a number of months ago and have had many conversations with people who are affected by the tax in the

Dublin Rathdown constituency in which I live. Many residents have expressed anger at the current penal inheritance tax regime and have shown grave concern at the manner in which grieving families are being treated as a result.

Senator David Norris: Hear, hear.

Senator Mary M. White: On 25 August there was standing room only at a public meeting I organised in Mount Merrion community centre entitled, “Cut the Inheritance Tax”, where attendees asked for an urgent review of the tax. Ireland has one of the harshest inheritance tax regimes in the world, with Dubliners in particular heavily penalised by the tax. In 2014 Revenue collected €168.3 million inheritance tax from Dublin-based taxpayers. This is more than 50% of the total inheritance tax of €327 million collected nationally in the year. A number of people who attended the public meeting asked for a petition to be sent to the Minister for Finance, Deputy Michael Noonan, to cut the inheritance tax in the upcoming budget. We have effortlessly received 1,000 signatures. After I finish I will go to the Minister’s office to hand him all of the signatures I have received. One woman who signed the petition gave her rationale by stating she signed it because she thinks it is very unfair that people work and save all their lives to provide for their families and even after their death, the Government still takes taxes from them and their loved ones. Another comment was that a family home should not be sold for tax payments as parents have worked hard and long and paid enough tax throughout their lives to leave their children with something at the end, and that it is a complete disgrace that a home full of memories would have to be sold to pay the tax.

Senator Maurice Cummins: Senator we will have submissions on the budget after this.

Senator Mary M. White: I call on the Minister, Deputy Noonan, to address this issue immediately. This tax is wrong. It is unfair and it has already been abolished in numerous countries, such as Austria, Norway and Sweden, as it is deemed to be double taxation. Ireland needs to follow suit urgently.

Senator Tom Sheahan: Is it possible to bring to the House the Minister for Health to debate the HSE’s recruitment of nurses from abroad? The HSE is in Britain and further afield trying to entice nurses back to the health service here by offering them inducements. I call for a debate because hundreds of people in this country left the nursing profession for various reasons, such as raising families. They are trying to get back into the nursing profession but finding it almost impossible. I am told they find An Bord Altranais less than co-operative. Much of the issue is with regard to paperwork and bureaucracy. I call for a debate and for the Minister to give a directive. We have qualified people here who have been out of the service for a number of years and wish to come back. Their families are reared. This is where we should target the recruitment. It should also be part of it.

I have the anecdotal case of a paediatric nurse who is needed in Kerry General Hospital. She has been out of the service for number of years and needs retraining and reassessment, which can only be done in Crumlin children’s hospital, but that hospital will not do it because she will not work there. It is crazy. I cannot understand why there are such draconian measures whereby the hospital in Crumlin will not give her the reassessment or retraining to work in Kerry General Hospital. Will the Leader invite the Minister for Health to come to the house to debate this? Nurses are needed and they are here in this country and want to get back into the service. We should entice them and give them any help to do so.

Senator David Norris: I missed the opportunity to say a few words in tribute to Senator Jimmy Harte, and I would like to take this opportunity to say how much I will miss his quiet but deadly sense of humour.

Senator Ivana Bacik: Hear, hear.

Senator David Norris: He was an unobtrusive man but he had a very shrewd political intellect. Of course he came from a distinguished political dynasty. I wish him well in his retirement.

With regard to the question of genetically modified food, which was raised by my colleague and friend, Senator Feargal Quinn, it is very interesting that the North of Ireland has decided to ban it. This places us in a particular situation. I have always felt that with regard to EU policies there is much more in common between the agricultural community North and South than there was between that in Northern Ireland and England. It would be a pity if we did not explore the area with a view to banning it in the South. We had discussions on this and I was strongly reprimanded by an old colleague of mine, Professor David McConnell in Trinity. He had all this science but I had my science as well and the conclusions are ambiguous. What is not ambiguous is the criminal behaviour of some of the genetically modified food corporations such as Monsanto. It has a really disastrous record around the world. We need to be very careful. Laying aside the scientific evidence for a moment, or forever in fact, if we look at the practical market opportunities most European countries accept genetically modified food. Ireland does not and we are unique in this. If we maintain this we will have an established niche market for green uncontaminated foods. We should think long and hard before we give away this opportunity.

Senator Cáit Keane: I support Senator Mary White in her call for a debate on inheritance tax. She is probably onto a winner. In June I read that the Minister or his advisers stated he was considering something. I hope there will be a positive response. He stated something about widening the bands. It was the case a child could inherit more than €500,000 and the rest was taxed at 22% whereas now the threshold is down to €225,000 and the rest is taxed at 33%. Deputy Alan Farrell and Senator Catherine Noone have also spoken about this. Many people are speaking about it and I hope it will be successful. I also advocate it. Fair play to Senator White for raising it, as have Deputy Alan Farrell and Senator Catherine Noone. I hope the Minister, Deputy Noonan, will hear it loud and clear.

I wish to speak about human trafficking, the arrest made in Donegal this morning and the freeing of six people. Slave labour and the sex trade are still going on. I call for a debate on the draft national action plan on human trafficking. A review was carried out on the national action plan on human trafficking in 2011 when the Government came into office, but a new plan is in the process of being drafted. Denise Charlton of the Immigrant Council of Ireland has called for action on this issue. I compliment the Minister, Deputy Fitzgerald, on publishing the Criminal Law (Sexual Offences) Bill last week. It is part of it. Committee D of the British Irish Parliamentary Assembly reported on human trafficking, and publication of the national action plan is a follow-up to this. It is timely to call for a debate on it in the Seanad.

Education grants are an ongoing issue at present. If a young person is living at home, and when I say "young" I do not mean students straight out of school but those aged over 23, the means of the parents are taken into consideration, but if they are out of the home it is the student's independent means that are taken into account. I would like a debate on education grants as a whole to see how students are treated. Grants are one thing, but there is also a standing fee

put on by the college. I call for a debate on this, if the Leader will facilitate it.

Senator Mary M. White: On a point of information to Senator Keane, the inheritance tax threshold was €521,000-----

An Cathaoirleach: The Leader will respond.

Senator Mary M. White: I just want to say it should be brought back to what it was in 2008. It is €225,000 now.

Senator David Cullinane: I call for a debate on the capital programme announced yesterday by the Minister for Public Expenditure and Reform. It is important from the outset to state any increased capital spending is to be welcomed because we have been starved of capital funding, not only from the Government but from the previous Government because of what happened in the economy. We need to see more capital investment and to make sure that our roads and the social and economic infrastructure of this State are world class. For that to happen, we must have investment. However, there is no doubt that there is a veneer of electioneering going on with all of these announcements. The Government owes it to all of us in the Opposition to bring those plans into Seanad Éireann and Dáil Éireann and allow us to properly debate the issues and examine closely what has been announced. If one considers what has been announced for my own city and county of Waterford, one realises that they are mostly projects that were announced previously and are in the pipeline. They have been repackaged and sold as new projects when in fact the funding or commitment is not new at all. Obviously, everything that has been announced is good news, but to be fair to the Oireachtas and the Seanad in particular, we must be given an opportunity to debate the capital plan with the Minister for Public Expenditure and Reform to ascertain his exact plans and to determine what additional funding will be provided over and above what was already earmarked. If we are to continue with this process over the coming weeks and months, with everything being seen from an election perspective, then the best thing the Government could do, given all of the current speculation, is to call a general election before the end of the year. That is obviously a matter for the Government, but I would like to call for that debate, given that there was a high-profile launch and press conference yesterday by a number of Ministers. They must come into the Chambers to which they are accountable and debate the issues with us.

Senator Michael Mullins: While I support Senator MacSharry's call for a debate on rural Ireland, I take serious issue with his criticism of the Government, especially considering the unholy mess it inherited, the lack of funding available to it on taking office and the fact that during all of the years of the boom, very little was done to improve life in rural Ireland. I welcome the fact that funding of €30 million was announced last week. While I accept that it is not enough, it is a start, and will assist many worthwhile projects in rural Ireland. The five-year capital programme announced yesterday will have an impact on the rural parts of our country. Many roads, schools and Garda stations will benefit from funding under the programme.

I would point out to Senator MacSharry that rural Ireland is fighting back and that many organisations and community groups around the country are putting plans together to revitalise their areas. They are trying to develop local festivals to make their areas attractive to visitors, for example. There is a lot of very positive work going on. The Government has a duty to support those communities and is doing so. The Government is investing, for example, in town enhancement schemes, and I see that in my own town of Ballinasloe, where Irish Water is making a major investment in the water and sewage systems, to be followed by an overall town

enhancement plan.

I also welcome the announcement yesterday by the Minister of State at the Department of Agriculture, Food and the Marine, Deputy Ann Phelan, that €3.7 million will be made available for rural economic development zone pilot projects. Places like Ballinasloe, Gort, Tuam, Carraroe, Glenamaddy and Oranmore will benefit from such projects, which represent a start in getting positive things happening in rural Ireland. I accept that there are many challenges for rural Ireland. We want to see more jobs in rural Ireland and would like to see IDA Ireland and Enterprise Ireland focus much more on decentralisation to Ireland's rural towns, thus spreading the benefits of the economic recovery more widely.

I heard on the news this morning that we are projected to have growth of 6% this year and 4.5% next year. That will have a knock-on effect in rural Ireland. I am very encouraged, having heard from several small builders and tradesmen that in the last six months they have seen a significant increase in activity. The fight back has started and things are moving in the right direction. It is up to the Government to ensure that the effects of the economic improvement are felt in all regions, particularly in the small towns and villages of rural Ireland.

Senator Gerard P. Craughwell: Night after night on our television screens we see the plight of wretched people running from their respective war-torn countries, but I am absolutely shocked at the level of racist comment that I am beginning to hear around the country. Indeed, yesterday a man stood outside the gates of Leinster House with a sign saying "No more refugees." Many of us will have visited New York at some stage in our lives and seen Ellis Island. I wonder how we would have felt back in the 1800s if there was somebody standing on Ellis Island with a sign saying "Go away."

Senator Mary M. White: They did; they treated us desperately.

Senator Gerard P. Craughwell: We populated countries as far away as Australia, Canada and the United States of America. One will find Irish people and Irish pubs all over the world. These people are not coming to this country because they want to come. They are coming because they have nowhere else to go. It poses huge problems for us but I am happy to congratulate the Irish Congress of Trade Unions for offering its training centres throughout the country to provide training, socialisation and language programmes for the refugees coming to this country. We should acknowledge that offer.

One of the most serious issues for those coming here will be the fact that they left their country with nothing. They left without paperwork and so forth, so there will have to be fairly stringent recognition of prior learning. If somebody comes into the country and presents as a doctor or engineer, how do we verify that? I recall many years ago a butcher operating as an orthopaedic surgeon for a number of years in one of our main hospitals. That is an issue that must be borne in mind.

Finally, on the issue of planning, we have a construction industry that is on its knees, although it is beginning to recover now. I will acknowledge the work of this Government in reviving the economy, but the planning system needs examination. I am calling for a debate on planning, particularly with regard to the notion of planning for local need only. There are people with money at the moment who are prepared to build houses in rural parts of Ireland but they are being blocked purely on the basis of the local need condition. One must question where we are going with planning in that regard. I ask for a debate on the issue in order to try

to lay down some ground rules regarding what constitutes local need, because it appears that it differs from one place to another. I ask the Leader to consider such a debate.

Senator James Heffernan: I support the call for a debate about rural Ireland and particularly about the funding for rural regeneration that was announced last week. That announcement was a slap in the face for rural Ireland. I worked out that it would not provide a decent wheelbarrow per parish, never mind rural regeneration. There are houses in the middle of towns and villages across the country that are vacant and falling down. If we are serious about housing and rural regeneration, that is something that must be addressed with investment rather than some of the harebrained schemes being proposed by the Department of the Environment, Community and Local Government.

I also wish to refer to the capital programme that was announced yesterday. A lot of it is stuff we have heard before; it has simply been repackaged and presented as something new. People from my area are sick and tired of hearing about the Adare bypass. We have been hearing about it for the last 20 years or more, but I welcome the fact that apparently we will see it come to fruition this time. The biggest infrastructural project that must be undertaken in this country - the lack of which is holding my region back - is a motorway that connects Limerick and Cork. These are our second and third largest cities and the fact that they are not connected via a motorway is something that sticks in the craw of those living in the region and holds the region back, particularly in Limerick city and its hinterland. In order to attract investment, we need that kind of connectivity. Yet again, however, such a motorway has not been announced. I have presented a motorway project to the Minister, a different form of public-private partnership that could have delivered that infrastructure, and I am very disappointed that it was not included in the capital programme announced yesterday.

Regarding the issue raised by Senator Paul Coghlan earlier, I spoke to staff at my local radio station recently. Local radio stations are competing on a very uneven playing field in the context of the national broadcaster and its receipt of television licence fee funding. The service provided by Live95 FM in Limerick, particularly by Joe Nash, with his "Limerick Today" programme, and by Liam Aherne, who covers sport, is second to none. They support local communities and promote local festivals and initiatives across the board. They give airtime to issues of huge concern to people in local areas that the national media, and RTE in particular, do not appear to give a blind bit of notice to. The broadcasting charge is something the Minister, Deputy Alex White, will have to tackle. I support Senator Paul Coghlan's call to have the Minister attend the House for that debate.

Senator Diarmuid Wilson: I join my colleague Senator Marc MacSharry in requesting from the Leader a debate on rural Ireland for the reasons that have been outlined by colleagues on all sides of the House over the last number of years, but in particular for those outlined over the last number of months. I support Senator Paul Coghlan in his comments about local radio stations. It is unacceptable that they are operating on a shoestring budget while providing an excellent service. I agree totally with Senator James Heffernan that they should be allocated a percentage of the licence fee that is collected by the State. It is also interesting to note that on the meagre budget they have, they must pay 2% to maintain a regulator for local broadcasting stations. That is not acceptable. At least that should be paid for directly by the State. I would welcome a debate on this issue. Their association made a presentation to the Fianna Fáil think-in in Sutton and it would be worthwhile to circulate it to colleagues in the House.

I ask the Leader if it is the intention of the Government to hold a by-election to fill the

vacancy that has come about following the regrettable resignation of our colleague Senator Jimmy Harte. I issue a little advice to the Taoiseach through the Leader that, given the record of achievement, in inverted commas, of the European agriculture Commissioner, the former Deputy Phil Hogan, as a Minister, it would not be wise to take his advice on when to go to the country. He has made a total hames of everything he has touched to date. That is just a bit of friendly advice.

Senator Mary M. White: He brought in the 30% quota.

Senator Diarmuid Wilson: I would not take his advice about when to go to the country. If it is taken, the Government will be wiped out. I would wait until March.

Senator Maurice Cummins: Did Senator Wilson hear Senator White? He brought in the 30% quota.

Senator Diarmuid Wilson: I said he made a mess of most things he touched.

Senator Paul Bradford: I subscribe to and support Senator Heffernan's comments on local radio. We must really examine the concept of the television licence, how it is used and how it could best be distributed. The Minister, Deputy Alex White, has presumably kicked to touch the whole issue of a broadcasting fee, but the current pot of people's money is entirely consigned to one supposed national broadcaster while local radio and other national radio stations go unfunded. Debate, consideration and a change of emphasis are needed.

I support the Senator also on the gaping hole in the new national development plan as far as people in the Cork-Limerick region are concerned. Certainly, the development of a Cork-Limerick motorway is essential from a regional and rural planning perspective. I heard the Minister for Education and Skills, Deputy Jan O'Sullivan, on the radio this morning talking about the fact that the project would cost €800 million, which is admittedly a sizeable sum. However, it is a project we need. If alternative funding mechanisms must be found, we must investigate those possibilities. The rail link to the airport will not carry a passenger until 2027. Apart from those two particular projects, we should have a debate - if there is time in terms of the longevity of the House - to discuss how we actually spend these national moneys and why it takes so long to build these important national infrastructure projects. I heard the Minister for Transport, Tourism and Sport, Deputy Paschal Donohoe, explain yesterday about the planning process, which takes so long.

Senator Mary M. White: That has all been done already.

Senator Paul Bradford: Under current rules and regulations, that is how it happens. It is very difficult to accept that it will be almost six years before the first physical piece of work commences on the rail link infrastructure. Forgetting the politics - because politicians and Governments will come and go - when a substantial block of money seems to be available for a national project, it is depressing to think it will be six or seven years before any work starts. We must look at fast-tracking significant infrastructural projects. If changes of legislation or of emphasis are required, so be it. It speaks volumes about how wrongly we plan and deliver things that we are willing to accept that it will be 2027, when all of us will be long gone from the House, before the first passenger will travel on that link. Surely infrastructural development must be facilitated in a different fashion. It is simply not good enough that a project that is wanted now will not happen for more than a decade. Rather than discussing a particular project, we should try to debate with the Minister for Public Expenditure and Reform, Deputy

Brendan Howlin, and the Minister for Transport, Tourism and Sport, Deputy Paschal Donohoe, how we can speed things up to deliver on this plan and make it work quickly. The airport link is the ultimate example, but there are other projects, including bypasses, tunnels and bridges. If it can be done in Canada and Australia five times more quickly, we should catch up.

Senator Catherine Noone: I support Senator Mary White in her comments and general campaign on inheritance tax. It is something about which I spoke previously. In fairness to Senator Mary White, she highlights how effective the Opposition can be in her campaign on the issue. She had a very good meeting on it and has got a great deal of publicity - fair play to her. It is not uniquely a Dublin issue, as it affects people throughout the country, but it has a big impact in Dublin. Generally, the feeling among experts is that we need to increase the threshold and the bands. If one looks at what people used to pay before the changes and what they pay now, some have experienced a tenfold increase on a house that does not have a huge price. Around €400,000 is not the average price, but it is certainly not a crazy price for a house in Dublin. On such a house, inheritance tax has gone from around €4,000 or €5,000 to €30,000 or €40,000. There will either be a substantial change or no change at all because of the way the markets work on things like this. If it were to be done incrementally, people would hold off on transactions. I am hopeful that in the budget there will be a substantial change to inheritance tax. I also thank Senator Keane for mentioning my previous reference to the issue.

Senator John Kelly: Like others, I support a debate in the House on rural Ireland and rural issues. The farmer is the backbone of rural Ireland, and farmers have many issues. One of them is the fair deal scheme. Fair deal operates on the basis that, unless a farmer transferred his land more than five years before he enters a nursing home, it is assessed against him for the duration of his stay. If the farmer goes into a nursing home prematurely and is there for ten or 15 years, he might lose his land entirely to the fair deal scheme. The strange thing is that one would think that, if the farmer transferred his land four and a half years prior to going into a nursing home, after the end of the five-year period, which would be six months into his stay, he would no longer have his land assessed, but that is not the case. If one goes into a nursing home one day before the five-year period is up, one's land is assessed against one for the rest of one's living days. It is something we should debate with the Minister of State, Deputy Kathleen Lynch. If people's family homes are assessed in respect of only three years, income from land should also be assessed in respect of only three years. It is something that warrants a debate in the House. I ask that the Leader, at some stage before the budget, bring in the Minister of State, Deputy Kathleen Lynch, so we can have a discussion on this. There is merit in it on behalf of farmers.

Senator Maurice Cummins: Senator MacSharry and several Senators called for a debate on rural Ireland and I will certainly try to arrange that with the Minister of State, Deputy Ann Phelan, in early course. The €30 million scheme announced last week is of course only one in a myriad of finance projects being put into rural Ireland through various grants. I am sure that can be discussed during the debate. I will not get into tit-for-tat with Senator MacSharry on the number of Garda stations and post offices closed down under Fianna Fáil's watch. It would be very embarrassing for him so I will not get into it.

Senator Marc MacSharry: I was never a Minister.

Senator David Cullinane: He is not easily embarrassed.

Senator Mary M. White: We had nothing to do with it.

Senator Maurice Cummins: Senator Bacik welcomed the justice allocations under the capital plan and, in particular, two elements that were sought in this House only yesterday. They related to the €205 million that will be put into smart technology for gardaí in order to combat rural crime, as well as crime elsewhere in the country. Senator Bacik also called for a debate on childhood obesity. That was debated previously but we can certainly arrange another discussion on the measures to address that very important issue.

Senator Quinn called for an insurance scheme for new homes in light of the developments that we read in today's newspapers about a number of homes having difficulties relating to fire regulations. I hope to have a debate on housing and the issue could be discussed at that time.

I have nothing further to tell the House about Seanad reform. We had former Senators Manning and O'Toole before the House and my information after that was that the Taoiseach would set up an implementation body to give life to what was in the report. I have not heard anything further. I do not know if the implementation body has been set up or if that is imminent but I will try to find out what is happening. I would not hold my breath at this stage.

Senator Norris also spoke about genetically modified food and we will try to get the Minister for Agriculture, Food and the Marine to come to the House. I am sure he would be quite willing to have a debate on the issue. Senator Coghlan and quite a number of other Senators, including Senators Wilson and Bradford, spoke about the plight of local radio stations. I know representatives of the stations are in Buswell's now highlighting their case. They seem to be at a disadvantage, particularly with respect to the licence fee. The Senators asked that the Minister for Communications, Energy and Natural Resources, Deputy Alex White, come here to address the matter. I will ask him to take part in a debate. Local radio stations are certainly providing an excellent service nationwide, and they are to be complimented on that. They should not be at the disadvantage at which they currently seem to be.

Senator Coghlan also spoke about the theft of paintings from Killarney House and wondered where the remaining paintings are. Although I cannot tell him that, I am sure many people are trying to find them. It is certainly a serious matter that these valuable paintings have gone missing. Senators White, Keane and Noone spoke about inheritance tax. We will be discussing pre-budget submissions from 1 p.m. to 3 p.m and I understand the Minister for Public Expenditure and Reform, Deputy Howlin, will attend. The Minister for Finance, Deputy Noonan, or the Minister of State, Deputy Harris, may also attend as well, so that will be the ideal opportunity to raise this matter. As has been highlighted, the Minister gave an indication last June that he intended to address this matter in the budget. The Senators might not have much longer to wait and see what comes up with regard to inheritance tax.

Senator Sheahan spoke about obstacles for employment for nurses, which should be removed, and I agree with the Senator that any obstacles should be addressed. Perhaps he could raise this as a Commencement matter and get a reply from the Minister for Health. My understanding is that 500 extra nurses have come to the system since last year, along with over 140 consultants. We need many more, as the Minister has acknowledged.

Senator Keane spoke about human trafficking while calling for a debate on the national plan. As she mentioned, the Criminal Law (Sexual Offences) Bill 2015 will be dealt with soon, as that has been published as a Seanad Bill. It will come to us soon and we will have the opportunity to debate the issue in early course. Senator Keane also called for a debate on education grants. Senator Cullinane spoke about the capital programme, suggesting there is a veneer of

electioneering. The capital programme comes out every four or five years and this is no different to any other capital programme. It highlights the €27 billion that will be made available, with €42 billion there in total when one considers European grants, etc. Of course, everybody wants a project in their own area. Senators Heffernan and Bradford have called for the Limerick to Cork motorway, for example. There are motorways to Dublin from the cities but they do not go between the other big cities of Galway, Limerick, Cork and Waterford. The choice has to be made between projects. Although that example is not in the current plan, there will be a mid-term review of the capital plan.

Senator Mullins spoke about rural Ireland, suggesting that it is fighting back. He spoke about the money available for town enhancement plans and schemes in rural Ireland, which are being well received. He also noted the 6% growth in the economy, with many small builders and craftsmen beginning to get back work, leading to more activity in the construction area in particular. The capital plan also includes many projects, leading to estimates of more than 42,000 extra jobs in the construction sector over the next number of years. It is good news for small towns in rural Ireland as well as cities.

Senator Craughwell raised the plight of refugees and welcomed the Irish Congress of Trade Unions offering services and facilities in that regard. As the Senator knows, we will have a motion relating to the Syrian issue in the House tomorrow and there will be ample opportunity to discuss the matter. The Senator also called for a debate on planning, which we will try to facilitate. As I mentioned, Senator Heffernan spoke about rural Ireland and the need for a Limerick to Cork motorway. He raised that matter in the House previously. He also asked for a level playing pitch for local radio stations, which other Members also addressed.

Senator Wilson asked about the by-election and the motion was passed in the House last week. I understand the Minister will move the writ at the weekend. It is the intention that a by-election will take place fairly soon. Senator Bradford spoke about the television licence, local radio and a Cork to Limerick motorway, highlighting the need to expedite these projects. I could not agree more with him. If legislation is required to fast-track major projects announced in the capital plan, it should come about. Delays such as those mentioned by the Senator, which have happened over the years, should not be allowed to continue. We need to get on with the job and expedite these projects.

I note Senator Noone's comments on inheritance tax. Senator Kelly also spoke about rural Ireland issues, particularly anomalies that may exist in the fair deal scheme. The Senator could raise it as a Commencement issue so it could be addressed by the Minister of State, Deputy Kathleen Lynch, at another time.

Order of Business agreed to.

Sitting suspended at 12.30 p.m. and resumed at 1 p.m.

Pre-Budget Outlook: Statements

Acting Chairman (Senator Michael Mullins): I welcome the Minister for Public Expen-

diture and Reform to the House. I invite him to address the House.

Minister for Public Expenditure and Reform (Deputy Brendan Howlin): I am delighted to be back in the Seanad. I suppose it is extremely timely that we are having this discussion in advance of the budget that will be presented to the Oireachtas two weeks from now.

I will begin by setting out the broad fiscal context in which we find ourselves in the run-up to budget 2016. Based on the fiscal forecasts in the spring economic statement, Ireland is set to exit the excessive deficit procedure at the end of this year with a general Government deficit of 2.3% of GDP. This development, like our exit from the EU-IMF programme in 2013, represents another milestone along the path to a full and sustainable recovery for our economy. It also means that beginning in 2016, we will be subject to the preventive arm of the Stability and Growth Pact. I know these things can be fiendishly complicated for people. Specifically, we will be subject to compliance with what is known as the expenditure benchmark. This will set a limit on fiscal space for next year by applying a defined growth rate to the expected 2015 expenditure out-turn. As we outlined in the spring economic statement in April, based on current estimates a budgetary package of between €1.2 billion and €1.5 billion is envisaged for next year's budget. This will deliver compliance with the expenditure benchmark, which is legally binding on us. This is a prudent amount, given the level of general Government debt the country has. Based on this package being split evenly between tax and expenditure, this will allow for expenditure increases of approximately €750 million next year.

It was outlined in the spring economic statement that the Government had decided to host a national economic dialogue in Dublin Castle before the summer. As we go forward under the new European fiscal rules, it is important that all sectors of our society share informed discussions about the options and choices we face. The national economic dialogue was not a return to the old social partnership model, but it was unapologetically an attempt to have a shared social and economic perspective on the challenges we face. The dialogue, which took place on 16 and 17 July, was structured around plenary sessions chaired by an independent moderator and smaller break-out sessions on specific themes. Arrangements were made to show the plenary sessions on television and the Internet. This genuine and robust dialogue examined the realistic options open to the Government within the available fiscal space. The event was well attended by members of the Opposition; Members of this House; representatives of community, voluntary and environmental groups; business interests, trade unions, research institutions, the academic community and the diaspora.

The national economic dialogue facilitated an open and inclusive exchange on the competing economic and social priorities that were facing the Government as it prepared for budget 2016. It was informed by the macroeconomic and fiscal parameters, including the EU budgetary framework, which were set out in the spring economic statement. I am pleased to say that the discussions were cognisant of the pressures we face as a people and the need for informed decisions on the reallocation of resources to meet the priorities out there of which everyone in this House is aware. I do not doubt that the open and informed discussions at the dialogue helped to broaden everyone's understanding of the issues we face. I refer to issues such as how best to provide incomes and health care for older people, the appropriate models to deliver quality education and child care and how best to address the housing issue.

At the time of the spring economic statement, I announced the beginning of discussions with trade unions on the issue of public sector pay. We needed to prepare an orderly unwinding of the emergency provisions governing the cuts in public sector pay which had taken place.

As the economy recovers, pay levels in the public sector stay can be restored in a manner that ensures they remain sustainable. People need to recall the important point that reductions in public service pay are determined under law by the Financial Emergency Measures in the Public Interest Acts. The operation of those emergency measures is conditional on there being a financial emergency, certified by me each year. I do that in July of each year. It has been my view that the only prudential course of action available to the Government is to seek an orderly wind-down of these measures over time. Our legal advice is clear that this is what we must do. Practically, if we were not to do so, we would expose the State to the risk of a successful court challenge to the legislation. This would be a hammer blow to the State's public finances, for which the suite of measures in the Acts in question generates some €2.2 billion annually.

I am proud of how we managed the industrial relations challenge we faced during the recession. We maintained our commitment to collective and inclusive bargaining. We maintained our commitment to doing so through negotiation. I was delighted to announce the Lansdowne Road agreement in May of this year. I firmly believe it strikes the right balance between the legitimate aspirations of public servants - nurses, gardaí, civil servants and local authority workers, etc. - for pay recovery and the need to sustain our improved public finances. As Senators will know, the agreement was ratified in the past couple of weeks by the public services committee of the Irish Congress of Trade Unions. The agreement will target lower and middle income public servants without risking the sustainability of the public finances. The agreement, which has been accepted by vote by most of the public sector, has been made possible by the improvement in our economic circumstances and the delivery of real and tangible reform of their work practices by public servants. If we are on a path to restore public service pay, we are obliged to unwind the public service pension reduction too. We have targeted less well-off pensioners for relief in the first instance. The cost of these two measures - beginning the unwinding of the pay reductions and the pension reductions - will be €297 million next year. Obviously, this must come out of the €750 million that is allocated on the expenditure side.

Over 80% of voted current public expenditure in Ireland is allocated to three areas. It is a striking fact that over 80% of money is spent on health, education and social protection. That would not be the norm everywhere. This current expenditure supports vital services across the State, with more than 2.2 million social welfare and pension payments being processed each week, 3 million visits being made to outpatient hospital facilities each year and over 56,000 teachers providing education for more than 860,000 primary and post-primary students. Ireland's demographics compare favourably to those of many other countries. We have a growing population and the highest birth rate in the European Union. While this is welcome, it can present its own challenges. By 2021, an additional 57,000 students will need to be provided for in our primary and secondary schools, with 20,000 additional third level enrolments also projected over this period. A well-educated workforce is one of the economy's strongest attributes and we need to ensure our public finances can support this trend into the future. While we currently enjoy favourable demographics over many other European partners, we will be facing pressures sooner rather than later. Relative to a decade ago, an extra 200,000 citizens will be over the age of 65 by 2021. That will account for a quarter of our population by 2060. Pressures in all areas, such as health and State pension schemes alone are estimated to cost an initial €400 million per annum. This is simply the cost of standing still. Our commitment to our citizens in these areas requires that we consider these trends into the future and make plans accordingly. Undoubtedly, we have lived through a number of difficult years. Public service pay has had to be cut, expenditure pressures arising from increased unemployment rendered the fiscal adjustment difficult but I am proud that we have turned the corner now. I am proud too

that we have done so with our social protection system largely intact, a system that continues to impact forcibly on the disadvantaged in our country. This year, gross current expenditure across the social protection, health and education sectors will amount to more than €40 billion, 81% of total current expenditure.

Let me touch on progress on each of these critical areas. On social welfare, despite increasing demand across many social welfare schemes we have maintained primary social welfare rates, such as pensions, disability payments and jobseeker's payments. This has ensured that Ireland's system of social transfers remains among the most effective in Europe in reducing the risk of poverty rate. Significant investment in and reform of Ireland's system of labour market activation has resulted in a comprehensive response to the unemployment crisis which the Government inherited. Through Pathways to Work, the unemployed have been given the opportunity to upskill and rejoin the labour market.

The education sector has faced increasing demands. Between 2011 and 2015, primary school numbers have increased by more than 35,000, secondary school numbers have increased by more than 21,000 and third level numbers increased by more than 8,000. Our continued investment in the education sector has seen the pupil-teacher ratio remain broadly maintained since the Government came into office. The Government has protected the funding allocations to DEIS which prioritises the educational needs of children and young people from disadvantaged areas. Budget 2015 provided for an additional 1,700 new posts to be created during the course of this year but we have gone beyond that. By the end of the year, we will have an additional 900 mainstream teachers, 570 more resource teachers compared to 2014 and approximately 830 extra special needs assistant posts will be in place this year, reflecting our prioritisation of special education needs.

In the health area, the provision of medical cards and GP visit cards has increased from 1.3 million in 2007 to 1.9 million last year. We are forecasting another increase of 200,000 in card beneficiaries during the course of 2015. Staffing levels in health last year increased by 2,331 or 2%. That is something many people do not know. In the first two quarters of this year, there has been a further increase of another 2,000 staff. The increase in staff has been concentrated in the hospital sector. That is an increase of 4,500 staff in just over 18 months. In the acute sector, €30 million has been provided to manage additional pressures. This funding will provide transitional care in the form of step down facilities and extra home help hours. Overall, this funding will ensure a reduction in the number of delayed discharges alleviating, I hope, the pressure in some of the largest hospitals and ensuring people are treated in the most appropriate health care setting.

An extra €44 million has been allocated to support the successful fair deal scheme which has seen waiting times fall to four weeks or less. We will maintain them at this level. Some €35 million has been provided in 2014 and 2015 for enhancement of mental health services. The challenge in next year's budget is to build on that progress, to seek to improve services and to seek new and different ways of doing things.

Sometimes when I listen to the broadcast media I note that each change we made is portrayed as a cut or a step backwards. One would think that 2008 was a perfect world but even then too many of our citizens were facing difficulties. What this Government has done well, through Pathways to Work and An Action Plan for Jobs, is to restore the importance of employment as the cornerstone of our anti-poverty strategy. To ensure that the lessons of the crisis are not forgotten and our public finances are deployed efficiently in service of our citizens, we have

implemented a programme of reforms to improve the State's budgetary architecture.

Budget planning is now made on a multiannual basis to ensure the budget process is consistent with aggregate fiscal objectives. This provides clarity to the public and decision makers regarding the parameters under which expenditure policy is operating. Additional reforms include: regular comprehensive reviews of public expenditure; the publication of updated public spending codes; the implementation of the performance budgeting initiative; and the establishment of the Irish Government economic and evaluation service. We brought a greater level of transparency and efficiency to the allocation and spending of public money. None of these reforms is in and of itself a game changer. While they have yet to imbed themselves fully in the public mind they represent a fundamental improvement in the way we do public business. These reforms will remain key components of the architecture of our budgetary process in the years head.

The Government was elected on one key task, namely, to restore the public finances and the Irish economy to health. It pays not to be complacent about these matters but the improvement is available for all to see and the lessons of the noughties must still be learned. The prudent and sustainable management of the public finances is the first task facing any government of any political hue. Ireland's public finances must be kept on a sustainable path with revenues able to support the level of spending envisaged. The challenge will remain to prioritise and design Government interventions within that framework. Fiscal choices are increasing and there will be continued modest increases in resources in the coming years. However, there is a wide range, as members will be aware, of competing demands for that available money. It is, therefore, important that we make good choices about raising and allocating resources.

On 13 October we will present budget 2016 to the Oireachtas. This will strike a balance between what is fair and appropriate while ensuring that our economic and social recovery is sustained and strengthened.

Acting Chairman (Senator Michael Mullins): We will continue with the debate. Group spokesperson will have eight minutes and all other Senators five minutes. I call Senator Marc MacSharry.

Senator Marc MacSharry: I thank the Minister for coming to the House. One thing is certain, whatever decisions are made on budget day will be wrong in the sense that we would all have our version of what should and ought to be done. That would vary from person to person within the Labour Party, the Fine Gael Party and, perhaps, within all members of society. The choices are what politically divide us. We are glad to have the opportunity to make a few points in advance of the budget because all too often it was announced on the day and from that perspective we are grateful.

During the course of the past five years the Minister said the Government was elected to put the public finances in order. The manifesto was one thing and later came the programme for Government. At the banking inquiry I noted that the Minister for Finance, Deputy Michael Noonan, said it would be fair to say that the Government predominantly followed the four-year plan as set out by Brian Lenihan. I think he described it as a pretty good plan. Our view is that plan could have been implemented with less stress and pressure on the less well-off than was done while the sacrosanct higher earners and higher tax rate, certainly sacrosanct within Fine Gael, seemed to go untouched. Those higher earners who, frankly, expected a bigger hit were in a better position to take the bigger hit and perhaps this would have made some of the more

difficult measures less necessary to implement in terms of the elderly, the sick, the less well-off and the most vulnerable in society. That is what divides us politically. Since coming to power, while claiming that it has not increased the income tax rate, the Government has introduced 13 separate increases in tax on income and a total of 45 other separate tax increases. It has also introduced numerous stealth taxes and has driven up the cost of living for families. It seeks to hide very substantial increases in tax, resulting from the abolition of mortgage interest relief in 2017 and the likely abolition, it seems, of tax relief on private medical premia, if universal health insurance goes ahead. Together, these measures will take €600 million from families throughout the country. While we are in an era of announcement after announcement of investment, which is positive and all investments are to be welcomed, it is worth noting that €600 million taken from families is ultimately what hurts people most. The announcement of a metro to Dublin Airport on the never-never between now and 2026 is certainly a good aspiration, and one to be welcomed because it is important that we have good public transport in our capital city, but the people who paid the price of this global disaster, particularly in Ireland over the past ten years, are the ones who deserve most in return. When discussing the budget, we must begin to focus on the people in the terraces, the people who are homeless, who are sick or elderly and who are most vulnerable because they are the ones who ought to be looked after first.

Does the €1.2 billion to €1.5 billion identified for 2016 refer to the full year effective taxation or to the first year effect? This is a very significant point because, for example, the Revenue Commissioners estimate that the full year cost of a 2% reduction in the standard rate of universal social charge, USC, will be €728 million, almost the entire amount earmarked for tax reductions. On the other hand, if the Government based its plans on the first year effect, this reduction would be €528 million, implying scope for over €200 million in tax cuts. That clarification would be welcome.

Does the €300 million commitment for public sector pay increases under the Lansdowne Road agreement reduce the €750 million available for expenditure?

Deputy Brendan Howlin: It is in the script. I have just said that.

Senator Marc MacSharry: I must not have been listening attentively. I apologise. Is it within the €750 million?

Deputy Brendan Howlin: Yes.

Senator Marc MacSharry: It will be €450 million of new measures. Now we know that there will be €300 million off the top of the €1.2 billion or €1.5 billion under the Lansdowne Road agreement. It is good to have that clarification.

Will the additional spending commitments required take account of demographic pressures on health, education and welfare and the scope for expenditure to improve overall service delivery mostly focused on the less well-off? While it is great to have the opportunity to discuss the budget in advance, and I commend the Minister and the Government on that, the fiscal council has been largely ignored since it was brought into being. It set down a clear marker that €1.5 billion in tax cuts and expenditure increases is at the outer limit of what would be prudent for the Government to undertake. The council also called for a realistic medium-term plan. Has the Government taken adequate cognisance of this advice? In the last budget the fiscal council was largely ignored. Vital information that would inform policy discussion is withheld from the public and interest groups, and at times the information presented on budget day cannot be

relied upon, as we saw in the budget last year when €113 million in medical card probity savings were announced but we never really got to the bottom of it. We need to measure outcomes versus the language or spin in the Budget Statement.

I would like to see a simplification of the tax code. There is a need for that regarding pay-related social insurance, PRSI, USC and income tax because each has a different entry point at €12,012 for USC, €16,500 for income tax and €18,304 for PRSI. There is also the anomaly that an increase in pay makes an employee on an income of €18,300 worse off by €700 because all income become liable for PRSI at that stage. It does not seem fair that this should be the case.

It is important to recognise the importance of ability to pay. The local property tax, water charges, commercial rates and similar charges are not linked to ability to pay. In many instances they represent a regressive burden on homes and businesses and we need to consider that. We need to reform the USC, but perhaps that is in the Minister's plans. A taxpayer on an income of €17,766 pays the same rate as those on very large incomes. Lower income earners must be taken out of the USC net. Only 18% of income earners benefit from a cut in the top tax rate. There is a need to prioritise increasing tax credits which benefit all taxpayers equally over changes to the rates. There is also a need to address the anomaly of the self-employed. A self-employed single person earning €15,000 pays almost six times as much tax as an employee in the PAYE system with the PAYE credit. We have to incentivise people to get out there and work and to start businesses. We need to breed entrepreneurial flair in the community but the system does not do that. There is also a need to increase the threshold on inheritance tax and my colleague Senator White will deal with that aspect.

We also need to think a little bit outside the box. I would love a government to abolish the means test for the carer's allowance, even on a pilot basis. With other supports, such as medical cards, some home help and the home adaptation grant, many of our loved ones, our aunts, uncles or parents, could be kept at home at a cost of perhaps €600 or €700 a week. This would give a family member or someone else a job in looking after that person, instead of them holding up an acute bed which costs €1,000 a day or even a nursing home bed which could cost approximately €1,200 a week under the fair deal scheme. Some government should try this - it might not work but it would be worth a try. We have to be prepared to be innovative and to think outside the box.

Senator Michael D'Arcy: I thank those in the Fine Gael group who covered my absence during the recent banking inquiry. I also offer my heartiest thanks to Jimmy Harte for his work here. I have not had an opportunity to do that and I wish him and his family well in his retirement.

The entry point for USC was €4,000, but we brought that up to €12,000, which is a big increase. Practically everybody paid USC at one stage but in the past two budgets 500,000 people have been taken out of it. That is not bringing us back to the days when 40% of people paid no income tax - as I read recently in an article by the late Dr. Garret FitzGerald - and we wondered how our taxes collapsed. It was not too difficult to see how that happened.

I support the dialogue with the community pillars. One of the things this Government has done well, and the Minister must be given credit for it, is that in the main there have not been strikes. People bought into the plan, some of which we inherited, as must be acknowledged, and the alterations this Government made to it. I do not support electioneering on budgets. There is always a price to pay in the future. It happened in the 1970s with the Lynch Govern-

ment, and we know what happened with the banking collapse and everything since then. One of the figures I was flabbergasted about was that voted expenditure from these Houses, which was less than €19 billion in 1997, had risen one decade later to €63 billion. And we wonder how our economy collapsed. While the banking sector contributed, it did not account for all of it. The fall in the tax take when the downturn came was the primary cause. At one stage, we had a deficit of €23.7 billion - not quite €2 billion per month, but very close to it. This puts it in the context of the per annum situation. Anglo Irish Bank will have cost us €30 billion in its entirety, and one year's deficit was close to the same figure.

I fully support the restoration of moneys to the public by way of tax reductions, if possible, by removing people from the USC net and lowering the tax bands. Given that the public - nobody else - paid for all of it, we must give back to people the opportunity to have a standard of living that they accept. The Irish people are the reason we are back on target to reach a normalised cycle. The Minister referred to the Financial Emergency Measures in the Public Interest Acts, and we all remember passing the Acts in both Houses and scratching our heads wondering whether it was doable. It was doable and it has been done, and the public is entitled to something back.

I have always been clear, and the Minister has heard me say it several times, that there must be a reward to work. The data is available to show there is a very small gap between those on lower pay and those in receipt of social welfare payments. The gap is the reward for working. The solution is not to impoverish people by further slashing welfare rates but to allow people to earn more money and pay less tax. We are trying to do this by the means mentioned earlier, and it must happen.

There are issues - I will not say "crises" - that are coming down the tracks very loudly and clearly. We cannot ignore housing affordability. While there is much discussion about the crisis in the housing sector, there is very little discussion about the affordability crisis. This morning, I heard on the radio that it costs six times the average wage to buy a property in Dublin and five times the average wage in the country, which is well outside international norms. The ratio outside Dublin is much more alarming, given that there are higher pay rates in Dublin than down the country. It is a criticism that while some would say Dublin is recovering, the rural areas are slower to catch up. Will the Minister examine the housing affordability crisis? I am concerned about it.

The self-employed kept going through thick and thin during the recession. If it is possible, perhaps over a number of years, to ensure that the self-employed are on the same rates as the employed, I would fully support it. It has been flagged several times and it is on the radar. Sometimes, it is easier to avoid the hard choices.

The Minister mentioned DEIS, which was originally calculated in 2004, pushing towards 12 years ago. For some reason, some very obvious areas were excluded from having DEIS status. For example, our constituency, Courtown-Riverchapel, which the Minister knows well, is an area of urban disadvantage that should be on the same level as other DEIS schools but is not. Although it is a difficult one to grasp coming into an election, it should be done. The area requires the same pupil-teacher ratios and advantages that exist in DEIS schools.

County Wexford does not do well regarding IDA jobs. This is a fair criticism and I accept my portion of the blame for it. I was very disappointed last February that Wexford received none of the IDA's regional funding. The IDA has four acres of land in County Wexford, which

is not good enough for a county of our size. There should be more focus and we should be more strategic about what can be done. I do not want to eat anybody else's sandwiches, only to ensure that what should be available for our county is available. The situation is a mistake and should be addressed.

Senator MacSharry made a claim about the higher-paid. I have always tried to be fair to the previous Administration, which implemented much of the plan in late 2010 under the then Minister for Finance, the late Brian Lenihan. It was clear, at the time, that those on higher pay would pay more, which we all supported. According to the OECD, our income tax system is the most progressive in the OECD, which I support. Those who earn more pay more. However, there comes a time when one cannot keep taxing a smaller number of people and thinking it will fill the hole in the nation's finances. The Fine Gael view is the fair view that somebody who is earning more pays more, but we cannot keep pushing those rates up because it will result in diminishing returns. I support the very progressive position the Minister took last year by increasing the entry point into the higher rate of income tax, which is 40%, from €32,800. In our English-speaking neighbours east and west, the UK and the US, one can earn approximately 20% and 35% more, respectively, before incurring the higher rate. The major issue with the tax system is that one is subject to the higher rate far too early. When a couple merges two €40,000 salaries, we can call them "high earners," but I do not believe they are fabulously wealthy.

Senator Jillian van Turnhout: The Minister is very welcome, and I welcome the opportunity to have a little influence on his thoughts as we approach the budget. I note the Minister's ongoing openness and engagement with individual Senators and with the House. As the Minister said, it is a time for political choices and options, and this is what we are trying to influence. I will focus on specific issues regarding children. I am delighted to say that my colleague Senator Mary Ann O'Brien will focus on issues of carers and respite, and I support everything she will say on it.

I am concerned about the talk of a €5 increase in child benefit mooted by the Tánaiste. Thinking in terms of political choices, an increase of €5 in child benefit will not be the answer. This morning, I heard Teresa Heeney of Early Childhood Ireland saying a family in crisis needs much more than €5 - they need €55 or €105 - while a family that is not in crisis will probably not notice it. However, if we were to put the money together to ensure we got value for money and focus on improving outcomes for children, we could show how we have changed our thinking and methods. Families that are under considerable financial strain want to know that services exist, that they have a right to them, that they are available and that they are of high quality.

We need to invest in child care services. A few months ago, Early Childhood Ireland released a report. I am chairman of Early Childhood Ireland, and it is a governance role. I support the recommendations contained in the report, *Footsteps for the Future*, which was authored by Dr. Stephen Kinsella. He took the 2015 spring statement forecast and the CSO's demographic projections to 2021 as his basic data. In the report, he discussed the costs and benefits of several medium-term current and capital spending plans. The headline statement in that report is that we need to move gradually towards having one year of paid parental leave, adding one month every year for six years. We can take a step in the right direction in this regard. That is why the report is called, *Footsteps for the Future*. Its recommendations are in line with international best practice in terms of what is good for babies in their first year, that is, to be at home with either of their parents.

We need a structured approach to considering funding of out-of-school and afterschool care.

New Zealand has a good model called out of school care and recreation, OSCAR, in which the household and the state share in the payment of approved operators. This is outlined in the report. I am concerned about afterschool funding, in that we do not have guidance and structures. Like the child care sector, this may grow into a model that is not the best place from which to start. We have an opportunity now to structure afterschool care.

We must consider increasing capitation levels to child care providers. Those I have met around the country are struggling and closing. Often, people discuss whether someone is a private or community-based provider, but that is a false dichotomy. The only difference is in the payment of rates. They are struggling with the same issues. Of the 25,000 child care workers, 3,370 - almost 14% - needed to sign on to the live register, costing the State €7.2 million. Surely, there is a better way. They are professionals and we are asking them to have qualifications, yet we ask them to sign on every year because the free preschool year only lasts 39 weeks. Could we extend that year so as to keep these people employed in providing child care instead of stigmatising them and forcing them to sit at home because they are not valuable enough to keep them on?

We need a rights-based approach to children with additional needs and those from disadvantaged areas and to consider a model of anticipatory funding. We know the demographics concerning children with special or additional needs or from disadvantaged areas. Dr. Kinsella estimated that it would cost €16 million per annum to front-load a system that ensured a framework based on prevalence and demographics. There should also be just one inspectorate for early years education. Currently, the State is funding several. A cost to the State, it is equally a burden on the child care providers when different inspectors land on their doorsteps. We are funding public health nurses up to assistant director level to inspect child care services. It makes no sense. Public health nurses are wonderful people, but they are not qualified to inspect child care settings. In fairness, the Department of Education and Skills has been doing a great deal of work in this regard recently. Perhaps it should be the lead and we should have just one inspectorate.

I am the chair of a new cross-party group on children's future health. I have serious concerns in this regard, particularly about obesity and child poverty. The Comptroller and Auditor General raised the issue of the school meals programme in his report yesterday, in that some schools have inflated numbers. I welcome his call for a re-examination of the programme. One applies to the Department of Social Protection for funding, yet the Departments of Education and Skills, Children and Youth Affairs, Health and Agriculture, Food and the Marine handle the other aspects. We should determine how to co-ordinate all of that. Healthy Food for All has asked for an additional budget to be allocated for the school meals section to co-ordinate a forum of the various Departments so that they might interact with schools in just one way on the programme's delivery. This work should be led by the Department of Education and Skills, given the potential for the stigmatisation of children and young children who avail of the scheme. Yesterday, we received a briefing from the Irish Heart Foundation and Healthy Food for All. They referred to a principal. The scheme is available to a certain number of children in the cohort in question. In order to make it inclusive, the principal used it as a prize for the other students so that two per week were lucky enough to participate with the other children. This reminded me of my uncle telling me of how he had always believed that we had relations in Canada because his family used to get the Christmas parcel. His mother made sure that they did not know that it was coming from the Society of St. Vincent de Paul. The way we structure schemes sometimes places a burden on children.

I have written to the Minister for Finance regarding a further issue, namely, the need to implement a sugar-sweetened drinks tax in the budget. This would help to tackle the problem of obesity by reducing consumption and generating income for reinvesting in children's health initiatives while assisting the Department of Finance in meeting its fiscal goals. This will require political will around the Cabinet table, but I have provided the Minister with a great deal of evidence.

With the Minister, Deputy Howlin, examine the scheme to support national organisations? A core grant, it is pushed from one year to the next and has never been structured properly by the Department of the Environment, Community and Local Government. This Government inherited it and it stems from different machinations, but no one has ever tackled the issue of having just one source of funding for NGOs. They should declare that they get no other State funding. I have no difficulty in that regard, but we do not have a way of supporting core organisations in their work. I would support any funding that we could give to the Child and Family Agency, Tusla, which was burdened with a legacy debt that it cannot carry through.

As to community supports for early discharges, the Irish Heart Foundation and the Royal College of Physicians of Ireland produced an excellent report and costed the supports. I presented that information to the Minister for Health. The model is there for us to follow.

Senator Aileen Hayden: I welcome the Minister. I also welcome Senators MacSharry and Michael D'Arcy back to the House. They have had a long absence of----

Senator Michael D'Arcy: About a year.

Senator Aileen Hayden: Senator MacSharry made a point about the fiscal council. It has agreed with the headline figures. It is for the Government of the day to decide how we spend our resources. The Senator stated that we needed to spread the recovery beyond urban areas. It is important that we use the budget as a mechanism to do so.

This morning, the ESRI reported that Ireland was the fastest growing economy in Europe, with the latest forecast being 6%, an upgrade from the ESRI's summer forecast of 4%. Last year, Senators were considering our first expansionary budget. It was in the region of €500 million, representing an increase of €1.5 billion from the previous year when over €1 billion was removed from the economy. This year's budget represents a €3 billion turnaround, which should be noted.

There has been a recovery in domestic demand. According to the CSO's figures, the overall volume of retail sales has increased to 2005 levels or thereabouts. The best route out of poverty is a job, as has been mentioned repeatedly. The Government has stated its determination to bring the economy back to full employment by 2018. We are approaching the point of unemployment decreasing to 9% this year, according to the ESRI, and even lower next year. We did this while managing to increase the national minimum wage, which gives lie to the idea that one must have a low-cost economy to grow, improve and increase employment.

In spite of the commentary to the contrary, it must be noted that we have a highly progressive income tax system. Senator Michael D'Arcy made this point. There is a tax wedge for those in receipt of 160% of the average wage in comparison with those who are on 60% less than the average wage, placing us second highest in the OECD. It is also worth pointing out that the Irish tax and welfare systems have been effective in reducing inequality during the crisis. The OECD figures show that Ireland is a more equal society now than it was at the beginning of the

crisis. These factors should be recognised as we face into budget 2016. I do not want to capture an old cliché, but it is a case of a lot done, more to do. A great deal of progress has been made.

I disagree with Senator White regarding capital gains tax and capital acquisitions tax. I come from a family in which there was a saying “Money comes to money”. I see absolutely no reason people who have inherited wealth or have been given gifts pay a lower tax rate than somebody who works an extra hour in a supermarket. One of the great things that this Government has done is to have moved the CGT and CAT tax rates more in line with the tax rates on earned income.

The universal social charge, which was introduced by a previous Government, has been reduced for those on low and middle incomes, as has already been pointed out. We have all read the speculation that this Government intends to reduce it even further in this budget and I welcome that.

I want to move on to some specific issues. This is a pre-budget statement so I want to move on to the issue of the housing crisis. There is a housing crisis. The President thinks so, the ESRI thinks so, almost every voluntary organisation in the country thinks so, and I think almost every citizen in the country thinks that we have a housing crisis. I welcome the announcement yesterday of €2.9 billion for the construction of social housing and a further €300 million to promote PPPs in delivering social housing. The fact remains that our housing crisis threatens to derail our economic recovery. This point has been made by a number of people.

Politically, there are a number of issues still on the table. One of them, which is particularly close to my heart, is the issue of the rent certainty legislation. The Minister for the Environment, Community and Local Government, Deputy Kelly, made a statement in February 2015 which, I believe, he acted on and produced legislation to introduce rent certainty into our legal system. Not to put too fine a point on it, there is a political issue between the Labour Party and Fine Gael on this matter. I want to be clear on a number of points here. We are dealing with an extreme family homelessness crisis in this country. We all agree that housing supply is the issue and once housing supply recovers, the system will step in and rents will fall and equalise and so forth. In the meantime, homelessness will rise in this country unless we act to limit the issue of rent increases.

I will speak from my own experience. In 2013, because I work closely with a front-line organisation, I noticed that the number of families becoming homeless was growing exponentially. We had not seen this before and it happened for one clear reason: people could not afford to pay their rents. It is an economic issue. The fact remains we are in a situation in which rents rose by 35% between 2011 and 2014, and in the past 12 months they have risen by a further 10%. There is no way out of this situation if we do not regulate the rate of rent increases. I know the Minister for Finance has ideological reasons for not interfering with the market but the fact is we interfere with the market in many other areas. If we do not regulate the rate of rent increases, we will see homelessness rising at an exponential rate. We are not alone in this crisis. The Greater London Authority is also looking at introducing a rent certainty model. Nobody is suggesting that landlords should not get a decent return on their investment. This model does not mean they will not get rent increases. It just means those rent increases will be regulated.

There is a reluctance to increase the rate of rent supplement while there is no cap on the rate of rent increases. Were we to have a rent certainty model, I believe we could look again at the issue of rent supplement. I believe very firmly that a significant number of European countries

that have this model have a very vibrant, well-regulated rental sector. One in five Irish families lives in rented housing and they will continue to do so. That number will rise. It is very important that if this Government achieves nothing else in the housing area, it gives those families a secure future. People have come to me and said they will not buy a school uniform for a particular school because they do not know whether their child will be in the school in 12 months because they do not know where they will be in 12 months. That is not a reasonable position for families to be in. I ask the Minister to exercise whatever influence he has with the Minister for Finance to get this legislative provision over the line because it will have a serious impact on the number of homeless families in this country.

Senator Feargal Quinn: I welcome the Minister and the opportunity to have this debate because in previous years we did not have the opportunity to express our opinion before the budget. There is little doubt that there is a confidence in the country that did not exist before. That confidence has come about because the Government has got the economy back on track. I congratulate it on that. It was not just from cutting costs. Tourism VAT was brought down to 9% and I urge the Minister to consider making sure that nobody touches it unless it is to reduce it further.

It is not popular to say, but one of the concerns I have is that there might be an increase in the minimum wage. It is understandable why there would be a demand for it but it seems to me that every time we increase the costs on employers, there are fewer jobs. It dissuades employers from hiring more staff even when they need them. If there is to be an increase in the minimum wage, there should also be a decrease in the employer PRSI rate. Otherwise, employers will be wary of employing somebody else when there is an increase.

My other concern is about upward-only rent reviews in retail. It is an issue I raised in the House and on which we passed legislation. I know it was a very difficult issue for the Government because we passed it as a majority on all Stages in this House but it has gone no further. The reason, we are told, is that the Government has been advised by the Attorney General that it might be unconstitutional. I urge the Government to pass it through the other House and have the President, who will say that there is a doubt about it, pass it to the Supreme Court. That Bill should be passed and referred to the Supreme Court, on which basis we could get a clear answer. It is damaging retailers throughout the country, especially in Dublin.

I would like to see additional measures in the budget to help small retailers and SMEs. Retail Ireland has called for the Government to make it easy for retailers to succeed online. We are not very good at this. We have not done a very good job on this. The idea is we could offset the cost of web development against VAT costs. That has happened in other countries and we could do something on that. I went into a shop in Estonia a few years ago and there were only two or three people working downstairs. Upstairs there were 11 people working on the Internet and exporting. We can do that. There are some great export businesses working on that basis.

It is also well known that SMEs are losing out when it comes to research and development tax credit. Small businesses do not have the capacity for the paperwork and the red tape to access credit. IBEC is calling on the Government to consider launching credit lite, as it were, research and development tax credit models for SMEs. It is worthy and I support it and hope that the Minister of State at the Department of Jobs, Enterprise and Innovation, Deputy Gerald Nash, will give serious consideration to it.

I have a concern about automatically increasing costs. I do not smoke. I hate smoking and

I disagree with it but I worry that if we increase the cost of cigarettes, all we do is encourage smuggling. I know that smuggling is a big challenge. There is a curve in economics called the Laffer curve which says that if a government increases taxes, it earns less. The opposite of that is that if a government reduces taxes, it sometimes earns more. I do not suggest that we reduce taxes on cigarettes on that basis but I am concerned that when we automatically increase taxes on something such as cigarettes, of which I think we would all approve, we find that we encourage other developments such as smuggling. Revitalising town centres is something we can do. The Government must be commended on its recent announcement of a €30 million fund to aid the regeneration of towns. I was involved in the Local Heroes project in Drogheda and it was great to see what could be done. The Austrians set rent for retailers at a low fixed rate to allow small and unique businesses to survive because they attract people into town centres. This is something we could consider doing. The Government also needs to look at ways to encourage people to live in the centres of towns and cities. It should remove red tape and ease the planning regulations.

I wish to bring up another point, which is the extension of the additional voluntary contributions, AVC, scheme past 2016. We still have problems with individuals and businesses getting access to credit. There are various ways they can get it, but one way people and SMEs can get easy access to credit is by releasing some of the cash they have locked up in their pensions. The Minister for Finance was very progressive several years ago in allowing people some access to cash that was locked up in their AVCs. For a three-year period from March 2013, people were able to avail of the scheme, but it will expire in less than a year's time. We can do something about this. It is amazing to consider that up to September of last year more than 12,000 people had availed of the scheme. This meant that more than €90 million was directly released into the economy, while €36 million was paid in income tax. I was disappointed to learn from the Minister for Finance that he had no plans to extend the scheme past 2016. I will take this opportunity to ask the Minister about the future of AVCs. Will the Government consider extending this very worthwhile scheme in the 2016 budget?

While we are talking about business, a number of barriers are in place for those who create businesses. There is discrimination against entrepreneurs. As IBEC has pointed out, the PAYE tax credit in effect allows an individual to earn €8,250 free of income tax but, astonishingly, there is no PAYE tax credit equivalent for self-employed persons or proprietary directors. I do not understand this. That is what we are trying to encourage, but we say if one is self-employed or sets up a business one does not get this benefit. That being said, the effective income tax rates for those who are self-employed are much higher than for PAYE workers at the same level. That is not sustainable. We must change it and it should be changed. There is another 3% USC charge on self-employed incomes over €100,000. This should also be reduced, because we need to set conditions whereby people are not made worse off by setting up or running their own businesses. Most experts point out that entrepreneurs are some of the primary wealth creators in this country. We should not give them a reason to set up their businesses in a competitor country because of outdated tax regimes. Senator Healy Eames spoke about a function she attended in Galway on encouraging development, which was attended by British tax people encouraging people to go to Britain. There were there solely to explain the benefits of establishing a business in the North of Ireland or Britain, as against Ireland. We have competition and we can do something about it.

Acting Chairman (Senator Michael Mullins): I welcome the Minister of State, Deputy Simon Harris, to the House.

Senator Hildegard Naughton: I welcome the Minister of State of the House. The emphasis of this budget, even more than last year, will be on recovery and building rather than retrenchment. Yesterday we had the announcement of substantial public infrastructural spending. When we think of where we were five years ago, this spend is most welcome and needed. The focus of the budget must be on securing the recovery rather than squandering the recent gains in a populist fashion, as many of the Opposition frequently suggest. While it is proper that the emergency taxation measures for the public and private sectors be unwound, there is a wider issue. The Opposition calls for this and that taxation measure to be abolished or reduced. Opposition Members also want a much greater spend on each and every popular issue that arises. This is the *modus operandi* of opposition, but it also has a responsibility to be honest. Opposition Members want Nordic levels of services without thinking about where the money comes from. Sinn Féin, for instance, is loud in calling for significant State investment in affordable child care and in every other area. At the same time, it calls for the abolition of property and water charges. If both charges were to be abolished, where would it find the money for this substantial investment in child care? Billions of euro do not come from thin air. It is important to state this because it seems not to be understood in some circles. Services are paid for by the moneys collected from the taxpayer. If various charges and taxation measures are abolished, little money would be left for investment in services. It is that simple.

I must address another populist mantra, which is “Let the rich pay more.” The facts, however, speak for themselves. The top 1% of income earners pay 21% of total income tax and USC in Ireland. This increased from 19% due to the changes made in budget 2015. On the other hand the 76% of earners who have salaries of less than €50,000 per year pay 20% of the total tax take. Much of the leftist opposition asserts that all our problems can be solved by penal taxation of those earning more than €100,000. The simple problem with this is that only 6% of taxpayers make more than that figure. These are the figures of the Revenue Commissioners. If those on the left believe 6% of taxpayers are able to fund all the spending promises and cuts in taxation to which they have committed, then they are utterly mistaken. The actual problem with the Irish taxation system is that those on relatively low incomes hit the marginal rate of tax much too early. I hope this can be addressed in the forthcoming budget.

The usual trend in expansionary budgets such as the forthcoming one is to provide a little funding for many things. I would prefer on this occasion, as time does not permit me to go into all of the areas, to concentrate on two in particular. The first is the issue of high-quality and affordable child care. I have been discussing this issue in Galway in recent months and I will host a public meeting tomorrow. The lack of high-quality and affordable child care is of huge concern to many people. Child care is now like a second mortgage for many families. It prevents those who wish to re-enter the workforce from doing so. The simple fact is that we as a country have not spent and do not spend sufficient money on child care. Recent figures from the Department of Children and Youth Affairs show that just 496 children were registered for the after-school care scheme between September 2014 and August 2015 - that is, 0.1% of a primary school population of more than 500,000 children. Those participating pay €15 a week and the State provides between €40 and €80 a week per child. The total funding allocation for this year is just €1.32 million. It is clear from the participation and funding levels that there are significant problems. I earnestly hope that in the forthcoming budget we will see a significant move to increase State investment in child care. It will not be possible to make all of the required changes in one budget, as it will take a multi-annual approach, but I hope the budget will make a start in the area.

The second issue I wish to raise is that of the self-employed, particularly low-income self-employed people, who are significantly discriminated against in terms of taxation. The self-employed are just as important as PAYE workers and it is time they were treated fairly. *Publicpolicy.ie* has calculated that a self-employed single person on an income of €15,000 pays almost six times as much tax and PRSI as an employee on the same income. A simple principle of fairness in any taxation system is that two people earning the same amount of money should pay the same amount of tax, but this is not the case. Our system fails a basic fairness test at the first attempt. I urge that the budget commence the process of levelling this playing field.

Thankfully, today we are in a position to discuss how money can be invested in people and projects because of the actions of the Labour Party and Fine Gael Government. The economy is going from strength to strength because of the hard decisions that were taken and the sacrifices the people of Ireland made over the past four years. We cannot throw this success away now. We cannot listen to the Opposition, who know neither the cost nor the value of anything. I commend the Government on the work it has done to date.

Senator Brian Ó Domhnaill: I welcome the Minister of State, Deputy Harris, to the Chamber, and the Minister, Deputy Howlin, who was here earlier for this discussion. It is certainly an important discussion to have ahead of the budget, to reflect on where we stand and the fiscal space available to the Government. Of course, we are speaking about fiscal space because of the European framework that is now in place. It is moving from the corrective arm, which came into place in November 2011, to the preventive arm, which is to do with the debt and budgetary rules pertaining to what the Government can do in the forthcoming budget. The knock-on effect of that was the establishment of the independent Irish Fiscal Advisory Council, IFAC, which is doing an excellent job in merging the gap between Brussels and Dublin regarding surveillance of spending by government, Departments, local authorities and so forth. Those are the positives that have come out of the negative crisis we have emerged from and we now have surveillance beyond that available to a government. Irrespective of which party is in government, whether it is Fianna Fáil, Sinn Féin or Fine Gael, that external surveillance and the independent knowledge from the Irish Fiscal Advisory Council served the taxpayer well not only here in Ireland, but across Europe. I very much welcome that and I hope it will lead to the end of the boom and bust budgets we have seen in the past, which have resulted in negative consequences and political buying of votes using the taxpayers' money.

The Irish Fiscal Advisory Council made a pre-budget submission this year; it did the same last year. In that submission it spoke of a consolidation of approximately €1 billion. The Government did not listen to that and went to €2 billion. I am anxious to see what will happen this year. The Irish Fiscal Advisory Council is saying the €1.5 billion is at the upper limit and it believes the Government should move forward on a prudent basis, to use the council's own words.

One of the shortcomings in the structure in place in terms of the Irish Fiscal Advisory Council pre-budget submission, in the lead-in to the budget and even in terms of this discussion, is the fact that there should be a statutory obligation on the Government to respond to the pre-budget submission by the Irish Fiscal Advisory Council. The Taoiseach made flippant remarks recently about its submission to the effect that it is an issue for future governments to worry about. It will be an issue for future governments to worry about but it is also an issue for this Government to worry about in the forthcoming budget. There should be a statutory obligation on the Government to respond to the information provided by IFAC. That may be a shortcoming. Obviously, it is a political matter. Governments have democratic responsibility, and I accept that as a practising public representative, but at the same time something should be brought

about in that regard.

Regarding the budget, the fiscal space was outlined by the Minister, Deputy Howlin, in his contribution. On the expenditure side, the split is about 50-50 between taxation and expenditure, which will allow for expenditure increases of approximately €750 million. There are many areas that require attention, and I have no doubt it will be a difficult task for the Minister for Finance going into the budget, but areas have been highlighted by the Irish Fiscal Advisory Council and other agencies regarding demographic changes to do with future pension provisions that need to be nailed down and addressed in the Budget Statement.

The improvement of the economy and the projected 6% increase this year was touched upon. That has to be welcomed but, unfortunately, it is a two-tier recovery. In my part of the country, Donegal, the recovery is not evident on the streets, in the retail sector or for the young people who cannot find a job and who are struggling to survive on social welfare. All of us can see the fruits of the recovery here in the capital and in major urban centres but that is not happening in rural Ireland. I hope the Government will take the opportunity to bring forward a package that will revitalise some form of a recovery in rural Ireland because it is not evident at the moment. There is no doubt that will be a challenge but it is also an opportunity. If I was part of a government going into an election, I would provide something to rural Ireland not necessarily by way of financial transfers in the State, but economic stimulus packages that would get people back to work in local areas rather than feeding into the Teagasc report, which stated that 60% of the population will live within 30 miles of the east coast by 2032. The Government, through policy intervention, must stop that happening because that would see an exodus of people from the west. That should not happen, and a policy intervention can change it.

I wish the Minister well. I have no doubt he will be busy in the coming weeks, and we look forward to the Budget Statement.

Senator Mary Ann O'Brien: I welcome the Minister and thank him for the opportunity to communicate on this issue here. As we approach the budget, and I welcome the fact that the Minister is in the House because I know he will be on the same page as me, I believe it will be a budget for our carers. Family carers have consistently lost allowances, benefits and supports over the past four years, as well as services on the ground. As we all know, Irish people place a high value on family in terms of looking after their elderly parents or their daughters, sons, sisters or brothers with a serious long-term illness or disability. These carers deserve a budget that will offer them stability, security and dignity.

The Government views carers as a financial burden as opposed to valuable, hard-working citizens who are doing vital and difficult work in saving the State millions of euro. If Senator van Turnhout was caring for a relative, she would be getting €204 a week because she is under 66 years of age. If Senator Quinn, who I think is over 66 - he is 67 - was looking after an elder relative he would be getting €239 per week. What amounts of money are those for somebody who is trying to manage a household and work seven days a week under incredible stress? The Minister spoke about people with disabilities, Alzheimer's and other incredibly difficult diseases who need 24-hour care. We have the wonderful fair deal scheme but these carers are saving the State millions of euro. A fair deal arrangement will cost the State €800 to €1,000 a week whereas Senator van Turnhout will cost it €209 a week, but I think Senator van Turnhout, or carers like her, should be getting at least double that amount.

For a wife caring full-time for a husband with Parkinson's disease, the disproportionate 19%

cut to the respite care grant in budget 2012 has made her caring role much harder, not easier. For the couple who are caring for a young family and an older mother with poor mobility due to pulmonary disease, the cuts to the housing adaptation grant scheme means they will wait years, not months, for supports to be put in place for a much-needed downstairs bathroom. Those are the basic requirements, and dignity, these people deserve.

To go into a little more detail, the 19% cut to the respite care grant imposed in budget 2012 was deeply unfair and disproportionate to the cuts applied across the general social protection budget in the context of Ireland's economy slowly recovering, with cuts in income tax entering the fiscal discourse and cuts to other social welfare supports being restored in last year's budget. I urge the Minister, as do the members of the Carers Association, to restore the respite care grant to the full €1,700 in budget 2016.

In terms of restoring the household benefits package, the decision to abolish the telephone allowance flies in the face of Government policy to care for people at home. Without a telephone line, lives are put at risk as older people, the sick and the disabled are denied access to alarms or telecare equipment as well as having a direct link to their carers.

Family carers cannot claim relief on medical expenses incurred as a result of their caring roles. Could the Med 1 form through which PAYE workers can claim relief be put in place for carers?

I support Senator Quinn regarding self-employed entrepreneurs. Coming back to the issue of capital gains tax, CGT, for entrepreneurs, I ask the Minister to examine the English CGT system. Currently, CGT is at 33%. All of us here want to encourage young entrepreneurs to start businesses and employ people but if they put together a successful business, employ people, are successful and want to dispose of their businesses and assets in five or six years' time, they will pay 33% CGT. In England, there is a special relief for entrepreneurs which means they pay only 10%. On the subject of capital gains tax, CGT, a person in England with a low income who is lucky enough to have a gain such as an inheritance will have a CGT rate of 18%. If one is a high earner, one's CGT rate will be 28%. I ask the Minister to consider taking away this blanket CGT rate. While I agree it may be fair that people who have lots of properties and never did anything to earn them should pay at a rate of 33%, an entrepreneur who has created wonderful business, stimulated the economy, employed people and has gone through all the pain should have a different system.

Senator Cáit Keane: Members do not often have the opportunity to engage with the Minister, Deputy Howlin, although he comes into the House on occasion. When I saw he was in the Chamber, I decided to come in and speak on this important subject. The Government has made and is making a priority of homelessness and housing, which is its main focus at present and hopefully the outcomes will be successful. I look forward to the implementation of yesterday's announcement of €2.9 billion for social housing. The Government must ensure that whatever it does regarding housing is well thought out and well thought through. I listened to Senator Hayden on the cap and whatever and while rent controls are in vogue at present, measures must be well thought out and well thought through in respect of supply because after all, Governments do not build houses; people and builders do.

I came into the Chamber to speak about the child care issue in particular. While Senators van Turnhout and Naughton have spoken about it previously, I consider it to be the most pressing issue after housing. At present, 80% of the budget goes on health, education and social

welfare. Were an investment made at the early intervention stage, one would reduce the budget of each Department by at least 10%. I ask the Minister - and have made this point previously to the Minister for Children and Youth Affairs, Deputy Reilly, - that each Department be levied for a stipend towards child care and early intervention and prevention. This not only concerns the Department of Children and Youth Affairs but it concerns all Departments. One might ask how the Department of Justice and Equality's responsibilities relate to children, but it has been found over the years that for every \$10 spent, at least \$2 were saved. It was in dollars at the time, which was before surveys were available in Ireland. Children do not go to prison, end up being better educated, have higher workforce participation rates and have better health. Consequently, it is a false economy to suggest it is only the Department of Children and Youth Affairs which deals with the issue. Each Department should conduct an internal examination of itself in this regard. While Governments always are being charged with looking at single years, the present Government is engaged in long-term planning of which this would be an element. There is no point simply in throwing money at child care and the Minister, Deputy Reilly, has stated it must be of high quality and all Departments must consider this point. It does not come cheap and will not be cheap but it must be done. Another point regarding the workload early childhood care and education providers now have is many of them go on the dole if their employers cannot afford to pay them throughout the summer and in consequence, €6 million or €7 million is paid out in dole payments. It would be much better to put that money right into the system to provide early intervention, particularly for the most needy. On the question of giving €5 in child benefit, while it of course is welcome, is it best? If the aforementioned €5 gets into the hands of people who do not understand the benefits of early intervention, they might put it in the wrong direction and it would not necessarily have any impact on the child in the long term. I ask that this point be considered.

Another issue that already has been mentioned in the Chamber is that of increasing women's participation in the workforce and after-school care and the need to draw up a stable programme for that because it is piecemeal at present. The advisory council established by the Minister has made some recommendations in this regard and while Members must await the budget, I refer to the Hands Up for Children recommendation and the ongoing review of the effectiveness of existing child and family services to ascertain whether they all provide value for money. On the inspections, I agree completely with Senator van Turnhout's point that while nurses are well qualified and so on, they are not the right people to make such visits. I served on the very first expert group on child care in 1991, at which a vote was taken on whether it should be under the remit of the Department of Health or the Department of Education and Skills. Health won out but I consider that to be the wrong Department and that it should be under the remit of the Department of Education and Skills. I compliment the Government in that this is the very first year in which the Department of Education and Skills has taken an interest and will provide an inspectorate. However, co-ordination with the inspectorate through the Department of Education and Skills, Tusla and so on must be done.

While I mentioned the workforce, I note it is employers who provide the jobs in this regard. As for support systems, one should reduce the lower rate of PRSI for employers. While I must conclude on this point, the taxation of work must be a third priority. As for getting people back to work, there is nothing like getting people out of poverty by providing them with jobs. I compliment the Minister, Deputy Bruton, on the work he has done in this regard and on the figures Members see each week. The issues of employers' PRSI, making it easier for people to employ, as well as the benefits employers themselves get if they happen to find themselves out of work also must be examined. As for the universal social charge and pensions, I could go on but I have

mentioned what are my priorities. I look forward to continued success for the Government.

Senator Sean D. Barrett: I welcome the Minister of State, Deputy Harris, to the House. That is a general welcome because I believe the Ministers, that is, Deputies Noonan, Howlin and Harris, have done the State some service compared with the situation the public finances were in. I am glad they are operating within the European Union guidelines, as well as the guidelines of the Irish Fiscal Advisory Council, that we have lessons to learn from what happened before which are being learned and that we are not in the business of buying votes, which probably does not work in any case. As Members engage in their surveillance of the public sector, there still are efficiency gains that are essential. The Comptroller and Auditor General's report on postcodes published today reveals an Inspector Clouseau-like conduct by the project's promoters. I have not yet received a single letter that has a postcode on it. It was a dream world. Members pointed out both here and at the Joint Committee on Transport and Communications that nobody wanted this project. Private sector people did not seek it and An Post already was delivering 98% of letters on a next-day basis anyway. I wish everything operated at an efficiency rate of 98% but this project appeared to have a life of its own. It involved strange employment of consultants without open competition and a cost-benefit analysis that added in benefits that were not there and forgot to include costs and so on. It is a case study. In all of this and in the reforms being implemented by the Minister of State, Deputy Harris, and his ministerial colleagues, Deputies Noonan and Howlin, is there a procedure by which the Comptroller and Auditor General, the officer charged with these efficiency duties under the Constitution, could be involved before it gets to the State pathologist or the coroner's report? Could these projects be spotted first and steps taken to avoid them? This is what the Comptroller and Auditor General is there for and it is a useful reminder to the House that many of the problems experienced in the past still must be addressed and Members cannot cover everything.

On tax reform, I note there again is a movement to the effect that Ireland has too many low-income people who are kept out of the tax net. I support keeping them out and consider it to have been a progressive move by various Governments to operate taxes in that way. While there is an opposite view to the effect that everybody should pay something, paying something or paying a lot on low incomes is not the kind of social model we have espoused. The various Ministers have referred to the top tax rate on average incomes, and I presume it will be addressed. The water tax turned out to be a poll tax. It is €260 for the first glass of water regardless of income and is free thereafter. Members tabled amendments in this House that would have been useful, because the Leader and the Cathaoirleach allowed full debate here. Some amendments and proposals that were put forward in this House would have helped the Government. Nevertheless, it is strange to introduce a poll tax. As for the universal social charge, USC, having an exemption limit which then is abolished once one goes over the exemption limit, that must be corrected because that turns taxation on its head. On the issue of corporate tax, the single low rate tax is the one to defend. However, we must move - and the base erosion profit shifting, BEPS, movement from the OECD is the way to go - towards stating the rate of 12.5% here is a bargain and towards asking people to pay at that rate of 12.5%. Let us not have a whole industry of tax lawyers and accountants, the fiscal termites, trying to erode the 12.5% rate.

On capital projects, some start was made yesterday, particularly in the later chapters. We must appraise capital investment much more strictly than we did in the past. The Minister must look at the alternatives, tell us the cost-benefit ratio, the internal rate of return, the net present value and all of those, and not have projects proceeding because the beneficiaries - the engineer-

ing sector and the construction sector - think it is a good idea. If one asks any sector whether it wants the entire GDP spent on it, of course it will answer “yes”. Robbing Peter to pay Paul usually gets the support of Paul and Paul’s tax lawyers and accountants. That is not the point. On redistribution, we should emphasise again that it is to take from the haves to give to the have nots. The squeeze on medical cards for people aged between seven and 70 contrasts strangely with a flaithiúlach attitude to people who are under seven and over 70. We are meant to have transfers from the haves to the have nots.

On institutional reform, as the Comptroller and Auditor General suggests, we must develop more individual responsibility. Regarding the passing of the buck which is dealt with in the later sections of the Comptroller and Auditor General’s views on postcodes, someone in a Department promoted that and despite everything we said at the Committee on Transport and Communications, it still went ahead. Some €38 million was spent as well as there being ongoing charges and we have not seen a single letter using it yet after the first three months.

The Exchequer must make quite clear to lobbyists that it serves society as a whole, not just lobbyists. Lobbyists distract industry from the market. What is the market? We have had an internal devaluation and we cut the costs in the public sector. We have an external devaluation because our currency, the euro, has declined relative to our major trading partners, in both sterling and the dollar. Our attitude seems to be to get out there and go for export-led growth rather than trying to replace it by domestically generated growth which got us in trouble before. However, the direction is sound and I wish the Minister of State and his two colleagues every success.

Senator Kathryn Reilly: I welcome this afternoon’s debate and I will try to be brief with my comments. I have a great deal to get through. Speaking about recovery would seem like crazy talk to many people, given the struggle everyday life remains for working families, those looking for a job or those who may be caring for others, as was discussed earlier. We in Sinn Féin are under no illusion: recovery is not being felt by everyone and it is limited to certain people in certain sectors in certain regions. It is time for a fair recovery and I hope the 2016 budget will achieve that. Tackling inequality is not just about simple measures of taking from the rich to give to the poor. Economic inequality can only be reduced if policy is joining up the dots between taxes, public services, jobs, wages and the cost of living. I will take this opportunity to touch on some of those issues in the limited time I have. In the next few weeks we will be able to reflect on this when the budget is presented in the Dáil.

We all agree that more quality jobs are a key antidote to poverty and low incomes. A Eurofound document released earlier this year, the European Jobs Monitor report 2015, found that the increase in jobs in seven countries studied, including Ireland, is in “a transition from the more polarised employment shifts of the peak recession years to a flatter, more equal distribution of employment across the wage distribution, with, if anything, a downward skew – in other words, greater growth in lower-paid employment”. From this, it notes that there may be increases in low-productivity employment, but this means in turn that output does not rise. Therefore, in spite of the increase in jobs, living standards no longer rise. It goes on to find that the jobs growth of the past three years has been asymmetrically polarised, with the greatest growth in well-paid jobs, modest growth in low-paid jobs and declining employment in jobs in the middle of the wage distribution. The OECD has said the fostering of better jobs for a larger proportion of the workforce will be key to reducing inequality and this must be a priority.

Some reference has been made to progressive taxation systems and progressive income tax

systems. There has been some dispute about this, specifically about what constitutes a tax system. It goes beyond just looking at income tax and must incorporate corporate, capital, income, property, wealth, value added and other taxes. Fintan O'Toole discussed this in *The Irish Times* yesterday. He argues that the claim that we have the most progressive tax system depends on ignoring the highly regressive nature of indirect taxes, which leads me to my next issue.

It will not come as a surprise to the Minister of State or to anyone else here that one of the things we would like to happen in the budget is a commitment to abolish domestic water charges.

Senator John Gilroy: There would be no tax cuts for a generation if that happened.

Senator Kathryn Reilly: I feel privileged that I am the only person being talked over here this afternoon. The argument about savings is redundant following EUROSTAT's comprehensive destruction of the attempt by the Government to have Irish Water counted off the books. The abolition of water charges is not only fair but also achievable and affordable. The Sinn Féin vision for a fairer tax system will mean that some will pay more. Some will pay more - not struggling families, but those who can afford to pay it. As before, we propose that a third rate of tax be introduced in order that individuals, not couples, who earn in excess of €100,000 per year will pay some extra tax on the portion of pay over €100,000. We will talk about a wealth tax to discuss how some of those who earn the most in the country will be taxed for that. I refer again to the figures published by Credit Suisse and the CSO earlier this year which show that the wealth held by the top 20% is, respectively, 72.5% or 72.7%. That means that roughly one in five people own three quarters of the value of all the land, housing and financial assets in the State. That needs to be looked at. Our proposals are costed, they are realistic and we will be happy to provide them to the Minister of State in the coming week when we finalise them in advance of the budget.

Looking to services in the coming years, as has been mentioned, the State faces demands for higher expenditure in the areas of health, education, social protection and pensions as the composition of our population changes. In addition, the cost of providing the existing level of public services is likely to rise in line with the forecast general rise in prices and wages in the economy. In respect of the announcement yesterday, the economist Michael Taft has argued that the projected €27 billion expenditure on public investment between 2016 and 2021, as outlined, represents stagnation. He bases that on some statistics and figures, namely, that in 2015 public investment made up to 1.8% of GDP and the €27 billion package over six years represents 1.9% of GDP. That means that between this year and 2021, the average annual increase in public investment will be less than €250 million.

We in Sinn Féin will not pretend we can have better public services while people pay less and less tax. That would be dishonest of us. If we want better public services, we will have to pay for them. Our fairer tax system will deliver those sound revenues and more and better targeted public spending. In his speech, the Minister, Deputy Howlin, noted that our commitment to our citizens in these areas requires that we consider these trends in the future and plan accordingly. That is why in our pre-budget submission, which I referred to and which we will be presenting, we will be looking at that taxation system to ensure we can provide these services into the future.

Senator Fidelma Healy Eames: I welcome the Minister of State. I agree with Senator Sean Barrett that he has made a very fine contribution to the portfolio.

We do not have a bottomless pit but because of the way we do our budgets every year, we give the wrong impression to the public that we do. It is unforgivable that we continue in this vein. I have said it before in this House. Last year I published a budget reform Bill which would have required the Government to produce a mid-year balance sheet, showing our assets, our liabilities and our contingent liabilities. This would have given us an open and honest baseline to start the debate and from which to work. That is still not available. We are relying on the Government's figures to know whether we can reduce taxes by €750 million or reduce spending by that amount. This is the Government's estimation. Meanwhile, we have the ESRI saying we should have a neutral budget because it does not want to risk the recovery. Neither do I. I am glad the recovery has started. I welcome it every step of the way and I have voted for it in this House, regardless of which side of the Chamber I was on. Contrary to what the Taoiseach has said, the recovery is not behind every door. I know he would like it to be there, but I know what I am finding behind every door, or many doors. I am finding unresolved debt that no welcome cut in the universal social charge will correct. I am finding missing people through emigration and, unfortunately, through suicide. These are very real issues in the environment we are in.

To be fair, the fiscal council brings a sober voice to budgetary matters. I think that is very welcome. It has said that where the Government is going is the outer limit. I ask again what we can spend the available money on. We should only spend on priorities. When I hear the Government saying every child over the age of five should have an iPad - it was all over the newspapers last Saturday and Sunday - I know it has lost it a little bit. I will explain why I believe that. First, it is not educationally sound for every five year old to have an iPad. I accept that in the hands of the right people - teachers and parents who are trained - it can be a tool for learning, but it is not for every child. I have seen how children work iPads. I have an open mind about the use of iPads by children in senior primary school classes and in secondary school. Of course I support assistive technology for children with learning difficulties, and I know the Minister of State is with me on this one. When he sums up at the end of this debate, can he tell me how much it would cost to give an iPad to every child in this country aged five and over? This is a serious question. The cost of this measure needs to be balanced against the fact that 2,200 people in this country, 1,200 of whom are children, are in emergency accommodation. Do they need an iPad, or do they need a house, a bed and food? I remind the House that the Capuchin monks are feeding 800 people a day. There is no argument. Anyone who watched "The Week in Politics" last Sunday night will be aware that 8,000 social workers are needed for over 40,000 abuse and welfare cases. An iPad is not a priority in that context. Will the Government's budget proposals fill those 8,000 social work positions? I hope to see these priorities addressed. In July of this year, I could not get this House to debate the fact that 18 pregnant women were homeless. What are our priorities?

We have refugees coming in and I welcome them. I welcome the Syrian refugees. They are refugees. They are looking for refuge. I understand that approximately 7,000 families are willing to offer a bed to them. This is a wonderful integration method that should not cost money. I completely disagree with the proposal to pile them all into centres, especially in light of the mess that has been made with direct provision by this Government and its predecessor. It is ridiculous that their applications are not processed after seven to ten years. We should not waste money that way again. I accept that the approach I am advocating would take a good bit of co-ordination. We know that the Syrian people, by and large, are educated and cultured and have a contribution to make. The Minister, Deputy Fitzgerald, has said they will be processed very quickly, but I doubt it. I will wait and see. If that happens, I will welcome it and take my hat off to it. If these refugees are processed within a year and are out and about, contributing to

the community and the economy, I will welcome that.

I am not finished. I just-----

Acting Chairman (Senator Michael Mullins): There are three other speakers.

Senator Fidelma Healy Eames: I apologise.

Acting Chairman (Senator Michael Mullins): We need to have it finished.

Senator Fidelma Healy Eames: I will take 30 seconds to make a second point on budget reform. When the Government announces its spending caps, it should be announcing targets and saying what aspects of the expenditure of individual Departments worked and did not work in the last term. It is wrong that there is no impact assessment. The waiting lists for scans are ridiculous. I will finish on this point. A young woman told me the other day that when she went to the orthopaedic department at Merlin Park Hospital for a scan on her shoulder, the surgeon told her that he could do it immediately if she paid €200 and that otherwise she would have to wait eight months. I ask the Minister of State not to tell me that the Government is doing impact assessments. It is going to be giving out the same money to health again this year without seeing what is working and what is not working. This is why I am annoyed that my Bill on budget reform was not brought onto the floor of the House. I am not concerned about myself, but about better spending of taxpayers' money. I ask the Government to stick with priorities, rather than populism.

Senator Jim Walsh: Cuirim fáilte roimh an Aire Stáit go dtí an Teach. How long do I have? I assume I have five minutes.

Acting Chairman (Senator Michael Mullins): The Senator has five minutes, but if he takes all of that time the remaining speakers will have just two minutes each.

Senator Jim Walsh: Okay. I will try to finish sooner. I wish to mention a few headline issues. We should look at a number of public expenditure issues that came very much into vogue and into focus when the economic crisis broke. I refer, for example, to the rates of pay across the public service and indeed the rates of pay generally in the country. I was amazed that a 2008 survey done by the University of Glasgow showed that urban pay rates in Ireland represented approximately 29% of the pay of the whole country. We were actually at the top of the league, with an average of €43,000. The nearest was Denmark at €36,000. The figure for Germany, which is the paymaster of Europe, was €31,000. Britain was at €29,000. France, which is a highly unionised and labour-organised country, was at €23,000. The survey in question showed how far out of line we were. We should ensure that never happens again. When I hear about the restoration of pay in the public service and all of that, it strikes me that we need benchmarking, although not the kind of *mar dhea* benchmarking that existed in the past. I would have made this point in the Seanad when benchmarking was first raised. We should benchmark against similar positions in the public service in western European countries. If we do that and keep within those parameters, we will keep ourselves competitive. That is the first point I want to make.

My second point relates to pensions. If I remember correctly, the additional pension contribution that we have all had to make as a consequence of the difficulties of recent years is approximately 7%, on top of the existing 6% contribution. I do not think that should be unwound. Those of us who are working in the public service should recognise that we would not

be able to get a similar pension system in the private sector, as it would be unaffordable and we just could not pay for it. Most of the private sector has moved from defined benefit schemes to defined contribution schemes. This has been done to protect against the type of inflationary issues that confronted many of the trustees of pension funds during the last decade or more. I know people have pension rights, but I would leave the additional contribution as it is, at 13% or 14%, for those who wish to stay in a defined benefit public service scheme. I suggest that if one does an actuarial assessment of that, one will find that the real cost of it is probably around 34% or 35%. I accept that a minor proportion is being paid by staff towards the cost of it. I think we need to do that. I would give each person in the public service the option of changing part of his or her pension arrangement to a defined contribution scheme, on a voluntary basis, and coming back to the 6% level. People should not be afraid of that because many people in the United States who were working in employment did exceptionally well in the last couple of decades by investing in mutual funds as part of their pensions. Many of them created a wealth that they would never have had without that. I think we should look at it that way.

I would like to mention while the Minister of State is here that a number of things need to be looked at on the taxation side. In my opinion, capital gains tax is an absolute mess. People who have suffered significant losses on investments are unable to write off those losses. Some of them are related to insurance. It has become far too complicated. In addition, the rate of 33% is far too high and needs to be looked at. Capital acquisitions tax has also been mentioned. I am sure some of my colleagues have spoken about it. We have seen examples of people who inherited houses having to sell those houses even though they needed them. That is wrong. I think it needs to be looked at.

I will conclude by speaking about the universal social charge. As the Minister and the Government have said, it was an emergency measure. It was clearly stated at the time that it was being introduced to meet the needs of the fiscal crisis of the time and would be unwound as soon as we got into better and calmer waters. That commitment should be honoured.

Acting Chairman (Senator Michael Mullins): The Minister of State is due to respond but if we could shorten his response to five minutes, we could give two minutes apiece to Senators Bradford and Heffernan.

Senator Paul Bradford: I requested this debate and strongly pressed the need for such a substantial discussion but I will allow the Minister of State to reply because it would be ridiculous to try to make sense of budgetary policy or make a coherent argument in two minutes. Without any difficulty or disappointment, I will give way to the Minister of State and let him reply to the people who at least had a reasonable length of time to make their submissions.

Minister of State at the Department of Finance (Deputy Simon Harris): I thank the Acting Chairman. I also thank, on my behalf and that of my colleague, the Minister, Deputy Howlin, all Senators from all sides of the Seanad who took the opportunity to engage in this pre-budget debate, which has been very useful. I certainly found it very thought provoking and we had quite an honest debate. In my time in the Chamber today, I have heard a number of trends being repeated, which is always a good indication of what people are highlighting as priority areas and issues that they want the Government to consider in the context of the budget, which is in just under two weeks. I will endeavour to respond to some of those points.

The first point is there has been budget reform. I take the point made by Senator Healy Eames and accept her conviction on the issue, as I heard her speak about this passionately be-

fore. I fully accept her bona fides in that respect. Nevertheless, I must outline that there have been some budgetary reforms, although that does not mean we are finished with the process. We have already seen a number of these reforms introduced by the Government, with the core concept being the principle of openness and transparency, which allows for clearer accountability and oversight. One of the first actions taken by the Government in 2011 was the implementation of a medium-term budgetary framework to enhance the management of public expenditure. This new framework, along with two comprehensive reviews of expenditure, which considered every cent of public expenditure, provided an opportunity for discussions to move away from consideration of short-term issues to broader strategic debates.

Elements such as the public spending code and value for money policy reviews are well established at this stage and aim to systematically analyse departmental expenditure. The establishment of the Irish Government Economic and Evaluation Service, which could be considered in this House at another time, means that we can examine, from an economic evaluation perspective, how public funds are being spent in each Department. It is a welcome measure. We have introduced performance budgeting, which provides a link between funds allocated, key outputs and performance indicators of each Department. Coming into this budget, two of the most exciting reforms are the development of the spring economic statement and the national economic dialogue. With the spring economic statement, we now have more data than ever before at the disposal of every Member of this and the other House, and at the disposal of the public, in order to have an honest debate. As a result, we have moved to a space where I think - I am open to correction - there is almost a political consensus in terms of the fiscal space available.

When I attended the national economic dialogue in July with the Ministers, Deputies Noonan and Howlin, I was struck by the fact there were many stakeholders from society attending the event. These included people doing superb work in non-governmental organisations, representatives of the trade union movement and the business community. We had an honest exchange about the priorities and almost everybody, if not everybody, had the discussion in the context of the Government having a limited pot of €1.2 billion to €1.5 billion. The discussion was on how to divide that pot, which in itself was a good development.

Some of the debates at the national economic dialogue, which was streamed live for every citizen in the State to see, were very useful. I will make a point on the tax side. I was little disappointed that some of the national economic dialogue was a discussion about tax merely as a redistribution tool. Redistribution is an important element of tax and I fully understand the concept of taking from a group and giving it to another. However, tax also has another role to play, particularly when a government or a political consensus wants to arrive at full employment. Tax can be used as a tool for economic growth and job creation. I have heard references to the ESRI report this morning, which I note, but there are elements of the ESRI report in the spring economic statement which indicate that if tax on work is reduced - the reference is universal social charge and income tax - one can help create more jobs and increase productivity. We saw this with the 9% VAT rate, and if we put in place targeted tax measures, this may not just be an argument from the past about Robin Hood and distribution but rather about economic growth as well. It is a point worth making.

There is a bit of a phoney debate that goes on from time to time and I am grateful that we did not seem to have it in the House today, or at least not while I was present. That debate is about whether we look after the economy or society. I am sure this will come into sharp focus in the run up to the general election. I can get very frustrated at home at the weekend listening

to the radio discussions when people say the Government only cares about the economy and what about society? I challenge anybody in the House or a commentator in the media to explain how to deliver the society these people talk about at great length without having a functioning economy to deliver it. The economy is not an end in itself but a means to an end. It is a tool or a vehicle but we must ensure that we do not engage in fanciful politics and economics, telling people we are in favour of this, that and the other but we are not in favour of this tax, that tax or the other tax. People should not say they are not in favour of water or property taxes while promising that they can make all the services better. The people will not be conned by that so we need an honest debate in that regard.

I will briefly touch on some of the tax issues that were raised. With regard to the self-employed, the Minister for Finance, Deputy Noonan, and the Taoiseach are already on record as saying they intend to examine that area in the budgetary context. It is important that as we move further into a period of economic recovery and growth, we should ensure that we can create an entrepreneurial society. To tell people to set up a business but penalise them on the tax side when they do that seems anomalous and unfair. We cannot eradicate the problem in one budget but we can begin that process; I hope we will do it in the budget.

The Department of Finance has recently concluded a tax and entrepreneurship review and a very good document has been published, which is still on the Department's website. It asked a number of questions, including what we are doing that is damaging the possibility of entrepreneurship, the supports in place for working entrepreneurs and what supports are in place that no longer work or which are no longer needed. If these are no longer needed, should we tweak or abolish them and what new supports should we introduce? It is a very good document and we have received over 40 submissions from interested stakeholders. The Minister and the Government will reflect on them in the budgetary context.

As the Minister, Deputy Noonan, has said, we are moving from the idea of "if I have it, I will spend it", which led to boom and bust. We are going to keep to strict parameters, and as Senator Healy Eames and others have said, this means that priorities will have to be picked. I do not have a costing to provide an iPad for every child in the country because there is no intention to give an iPad to every child in the country. My understanding is the Minister was talking about the need to move in the direction whereby our children and our schools can be equipped for ICT.

Senator Fidelma Healy Eames: That is great clarification. I thank the Minister of State.

Deputy Simon Harris: I am happy to provide that clarity.

Senator Fidelma Healy Eames: That makes much more sense.

Deputy Simon Harris: I am sure the Minister would be happy to provide it as well. There are significant education priorities and I am sure we have all had engagements with the Irish National Teachers Organisation and the principal networks, etc. I do not mean to be partisan about the issue but I am proud of the capital plan published yesterday because it does not contain a Bertie Bowl or a white elephant. It contains many common sense measures and after years of not being able to invest in capital infrastructure and only being able to pay the day-to-day bills, we can now begin to plan for the strategic investments of the future.

I have heard Senators speak very eloquently. Senator Mary Ann O'Brien spoke about the views of the Carers' Association and there is absolutely nobody in this House or in the Govern-

30 September 2015

ment suggesting that the past several years - it spans further than the lifetime of this Government - have been easy for people. We now have a vehicle where we can begin to try to invest in the services that we value as a country, and that must include our carers. Senator O'Brien used the words stability, security and dignity, and I will ensure they are in my mind as we approach the budget.

We cannot solve every issue that has been raised here or that will be raised in the context of the budget but we can begin in this budget to move into a new period whereby we have a functioning and growing economy, and we can take measures to ensure that every single Irish person who wants a job can get one and that we will have more people employed in this country than ever before by 2018 at 2.1 million people. We will be able to invest in those crucial services then, and I look forward to debates in this House over the next fortnight and beyond in the budgetary context.

Minerals Development Bill 2015: Committee Stage

Acting Chairman (Senator Michael Mullins): I welcome the Minister of State at the Department of Communications, Energy and Natural Resources, Deputy Joe McHugh.

Section 1 agreed to.

Amendment No. 1 not moved.

Section 2 agreed to.

Sections 3 to 29, inclusive, agreed to.

SECTION 30

Senator Trevor Ó Clochartaigh: I move amendment No. 2:

In page 30, between lines 4 and 5, to insert the following:

“(3) The Minister shall review all prospecting licences and retention licences every five years.”.

Cuirim céad fáilte roimh an Aire Stáit. Táimid ag cur leasú chun cinn a thabharfadh cead don Aire athbhreithniú a dhéanamh ar na ceadúnais atá ann faoi láthair nó ceadúnais idirghabhálach gach cúig bliana, agus, sa chás go bhfuil duine a bhfuil ceadúnas acu ag cur isteach ar fhorbairt san eacnamaíocht áitiúil, go bhféadfadh an tAire an ceadúnas a tharraingt siar agus a oscailt suas do bhabhta eile tairisceana.

This amendment relates to a case I dealt with in Connemara. On Second Stage we discussed the long and drawn-out history around many of the minerals licences in the State, some of which date back to landlords who were not resident on the island of Ireland. The particular case I was dealing with related to a person who had a minerals licence in respect of another person's land and that person, on his own land, wanted to develop a quarry but was precluded from doing so because another person held the mineral rights. The person who held the mineral rights had no intention of opening the quarry or doing any work on the other person's land and need never get permission to that because he was not the owner of the land.

I understand that under the previous legislation there was an option to revoke a licence that was not active. Perhaps the Minister of State would outline how he envisages the new Bill working. Certainly, when I raised this issue with previous Ministers they were slow to act and did not want to intervene, even though the licence was not being used. The licence which dated back to 1972 was not being used but it prevented somebody else who had a bona fide business, a market, and wanted to sell their product from opening a quarry on their own land, due to somebody else having the licence.

Because of the way we have seen some of these licences going, we suggest that the Minister should review all prospecting licences and retention licences every five years. It is not appropriate that landlords who may live in Britain or elsewhere should hold the rights to the minerals of the State if they are not making bona fide use of that licence for the good of the State or for the good of local communities, or creating businesses or jobs. I understand there are around 600 licences out there, including prospecting licences. It would be interesting to find out how many are inactive and what the Minister intends to do about them. Will he revoke them? Will he take ownership back into the hands of the State and the Department as that would appear to be a logical thing to do? Fágfaidh mé leis an Aire Stáit é, go bhfeicfidh mé cén freagra atá aige féin.

Senator Mark Daly: I support my colleague in respect of the licences. I am aware the section allows the Minister to make regulations. The primary legislation gives powers in that regard. In respect of the renewal or grant of licences *indefinitum* is there a requirement to renew every five years or ten years? I suppose “use it or lose it” is the terminology we would use. If people are getting a licence it would make sense if they know they must act on it in the same way as a planning permission must be acted on within five years or else it expires and one has to go through the licensing process again and take one’s chances. The point is well made by my colleague that one needs to ensure there is an incentive for the licence to be used.

Minister of State at the Department of Communications, Energy and Natural Resources (Deputy Joe McHugh) (Deputy Joe McHugh): I agree with the Senators’ concerns about keeping licences under review. A five-year review interval would be too lenient. At present, prospecting licences are granted initially for a period of six years and may be renewed for a further six years, if warranted. Thereafter, the licence may be renewed for periods of one or two years, depending on the circumstances. During the six-year term of the licence, every licence is subject to formal review at two-year intervals and thereafter on renewal. This regime has been in place by administrative procedure since 1994 and has worked well. It is my intention that these arrangements will not change following enactment of the Bill. Section 29 of the Bill provides that the Minister will determine the time limits for which prospecting licences and retention licences may be granted subject to any maximum limit prescribed under section 30. I do not propose to grant a retention licence for as long as six years but the Bill allows flexibility, having regard to the particular circumstances. Retention licences will be formally reviewed at the same frequency as prospecting licences. Apart from formal reviews, the technical staff of the Department maintain contact with licensees throughout the licence term and keep apprised of developments. The proposed amendment is, therefore, unnecessary and I am not inclined to accept it.

I accept the Senator’s point regarding prospecting licences. He is correct that there are between 550 and 600 such licences. He also asked how many prospecting licences are inactive and how many are active. All of the licences are active.

I reiterate that a prospecting licence is not a permit to mine. It is not always clear that a prospecting licence only allows the holder to explore for minerals. It is, therefore, a licence to spend money on exploration activities which, in itself, gives no return to the holder of the licence. Once prospecting has been completed, licence holders must go through the full rigours of the application process, which includes a planning process and the involvement of the Environmental Protection Agency.

I appreciate the Senator's concern regarding this matter. He should note that the legislation provides for a review to be held every two years to maintain vigilance.

Senator Trevor Ó Clochartaigh: I appreciate the Minister of State's response. He referred to 600 active licences. Are there any inactive licences?

Deputy Joe McHugh: No.

Senator Trevor Ó Clochartaigh: Every licence is, therefore, active. What is the case with regard to mining licences? For obvious reasons, I will not refer to the specific details of the case I highlighted. In that case, the licence to mine has not been acted on for more than 30 years. I understand a significant number of such inactive licences may be in place across the island. The previous Act contained a clause which allowed the Minister to revoke a licence where no action was being taken on foot of it. I called on the previous Minister of State, Deputy Fergus O'Dowd, to avail of this provision. Is there any point in having such a power if the Minister is unwilling to clear the decks by revoking inactive licences? We want minerals to be utilised for the good of the State and to create employment and products in a sustainable and environmentally friendly manner. We must ensure there are no mechanisms available to licence holders to block competitors from entering a market. I am informed this was being done in the case I cited.

I noted the Minister of State wears two hats in that he is also responsible for the National Parks and Wildlife Service. Does it make sense to grant prospecting licences in national heritage areas and special areas of conservation? I am aware of a case of a mining company which is mining in and around Carna in Connemara. Most of the area for which the prospecting licence was granted is located in a special area of conservation. If the company in question were to find gold "in them thar hills", as one might say, what chance is there that a company would be allowed to mine in a special area of conservation? Would this be a waste of the company's time?

What criteria will be used in the review process? Will the review amount to nothing more than a cursory examination of the file followed by a decision to allow the licensee to continue to prospect for another six years or will there be a mechanism for rescinding the licence if A, B or C has not been done in the preceding six years? Is the Government intent on promoting the development of the industry through mineral mining or will it allow reviews of licences to tick boxes without any development taking place at the end of the process?

Senator Mark Daly: I concur with the point made by Senator Ó Clochartaigh on special areas of conservation. Will the regulations include a provision that licences will not be granted in special areas of conservation? The farming community finds it difficult to do any works on lands located within a special area of conservation. Is it appropriate and does it waste the time of companies to allow licence applications to be made and possibly granted in respect of areas that fall within special areas of conservation when the chances of mining or engaging in any

activity in the area in question is limited? One wonders if this will be the case. I am sure farmers are aggrieved that they are not permitted to engage in anything more than minimal activity in a special area of conservation when there is a possibility that mining companies will be allowed to remove the side of a mountain if they are granted a licence. This issue is of interest to everybody, especially the farming community. It is only fair to mining companies and anyone else applying for a prospecting licence that they be made aware that applications pertaining to special areas of conservation will not be granted because these areas are protected locations and habitats. This must be spelled out either in the regulations or legislation.

Deputy Joe McHugh: The Senators raised a number of issues. While we are digressing a little from the substance of the proposed amendment, the issues raised are important none the less. We must be definitive in differentiating between a prospecting licence and a mining licence. The former does not confer ownership or allow mining to take place. It is important to clarify that. Prospecting creates a fear in local communities that mining for gold or other minerals will follow. It is important to make clear that a prospecting licence does not allow mining.

Inactive prospecting licences are revoked and have been revoked in some instances. The exclusive right to mine is vested in the Minister. A number of stakeholders are involved in the process. Outside the scope of the Bill, there is also an important relationship between the local authorities, the Environment Protection Agency, the Department and private companies. The community is critically important in this regard and communities must be part of the relationship. No mining company will start operations in a rural or urban area without establishing a solid relationship with the local community.

The Senators raised questions concerning special areas of conservation, special protection areas and natural heritage areas. This is a difficult issue for the National Parks and Wildlife Service in that in areas that have been categorised as special areas of conservation, local communities feel under pressure regarding the possibility that their sons and daughters will be able to build homes. As the Senators will be aware, it is still possible to build in special areas of conservation and special protection areas provided the proper processes are adhered to, for example, in respect of environmental impact studies and other investigations, environmental, community or otherwise. It is important to ensure we have sustainable communities. Similarly, mining may proceed in special areas of conservation and special protection areas.

Senator Daly referred to the fears of farmers and asked where they stand in this process. The proper mechanisms are in place and it is important that proper processes are adhered to. While the exclusive right to mine is vested in the Minister, community engagement must also take place.

Farmers who wish to plough land in a special area of conservation must request permission to do so from the local office of the National Parks and Wildlife Service. This may appear prescriptive to outsiders. Senator Ó Clochartaigh asked about the other hat I wear in another Department. Similarly, given that a prospecting licence does not confer on the holder a right to mine, companies wishing to proceed from prospecting to mining must go through a rigorous planning process which involves consultation with and adjudication by the Environmental Protection Agency. If a licence to mine is subsequently granted, the company must comply with the conditions that apply.

Legislation in this area needs to be upgraded to encompass all elements of the process,

from the pre-mining stage, through the mining stage and after mining ceases. The legislation was needed to cover every process, from pre-mining, active and post-mining. Even while that legislation is not in place it is already happening in places such as Lisheen. There is money set aside. The process of rehabilitation is starting as the mine closes. It is important to get this right and the issues and concerns that the Senators raised here today are the questions I will be asking and have asked the officials in the preparation of this legislation.

Senator Trevor Ó Clochartaigh: What is the review process? What does it entail? Is it just a desk review where a civil servant will check that the boxes are ticked or will there be a consultation with the community, the National Parks and Wildlife Service, NPWS, and other State agencies? I am not sure. We are drawing the line between prospecting and drilling but my understanding is that prospecting can be fairly noisy and disruptive and the machinery is not insubstantial. One must consider that in a special area of conservation farmers have to get permission before they cut hedges which is not as noisy or as obtrusive. Some of the prospecting I have heard of and seen photographs of is substantial work. The noise can affect the people in the area. What is the review process? Will the Minister be reviewing the licences or will a civil servant hand a file to the Minister and say, “Tick these for another six years and let them off to go prospecting again”, or will we have an engagement with stakeholders in the review process?

Deputy Joe McHugh: The process is important and there has to be a community consultation with any planning application. That opportunity will be afforded and there will be a period of time to do that. It is also important to point out that the environmental impact assessment is not just a case of employing a consultancy company to give a standard report and tick the boxes. In my position as Minister of State with a vested interest because of my responsibility for mining, I see that it is important that it is rigorous and that there is consultation with the communities. There have been many mistakes made in the past about planning, be it single or multiple development. We have to bring all the lessons learned into it. We can learn about processes from the good and positive aspects of building regulation. We need a very active, open and transparent process. As a former community development worker, I know the community has to be at the heart of it because if the community does not support a project, nine out of ten times it will not work.

Senator Trevor Ó Clochartaigh: That point about communities is debatable but we better not go down that route. I know Senator Whelan will possibly have something to say about wind turbine projects and community support for some of those that have got permission. I am taking on board what the Minister of State is saying and we might withdraw the amendment with leave to table it, or a similar one, on Report Stage. I take on board that the Minister of State has considered the timescale and that we are all singing from a similar hymn sheet.

Amendment, by leave, withdrawn.

Section 30 agreed to.

Sections 31 to 81, inclusive, agreed to.

SECTION 82

Question proposed: “That section 82 stand part of the Bill.”

Senator Trevor Ó Clochartaigh: We oppose this section. The Minister of State mentioned that the right to mine minerals resides with the Minister and with the State therefore, and

he or she acts on behalf of the State. We oppose the sale of any State asset. Minerals, just like other State-owned property or goods, are an asset to the State and their development should be used for the benefit of the people of the State so that we do not see a situation whereby the State should hand over its ownership rights to mineral assets. There has been for too long a history of privatisation in this country and handing over of State assets, and we do not wish to see that extended to mineral assets no matter how small. We do not see why there is any need to have this measure as part of the legislation. No matter how small the deposits in question are, it would be better for them to reside with the Minister and that a licence to mine would be required. That is the reason we oppose the section.

Senator Mark Daly: We are concerned about this section. I suggest that the Minister and his officials would examine the wording if he is not willing to accept the Committee Stage amendment. A definition of “small” would be helpful for the Minister and future Ministers because we could do without a tribunal where somebody’s definition of small was €500,000 and then somebody else’s definition was €10 million and then someone else said €100 million is small. Donald Trump would argue that \$500 million would be small money.

The current wording is, “if the Minister considers that on account of the small tonnage or value of the minerals concerned it is expedient and efficient to do so”. There needs to be some definition of “small”. I looked through the definition section and I do not think “small” is defined in the legislation, which means it is based on the opinion of the Minister. It would be appropriate that the Department would provide some guidelines. I do not suggest regulations because then the Minister could change his own regulations. Not having a definition of “small” is poor drafting. It would mean any Minister could just say it was his or her version of small tonnage or value. We have had too many tribunals that resulted from the fact that legislation did not exist or was not strong or robust enough. We must ensure it is clear what is meant by “small”. In legislative terms it is far too vague.

Deputy Joe McHugh: Section 82 provides that the Minister, with the consent of the Minister for Public Expenditure and Reform, may sell State-owned minerals instead of granting a mining licence where the tonnage or value of the minerals is small and it is expedient and efficient to do so. Given that efficiency and expediency are included, one hat probably does not fit all; however, I take the Senator’s point about the definition. Such minerals will then become excepted minerals, which means the Minister will not have the exclusive right to work them, and the Mining Board will be so advised.

While I share the concerns about the sale of State assets that Senator Ó Clochartaigh expressed on Second Stage, I assure the Senator, and Senators Cullinane and Reilly, that it is not my intention in proposing the section. The section is intended to address a situation in which a small deposit of low-value minerals is identified, and setting up a procedure for collecting periodic royalties would not be justified on grounds of the cost of administration. The sale of the minerals in a once-off, up-front deal would be more appropriate in such circumstances. The sale of the minerals would be limited to the particular minerals being mined and would be considered only where the Minister was confident that the full value of the deposit could be accurately predicted and a net present value could be placed up on it. The consent of the Minister for Public Expenditure and Reform would be required before such an arrangement would be entered into. While the provision would rarely be justified, it would be useful for the Minister of the day to have the option available, should it be considered appropriate. Therefore, I am not inclined to accept the Senators’ arguments.

Senator Trevor Ó Clochartaigh: Obviously, there is a *raison d'être* for the section, and I accept the bona fides of the officials that they are inserting it to solve a particular problem they are experiencing. How significant a problem is it? Are there many of these small deposits? Is the Department having an ongoing problem? How small are the small deposits that have come to light to date? If the Minister of State could clarify this, it might give us a better sense of it.

Senator Mark Daly: It would be helpful if there were an outline of previous applications and information on small deposits that may have been sold in the past. I am perplexed as to the benefit. When dealing with minerals and mining licences, guessing how much is down there is an art and a science at the same time. My concern, and everybody's, is that the maximum return be made to the Exchequer. I would always imagine that licensing might be the better option, given that the Exchequer would receive a share of what is being extracted, which would be a better return, and there is always a chance that, after a piece of ground has been sold for a small fee, extra deposits are found, leaving the taxpayer at a loss for no real gain. I would like clarification on what has happened in the past regarding possible sales of what was deemed small tonnage or value and how much was deemed small. At the next opportunity, the Minister could tighten it up. It is too loose from a legislative point of view.

Deputy Joe McHugh: I do not want to underestimate the importance of the Senators' contributions, given that the issue is important. The section is a precaution. The scenario has not happened before. Some 60% to 65% of minerals are estimated to be in State ownership. This figure can never be firmly established unless all mineral deposits are identified and located. Private mineral ownership arises mainly when the land in question has not been dealt with by the Land Commission since 1903. If the Land Commission has dealt with the lands, the mineral rights are likely to be retained by the State. The fact that something has not happened does not mean it will not happen. It is very much a precautionary measure. The wording specifies that it will apply if it arises in the future. I take the point on the definition of "small" and the provision for expediency and efficiency. The parameters will differ in different cases and regions and depending on the operations and minerals involved.

Senator Trevor Ó Clochartaigh: With all due respect, we are not convinced by the Minister's argument. On a point of principle - we believe the State should own the mineral assets - we will refuse to accept the section.

Question put and declared carried.

Sections 83 to 251, inclusive, agreed to.

SCHEDULE

Question proposed: "That the Schedule be the Schedule to the Bill."

Senator Mark Daly: We spoke the last day about bringing the definition of "dolomitic limestone" in line with that used in the North. I refer to the famous reference to "85 percent" in the definition as it stands. I do not know what the view of the Minister of State and his officials is in this regard. This is one of the materials listed in the Schedule. Obviously, we are not pressing it to a vote. It is just a concern that has been highlighted by the Department of Communications, Energy and Natural Resources in meetings with various concerned parties. It is about the revenue that is brought in from this particular provision and about how the classification of "dolomitic limestone" would be done. Does the Minister have a view in relation to that particular material?

Deputy Joe McHugh: I am aware that the Senator raised this issue previously. It is under active consideration and we are working towards a definition. I am confident that I will be in a position in the Dáil to make a technical amendment. Táimid ag fáil níos gaire don líne. We are getting closer to the line in terms of the definition. The Senator raised it the last day and we have been working hard on it in the intervening period. I will put down a technical amendment in the Dáil on this specific item. I thank the Senator for raising the matter.

Senator Mark Daly: I thank the Minister of State for his reply.

Question put and agreed to.

TITLE

Question proposed: “That the Title be the Title to the Bill.”

Senator Tony Mulcahy: I thank the Minister of State and his staff and all those who contributed to the Bill. Should things not work out politically, the Acting Chairman might consider the local mart given his performance today and the numbers that he went through. I am obviously joking.

Acting Chairman (Senator Diarmuid Wilson): I thank the Senator.

Question put and agreed to.

Bill reported without amendment.

Acting Chairman (Senator Diarmuid Wilson): When is it proposed to take Report Stage?

Senator Tony Mulcahy: Next Tuesday.

Report Stage ordered for Tuesday, 6 October 2015.

Sitting suspended at 3.55 p.m. and resumed at 5 p.m.

Longer Healthy Living Bill 2015: Second Stage

An Cathaoirleach: I welcome the Minister for Health, Deputy Leo Varadkar, to the House.

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

Senator John Crown: Cuirim fáilte roimh an Aire. I give the Minister a great big welcome and thank him for coming to the House. I know this is an issue he has dealt with very constructively before. In introducing the Bill today we are not in any sense trying to undermine anything he might wish to do independently to implement it in spirit, if not in all of the specifics. We would hope that this Bill, if passed, would give the Minister additional equipment for making sure that it happened.

The Bill we are introducing today, my fifth in the current Seanad, is one that seeks to end mandatory age-based retirement in the health service, a practice which I believe has had multiple negative effects on the service and which is a major contributor to an ever-worsening wom-

anpower and manpower crisis in the health system. How did the idea that workers should have to retire, or should retire, at 65 originally arise? Credit is usually given to Otto von Bismarck, the Iron Chancellor, the unifier of Germany, who counter intuitively in terms of his historical reputation introduced many progressive social reforms and social policies in Germany. For example, he developed what I believe is the finest health system in the world, the current German health system, still the best, and he also introduced the first concept of an old age pension.

In Bismarck's time the average age of death of a German was approximately the early 40s so only a very hardy minority, a rugged minority, achieved the recommended retirement age of 70 in 1889 when he first introduced the pension. As the Minister is aware, in Ireland the average age of death is not thankfully in the mid-40s, it is about 81. If an Irish person is alive now at the age of 65, on average he or she will live approximately 20 more years, give or take a few years. It has been estimated that many current middle aged people will reach a demographic where they will, if alive at 65, have a 50% chance of reaching to 90. In Bismarck's time if one was alive at 65, on average one lived approximately two years longer. Sixty-five year olds are also physiologically younger than they used to be.

The current system forces healthy, physiologically young 65 year olds to retire with no regard to their health, competence, experience or, critically - the Minister will be aware of this - their dispensability to the health system. Is this good policy? Are we so flush with trained, experienced staff that we can afford to offload them involuntarily? The Minister will be aware that the answer to this is a resounding "No". We have the lowest number of career level specialists per head of population in the OECD for nearly every specialty in which records are kept. To take hospital medicine as an example, historically a near throng of incredibly bright young trainees were waiting in Boston, London, New York, Chicago, Edinburgh and other leading centres to apply in a very competitive environment for the odd rare consultant job which arose at home. This did give us the best trained - I say this bar none - cohort of senior specialists in Europe.

I acknowledge the Minister's efforts and those of his predecessor, Dr. James Reilly, to redress this long festering problem on both of their watches. The Minister attempted to do it by increasing the number of consultants at a time of great recession. They both deserve credit for that. The Minister's on-the-job learning curve in this effort has been steep. He knows now how difficult it is to attract the same number and the same calibre of trainees for jobs as we did historically, even for this relatively modest expansion, to say nothing of the kind of expansion which would bring us up to international guidelines. The result, as the Minister is well aware, is many unfilled posts and incredibly in a country where a consultant post was considered an extraordinary ultimate career achievement for people after, typically, a total of 18 years of training following the leaving certificate, one eighth of the jobs are not even applied for. That is an extraordinary change in the demographic and in the market for these jobs. As a result the jobs are also filled by *locum tenens* consultants. I have to be honest, in many or most cases these are very fine, well-trained and competent doctors who in difficult circumstances make a decision, usually from abroad, to come and work in Ireland in a health system which is not always the most pleasant one in which to work. I would not in any sense want to decry the efforts that these, usually, very fine people make but they often are lacking something of the excellence of the quality of people who would have been forged in the crucible of the very rigorous Irish career structure and would have applied for the jobs. In addition, the very notion that somebody's position is impermanent is not good from the point of view of continuity or quality of care.

What this means is that all too often somebody who is highly-trained, internationally-trained,

often a research leader in his or her field is being mandatorily replaced with somebody of lesser credential. Is this good public policy? In addition, it makes no economic sense to pay a salary and a pension simultaneously in respect of one position when the pensioner did not want to retire and is doing the job to a high and excellent standard. What amount of time remains?

An Cathaoirleach: The Senator had ten minutes, five minutes remain.

Senator John Crown: I can go to the long version of my speech. I am reminded of a couple of outstanding anecdotal examples, one of which shall remain nameless, a very famous surgeon who worked in St. Vincent's Hospital, who one day was running an academic department, performing operations, coming in at night-time to do emergency surgery, teaching medical students, preparing international research presentations and the next day he was told, because of the number on his birth certificate, he was surplus to requirements and the State required him to become a retiree. This was a person who could have worked for many more years, and has worked for many more years in other capacities.

One of the Ireland's finest doctors is Professor Fergus Shanahan from UCC. In Ireland, we throw around the term "leading eminent international" but in his case it is true. He is absolutely in the world's front rank in his area. He has the type of curriculum vitae a journeyman researcher like me looks at enviously and wonders why I cannot be that good. This is the type of man, doctor and researcher we should try to keep in post. He is a world leader. He has built up from nothing a research laboratory which employs 200 people. He has published 500 papers. He has a national centre, but more importantly it is an internationally recognised centre. He has brought in substantial investment through foreign direct investment from eight companies. What he has brought into the country has doubled the investment the taxpayer has made through statutory grants to his unit over the years. When he heard me on the radio this morning, he came to me with a *cri de coeur*. He said there is no plan in place to replace him. This is a fit vigorous young man, and please God his health will be spared for many years, and the idea that he will have to walk away from this in three years' time is absurd. This is to say nothing of the 2,000 patients with inflammatory bowel diseases, one of the most complex illnesses in the world and a disease in which he has developed a truly international reputation, who will be left without their doctor.

Those of us who trained in North America had the experience of having godlike senior colleagues as career mentors. I am thinking of wonderful women and men such as Dr. James Holland in Mount Sinai Hospital who had a major role in developing the curative treatment for childhood leukaemia. He was my old boss and I had the great pleasure of going back to visit him a couple of years ago. At the time he was still seeing patients. I am sure he will not be offended if I give away his age, which is 89. He was not working five days a week but was seeing patients several days a week, maintaining his own practice, writing papers, still applying for research support and being a generally productive person. This is a somewhat extreme example, but many of our colleagues are fine people working in their late 60s and 70s and they find the idea that I would have to retire before they do, even though I am many years their junior, absolutely absurd.

The argument is sometimes advanced that we need this system to flush out the dead wood. It will be apparent that sometimes the wood dies in the 40s and the 50s. The wood does not only start dying at 65. Do we have a mechanism for flushing out the deadwood in the 40s and 50s? I am afraid we do not. A policy of getting rid of all 65 year olds in an attempt to get rid of the bad 65 year olds historically has had a term. It is called collective punishment. It means people

who are quite capable of doing the job and who are 65 are being asked to give up the job they love and do not wish to give up because there are some bad 65 year olds out there. It is a way of getting rid of all of the wheat with the chaff.

I stress the Bill is not an attempt to end voluntary retirement. It is enough for many people to retire at 65 and they want to go. Does the Bill guarantee the ongoing rights of an increasingly enfeebled elderly doctor to practice beyond his or her period of competence and lucidity? No, it does not, because the Bill contains structures which allow the Minister, if alerted by a colleague, patient or any other interested party, to suspend a doctor in this situation pending an investigation of his or her competence and it grants the Minister legal protection to do so.

I made the proposals contained in the Bill to the Minister earlier in the year, and I must say he received them very graciously and positively and with the innovative thinking which I hope we will continue to see from him, something which is not often exhibited by people sitting in his chair. He put me in touch with the relevant officials in the Department, who in turn kindly met me and one of my colleagues and told us that as far as the Department is concerned this could be an administrative matter and there is no need to legislate on it. Without pointing any fingers at anybody, we have over the past year made several attempts to see whether this administrative matter was being advanced. In particular, we are aware that we are getting towards the end of this Oireachtas. Nothing has happened, so what we are doing today is making it easier for the Minister. This is an attempt to mandate what is at present an administrative option to arm the Minister with the legal authority to go to the officials in the Department and state he is following the law and that we will do this. This cannot be way down the list of priorities.

I will quote, perhaps provocatively, the great James Carville, President Clinton's adviser. If treacle is being poured out in an attempt to block this and people ask the Minister why he would want to do this, he can say it is because it is the law, stupid.

Senator Sean D. Barrett: I welcome the Minister. It is an honour to second Senator Crown's Bill. To many people retirement is an alien concept. They rely on the income from work to sustain themselves and their families. Work defines them in their own mind and gives them their role in society. Some fear retirement and a loss of status. Where such people have skills which are not easily replaced, as Senator Crown has just been telling the House, we have the loss of their service to society plus pensions costs. Paying people through pensions not to work is a cost, and denying the public the services of those required to retire is a greater cost.

The Bill assumes an individual may be certified unfit to work as a result of a medical condition by a registered medical practitioner. It provides for an appeal process. Life expectancy in Ireland has increased by an estimated 15 years, as Senator Crown stated, since 1950 to 81 years. A girl born today will probably reach 100. Were she to take up the study of medicine it would mean 35 years of study, 30 years of showing that great knowledge to society as a whole and 35 years of compulsory retirement, as Senator Crown has said. Death rates have fallen very rapidly since 2000, and life expectancy is growing faster in Ireland than the rest of Europe with reductions in car accidents and smoking being cited as the likely causes.

There is no general compulsory retirement age in Ireland aside from some fairly limited industries and professions. To this degree, the advisers who told Senator Crown he was pushing an open door are correct. Unless it is set out in a contract of employment as well as accepted by custom and practice in that workplace, people cannot be forced to retire. The Equality Tribunal asked employers to justify objectively compulsory retirement and the examples of these

objective justifications included opening opportunities in the labour market for persons seeking employment. Senator Crown has shown us this is not happening as some posts are never applied for and in many cases there are very few applications. The justifications also included establishing a balanced age structure. In the type of medicine Senator Crown described, experience is absolutely vital and is something one gains more of every day. It is not acquired by just taking courses in university, but through carrying out vital complicated operations. Another justification was encouraging the recruitment of young people and preventing disputes about the performance of older people. The performance aspects of older people are covered by Senator Crown's Bill. Other justifications are intergenerational fairness, preserving the dignity of older workers, which Senator Crown has covered, and motivation and dynamism through increased promotion prospects. Dynamism is not there because of the difficulty Senator Crown has mentioned. Nobody is being excluded from this as younger people do not apply. Another justification is to ensure vacancies become available to encourage recruitment and the promotion of younger people. We will need to do this anyway. There was also the desire to avoid capability issues and health and safety concerns for the public. Health and safety is promoted by Senator Crown's Bill because the experience of the people being forced to retire exceeds those who might be a locum. Literature by Barry Walsh at McDonald Solicitors and Reddy Charlton Solicitors mentions these factors. They are adequately responded to in Senator Crown's Bill.

Case law includes a case in the High Court in 2008 when the assistant Garda commissioner did not wish to retire at 60 but was compelled to do so because motivation and dynamism was needed through the increased prospects of promotion. These factors do not apply here. Senator Crown has identified an area where there is a dearth of capabilities to replace those compelled to retire. No young persons apply to take up such posts. Patients are unfairly treated because of the specific skills shortages. The Bill accommodates the issue of capability and competence. In the absence of a general compulsory retirement age in Ireland, the sectoral approach in the Bill is the correct one. The proposer has a record of learning and experience in the profession covered in this Bill. Skills are acquired over many decades of postgraduate learning, networking with leading experts in the world and other experience. This is lost by enforcing early retirement.

Understandings of career and learning development change over time. For instance, maybe the 2008 decision about the senior police officer might not apply. Today we might reflect changes in policing methods in terms of greater use of scientific know-how, cold case groups, improvements in Garda training and perhaps less emphasis on physical fitness standards. Those factors might change in a particular case. Safety standards were cited in the case of electricity workers, as older workers might place customers at risk. That does not apply here as the older workers Senator Crown has described to the House are, in fact, safer. We could check insurance records and malpractice records if that proposition were doubted. The case is made here that experienced, highly qualified medical practitioners are a lower risk prospect than staff recruited on short-term contracts in a labour market with few applicants and heavy migration out of the country. I commend the Bill to the House.

Senator Martin Conway: I am covering for my colleague, our health spokesperson, Senator Colm Burke, who is attending to matters in Cork this evening. I welcome the Minister to the House and I welcome this Bill. I also heard Senator Crown explain this Bill on "Morning Ireland" this morning and I listened very attentively to his contribution. I could not but agree with him: it makes absolute sense. I am happy to inform the House that the Government will not be opposing this Bill. It will allow it go to Committee Stage, where it can be teased out in

more detail.

It is a common-sense approach. We are dealing with a population that is aging significantly due to developments in the area of health, lifestyle choices and so on. People are living much longer than they would have been over the decades, and in future decades they will hopefully live longer still. The age at which people can claim the contributory old age pension will go up in the next four or five years from 66 to 68. The logical extension of this thinking is that we look outside the box and examine alternative ways of retaining expertise, particularly in the health service. As Senator Crown has rightly pointed out, the type of knowledge that some of our top consultants have is internationally required. Many eye surgeons and cancer experts lecture internationally on a regular basis. Their depth of knowledge and research are sought after all over the world, so why should these people be forced into retirement at 65? It is illogical.

This is something we would not necessarily think about on a daily basis, which is why people like Senator Crown make such a valued contribution to this House. As a result of his expertise and the fact that he works in the health service on a daily basis and has dedicated his career to this, he sees it at first hand. That is how the expertise he has brought to this House as an independent Senator can contribute to the legislative process.

A few years ago, an assistant Garda Commissioner, Martin Donnellan, took a case to the High Court on the basis that he was forced to retire from the Garda. I do not believe he was successful in that case, so if we were to introduce this legislation we should look at rolling it out to other aspects of life and other occupations. At the time, the case was made that certain detectives had built up enormous expertise in the investigation of crime in a particular area, whether it be drug-related, smuggling, or any of the various facets of crime. Why should that expertise be lost to the system if we are dealing with a perfectly healthy individual who has amassed that forensic knowledge over many years? The debate that will result from this Bill could happen in many other areas of the public service, and I would encourage this. I look forward to following the Bill in consultation with my colleagues and Senator Burke. I also look forward to hearing what the Minister has to say, because this is an innovative way of retaining expertise in the public service and in the health service.

Senator Mark Daly: I welcome the Minister to the House. I am sure he recalls the previous occasion he was here before the summer where we were debating the issue of organ donation and the requirement for a new pancreatic and kidney transplant surgeon on the retirement of Dr. David Hickey. Senator Crown's Bill highlights this as much as anything. That is another instance in which there was no succession planning, to use the legal term, for the transfer of knowledge - or, in this case, a wealth of knowledge - held by an individual to his successor. That is what this Bill does: it allows for the reality that people can now work longer, and those who have attained the knowledge need to have the time, space and planning put in place for them to pass that on.

As the Minister knows, the replacement for Dr. Hickey is coming over from Scotland. That is the information we have. We will be having a debate on the whole organ donation issue again, but there is a worry for those who are on the organ donor list regarding what happens when the person they have been dealing with throughout their illness is gone and they have not been introduced to the person who will replace him or her.

I am delighted to see that the Senators opposite are looking forward to Committee Stage of this Bill. Now that they are in a minority, we might just see Committee Stage, and we look for-

ward to their amendments and their support on that Stage. This is a serious piece of legislation. Senators Crown and van Turnhout and I were dealing with another piece of legislation in the area of health. It is fortunate that what could be done within the Department by the Minister, as Senator Crown has outlined, is now being debated, to highlight the issue and to see whether the Minister will act to ensure that the corporate knowledge that is in our health service is retained and that the inter-generational transfer of knowledge will also be put on a structured footing. David Hickey is a great example of how that does not happen in the way it should. This is the proposal put before the House and the Department: that we have a structured approach to new areas of medicine that Irish doctors have specialised in, as Senator Crown has outlined, and which were not even imagined 30 years ago. It is for the people who pioneered that research and the development of that knowledge and are willing to transfer it to a successor over time that we should put in that structure now. There is no doubt that should have been done years ago, but we will now put it in place. If it requires legislation, so be it. I am delighted to see that the Government is not opposing the Bill and I hope that, rather than not opposing the Bill, it will support it and see it passed before the end of this Dáil term.

Senator John Gilroy: I welcome the Minister to the Chamber. We are not opposing the Bill, the intention of which is decent and sound and worth much consideration. We can speak only about the Bill before us. The Bill, as presented, requires additional work before it can be fully supported, and I look forward to discussing it on Committee Stage. The Minister might think about and redress some of my concerns. Does the Bill propose to exclude other employees across the public service, or is it confined to those who work in the health service? If so, by what logic do we include one specific group of workers and exclude the rest of the public service? A case can be made that if it applies to the health service, it should apply also to the wider public service. If not, it would not just be inequitable but would possibly stand contrary to agreed public service employment agreements, labour relations conventions and labour law. Unless it can be demonstrated that a unique set of circumstances exists within the health sector to confine the provisions of the Bill to the sector, we must rework it.

There might be concern that the Bill may create a third classification of worker, although it is not the intention of the Bill. There are employees who are required to retire at the end of their employment contract, generally at the age of 65. There are other employees whose employment terms are defined under the Public Service Superannuation (Miscellaneous Provisions) Act 2004. The Bill before us requires us to introduce a third category of worker whose employment terms are defined by it. We must examine it more closely and determine whether section 9(a), which allows for an individual to be declared unfit for work, introduces something we might not necessarily want to introduce. To classify a person as unfit for work due to his or her age is discriminatory because it is based on age-related criteria rather than health-related criteria and would introduce a direction we might not wish our industrial relations machinery to follow.

If we can demonstrate that certain unique conditions exist in the health sector that would confine the provisions of the Bill to the sector, it would be worthwhile specifying them. There is a precedent in the superannuation arrangements regarding the care of mental patients which specifies a particular category of health sector worker who is treated differently in employment law than other sectors. Section 9 introduces a category of employee who is to be treated differently. The reference to section 9 introduces this discrimination. The Bill, as proposed, would work as well without section 9. If we examine what the section is trying to achieve, we can find it is probably achieved without reference to it.

The Bill needs to have regard to the provisions of the Public Sector Superannuation (Miscellaneous Provisions) Act 2004, although the only Act referred to in the construction of the Bill is the Medical Practitioners Act 2007. We would benefit from considering the Public Sector Superannuation (Miscellaneous Provisions) Act 2004, particularly section 4(1)(b). We could ask some questions about how the section relates to workers. Would superannuation benefit be paid to an employee after he or she has reached the age of 65 or would the employee already have accrued his or her full entitlements at that stage? If there is a requirement for a further adaptation of the superannuation apparatus, we would need to be clear about how it would work and how it would be calculated. Schedule 1 of the Public Sector Superannuation (Miscellaneous Provisions) Act 2004 lists bodies which are not defined as public service bodies and to which the provisions of the Act do not apply, and we could have usefully applied the same criteria to the Bill before us.

Is there a concern that if we induce workers to stay in their posts at the top of their positions, generally speaking, after the age of 65, we would disincentivise younger staff from applying for these posts? I am thinking particularly of areas in which there are very few workers, for example medical consultants. Would we disincentivise younger doctors from moving into an area if they think they must wait another five, ten or 12 years for a consulting position in a particular specialty? I hope the Minister understands what I am trying to say. I look forward to discussing it further. It is very complicated. It is not as simple as proposed in the Bill. While I do not oppose the Bill, I look forward to amendments being tabled, and some rewording and redrafting to take my points into consideration.

Senator David Cullinane: I welcome the Minister. I commend Senator Crown on bringing forward a Bill that is worthy of support, and I support it. It is not the first time the Senator has brought forward legislation, which is what we are here to do, and I commend him on it. I also commend the Minister and the Government on accepting the Bill and allowing it to go to Committee Stage. Hopefully, it will reach Committee Stage before the next election. I support and acknowledge the Minister's support for the Bill, which is about choice. While some people will want to retire at the age of 65, or whatever the current retirement age is, others will want to continue to work, and they should have the choice. People should not be forced to retire, nor should they be forced to stay longer than they should. The Bill is a small step in the right direction.

The issue addressed in the Bill is happening not only in the health service but in other sectors. I have received many calls from people in the private sector whose contracts expire when they reach the age of 65 and who are not allowed to continue to work, even if they want to. As in the situations which Senator Crown is trying to remedy, they have no choice but to sign on, given that they will not receive their pensions until the age of 66. They receive jobseeker's benefit for nine months and then receive social welfare for a period, which is not right. It is not right that people who are aged 65, 66 or even 70 or 75 who are in very good health and do a very good job, who might be consultants, doctors, nurses or clerical assistants, are forced to leave their jobs due to an arbitrary age set by the Government. While the Minister might not like me to use the word "universal" when addressing health service issues, there seems to be universal support for it. If there is universal support for the principle, we must iron out whatever flaws are in the Bill, and take the opportunity of Committee Stage to do so.

One of the principal reasons the Senator brought forward the Bill is that while there are people who are able, bright and capable but who are being forced to retire, we have capacity issues in our hospitals. The Senator will know of an example in University Hospital Waterford, where

a dermatologist was forced to retire and the post remained unfilled for a long time, as a result of which the waiting times increased. We have seen many similar situations. The Minister might already know that, last week, there was a bizarre and disgraceful situation in which ambulance drivers were directed to divert patients from University Hospital Waterford, which is the regional hospital, to smaller hospitals in Wexford and Tipperary due to capacity problems in the accident and emergency service. Can the Minister imagine the situation? It was confirmed by a senior consultant in the hospital. The Minister might shake his head-----

Minister for Health (Deputy Leo Varadkar) (Deputy Leo Varadkar): They are called “ambulance bypass protocols” and they happen all the time all over the world. It is not something-----

Senator David Cullinane: The Minister is wrong and he should inform himself of the facts. I listened to-----

Deputy Leo Varadkar: When I worked in emergency departments, we often went off call.

Senator David Cullinane: I am accepting that does happen. The Minister can be flip-pant about this issue if he wishes but a consultant who works in the hospital was on local radio yesterday and said that this happened not for the reasons given by the Minister, but because of capacity issues in the accident and emergency department. That is what happened and that is the Minister’s fault. That is the responsibility of Government. He also said that it will continue to happen, over and over again, unless we address those capacity issues.

There are capacity issues in our public hospitals and the Minister knows that. He also knows that there are critical pressure points in some hospitals and in some specialties within those hospitals. There are problems with recruitment of consultants and junior doctors because of the number of front-line staff that were taken out of the health service in recent years. There is much work to be done to get things right in the public service and particularly in our public health service. This Bill represents one small step the Government could take, at least to allow those who want to continue to work to do so - people who are of a certain age but who are capable of continuing. In the spirit in which the Bill was brought forward, I acknowledge the Minister’s support for it, in principle at least, and the fact that he is allowing it to progress to Committee Stage. I look forward to the Committee Stage debate on the Bill at some point. During that debate we can tease out any concerns the Minister or Senators may have. The Minister might also address some of the other issues I have raised in his response today.

Acting Chairman (Senator Jillian van Turnhout): Before I call the Minister, I remind everyone to confine their comments to the scope of the Bill.

Deputy Leo Varadkar: I am pleased to have the opportunity to participate in this discussion on the Longer Healthy Living Bill, 2015. I thank Senators Crown, Barrett and Power for bringing this matter forward and acknowledge their work in writing this Bill. The issues raised in the Bill are worthy of national debate. Society is changing and so too is the way we work, and that is not particular to the health service. People are living longer and their overall health continues to improve. The notion of public servants being required to retire at a relatively young age by today’s standards, even where they may still have much to contribute and be keen to do so, is one that as a society we should revisit.

This Bill is timely in so far as the loss of highly qualified personnel who are still willing and able to fulfil key roles in our health service can sometimes exacerbate the workforce chal-

lenges we are experiencing. In 2013, the Government published the national positive ageing strategy. Objectives of the strategy include the development of a wide range of employment options, including options for gradual retirement for people as they age as well as addressing barriers to continued employment and training opportunities. Specific areas for action are age-friendly workplaces, contracts of employment, flexible work practices, gradual retirement and pre-retirement planning. These considerations must also be taken into account in developing an integrated approach to the transition between people's working lives and their retirement.

It is important, however, to acknowledge that it suits many employees to retire when their contract of employment finishes or, indeed, before they reach the age of compulsory retirement. The pressures of increasingly stretched staffing resources of recent years have probably added to the push factor for some public servants and we all know of people who have decided to retire and pursue other interests while they still have the energy and good health to allow this. Equally, there is a growing number of people who would be happy to continue working beyond what has been traditionally regarded as retirement age.

In the health service, medical practitioners, including GPs, and also nurses, are among the specialist personnel who are often interested in continuing to practise beyond their official retirement age. It is time that as a society we look again at all the rules and regulations governing retirement from the workforce in order that the widest possible range of options are provided to people as they age. As with the Civil Service generally, the age profile of staff in my Department is currently weighted towards those in the latter third of their working life. Therefore, it is very important that we ensure the necessary succession arrangements are in place to replace those who will reach the end of their working life within the next decade. I am pleased that in the past year or so we have been able to recruit a number of new, generally younger staff, who bring additional capacity and skills to bear on the Department's work. This injection of young blood along with the significant organisational change programme being led by the Secretary General will further enhance the Department's capacity and effectiveness so that it can successfully discharge its important leadership and oversight role for the health service.

The Longer Healthy Living Bill as drafted refers to the Department of Health and bodies directly funded by the Department of Health such as the HSE, HIQA, the Health Products Regulatory Authority, Health Insurance Authority and the Irish Blood Transfusion Service. Taken together, the health family of organisations which come either directly or indirectly under the ambit of my Department account for about one third of all public service employment. The Bill as drafted does not include organisations funded by the HSE under section 38 of the Health Act 2004, which include voluntary hospitals like Beaumont, St. Vincent's, St. James's and the Mater as well as all of the children's and maternity hospitals, among others. Nor does it include a range of major disability service providers. If the Bill is intended to encompass the public health service as a whole, its scope would have to be extended to cover all of these significant providers.

As Minister for Health, I do not set the terms and conditions for employees of my Department. They are a matter for my colleague, the Minister for Public Expenditure and Reform. Therefore, as far as the staff working in my Department are concerned, as well as those across all Departments, terms and conditions can only be altered if it is determined by Government that changes should be applied across the Civil Service as a whole and not just to one of 15 Departments. Changes have occurred in recent years as part of the reform of the public service in respect of, for example, sick leave and annual leave, with benefits in terms of standardisation as well as considerable savings to the public pay bill. To avoid any misunderstanding, I should

also explain that it is generally those civil and public servants recruited prior to April 2004 who must retire at age 65. With certain exceptions, staff recruited between April 2004 and December 2012 do not have a mandatory retirement age, while those recruited since January 2013 are required to retire at age 70.

As Senators will be aware, there have been recent changes to the State pension age which mean that since January 2014 there is now a standard State pension age of 66 years. Further changes in the State pension age will come into effect in 2021 and 2028, when the State pension age will increase to 67 and 68 years respectively. It is important that in considering changes for retirement age we take account of changes in the State pension age and any changes to working and retirement policy will require the input of my fellow Ministers in the Departments of Social Protection and Public Expenditure and Reform.

As matters stands, mandatory retirement ages are commonplace in public service employment. These long-standing provisions reflect historic life and health expectations and also allow certainty for both employees and administrators. The existing mandatory retirement ages in the public service are objectively justified but the extent of litigation makes clear to me that this is an area that needs a great deal of detailed consideration with the assistance of expert advice.

I will point to a number of other issues raised by the Bill which the Senators may wish to address on Committee Stage. The Bill as proposed essentially gives employees the right to continue on working past their retirement age, whether their employer wants them to stay on or not. This is a provision that might be reconsidered. I would be very much in favour of employees staying on past their mandatory retirement age by mutual agreement, that is, if it is double voluntary. However, employees insisting that they stay on when their employer does not want them to or would prefer them to retire may be going too far. Of course, there may be people who are not physically or mentally fit, who are as some Senators put it, “dead wood”, although I would not use the term myself. The fact that we cannot remove dead wood when people are in their 40s or 50s is not a good argument for saying that we should not remove dead wood when people are in their late 60s, 70s, 80s, 90s or even older.

We must also bear in mind the need to make space for new entrants and for promotion. The Senator is correct that for one in every eight recently advertised consultant posts there were no applicants. However, there were applicants for seven out of eight posts and perhaps those posts would not have been available had people decided to stay on past their retirement age. I would also point out that there are existing arrangements that allow people to stay on past their retirement age. People are regularly hired as locums to fill the posts they vacated and people with particular skills can be hired on a short-term contract basis, perhaps for a year or two.

I have particular difficulty with section 7 of the Bill which provides that an individual who wants to work past his or her retirement age must inform the Minister of this in writing. Currently there is no direct employment relationship between the Minister and any of the 100,000 people who work in our health service and I would have serious reservations about creating such a relationship. The only employment relationship that I have as a Minister is with my political staff, whose contracts are coterminous with mine. All Ministers are very busy people and the Minister for Health is no exception. I would have serious concerns about individual files on individual employees going to the Minister for decision. There would be all sorts of pitfalls and problems in that regard. It would be a major step backwards. Senator Crown mentioned Bismarck. The last person who had that kind of power was Tsar Nicholas of Russia where indi-

vidual employment files went all the way to the Kremlin for him to sign off on them. Perhaps that aspect is something that may be reconsidered. Perhaps the CEO of the institution would be the right person rather than the Minister, in that regard.

Section 8 also includes a grandfather clause. It allows individuals who have reached the mandatory retirement age within two years of the start of the Act to apply to be re-instated two years after they have retired. I would have concerns about this measure. Let us take for example an assistant secretary general who retired two years ago. Under this Bill, he or she would be able to insist on being rehired. It would mean creating a job with a salary of nearly €200,000 for somebody who has decided to reinstate himself or herself who perhaps is not needed because the job has been filled. I ask the Senator to reconsider that aspect of the Bill on Committee Stage.

Another issue that arises is whether such persons could draw their full pension as well as a salary. I imagine that is not the case but the matter would have to be clarified so that abatement would occur. Another thing that would have to be considered would be somebody trying to return who has already availed of early retirement. There have been a number of very generous schemes that provided for early retirement. It would be a bit much if somebody were to avail of that scheme, take the early retirement package and then seek to be rehired again. A few people have tried to do so although they do not say it in their media pronouncements. I shall comment on the matter another time.

When it comes to the Department of Health, which is different from the HSE, there is a provision to allow people to stay on beyond their required retirement age based on hardship grounds. In addition, if an officer has specialist experience and expertise that is required by the Department, a business case can be made under existing rules to the Department of Public Expenditure and Reform for the person to stay on.

While I welcome the Bill, and the Government will not oppose it, I have given some consideration to possible approaches to retain expertise within the health service. The Bill, as drafted, requires further refinement to allow its objectives to be met effectively. The recruitment of medical staff and nursing staff is a particular challenge at present, and will continue to be so for the foreseeable future, as long as there is a 1.2 million shortage of health staff across the world. Many of our staff work in other parts of the world because they are so well trained and excellent but also because those countries are short of staff too. What we do all of the time in the western world is denude developing countries of their staff. There are a few rare countries that have a surplus of health care staff.

In terms of recruitment, there is an international shortage of consultants, doctors and nurses. The World Health Organization projects that the requirement for medical staff and the related shortfall will continue to increase significantly in the years ahead. Irish medical staff are trained to high standards and are much sought after in many English speaking countries and we, in turn, seek staff from overseas in places like eastern Europe, the United Kingdom, Australia, India, Pakistan, Sudan, Nigeria and the Middle East to mention just a few. Over 100 Australian doctors are registered in Ireland which is a fact that is not known by many people. We are endeavouring to reach self-sufficiency, for example, through the implementation of the Fottrell report on doctors and the nursing degree programme that now produces 1,500 graduate nurses a year. None the less, Ireland continues to have a high reliance on the foreign recruitment of clinical staff. In these circumstances, the option of postponement of retirement by some health service staff could relieve some of the staffing pressure in our health service.

On a related matter, my Department is establishing a cross-sectoral working group on health workforce planning. The working group will begin meeting early next year and will, among other things, conduct a high level examination of the current position of the health workforce in Ireland which will include looking at numbers, skills and competencies. Consideration will also be given to national and international policies, and developments and trends that are likely to influence the future shape of the health workforce. Preparatory work to support the development of the framework is under way and includes a review of what happens in other countries.

The recruitment problems that we are having in our health service are well known to everyone but perhaps the progress being made is not. It is worth putting some of that on record here today. As of 1 January the number of consultants fully employed in the health service has increased by a net 52. That means we have 52 more consultants on the payroll than we had on 1 January 2015. In total we have 114 more doctors on the payroll than we had on 1 January of last year and over 500 more nurses than we had this time last year. This progress has been achieved through a combination of people being employed, new posts and people being transferred from agencies and taking up proper contracts. The agency spend so far this year is down by €11 million on last year's figure which is good to see.

Since the Government came to office in 2011 the number of consultants has increased by 300 to 2,800. The Senator acknowledged that the improvement took place during a period of retrenchment. If we can increase the number during a period of retrenchment then we can do much more in the coming years during a period of growth. Perhaps we could aim to reach the OECD averages within a reasonable timeframe of six to ten years. It is largely due to the requirement to comply with the working time directive that we now have 5,500 NCHDs working in the public health service which is the highest figure ever. While nursing numbers are somewhat down, we have record numbers now of midwives, clinical nurse specialists and advanced nurse practitioners. That is another fact that is not well known and is rarely conveyed by the media.

So far this year the Nursing and Midwifery Board of Ireland has recorded a 122% increase in the number of nurses applying to be registered in Ireland. That figure includes nurses staying, nurses coming back and nurses who come from overseas. The increase is very significant. There are indications that the graduate nursing classes of this year intend to stay in the majority of cases which was not the case two years ago. The most recent survey of doctors in training is entitled *Your Training Counts* and will be published soon. It indicates that 80% of such doctors intend to stay and that half of the 20% who intend to leave wish to return.

The Government does not intend to oppose the passage of this Bill through the House and will not be doing so. The Bill represents a useful contribution to the national debate which I believe must continue as we work towards deciding how we, as a society, can most effectively marry the needs of the public service with people who work in it. In that vein, and in light of the comments I have made, I expect to propose substantive amendments to the Bill as it progresses which I hope will be constructively debated by Members.

Senator Brian Ó Domhnaill: I want to make a number of points on the Bill. I welcome the opportunity to speak on the issue facilitated by Senator Crown and colleagues who put forward the Bill. The legislation serves a purpose, particularly in light of the fact that many regional hospitals struggle to either retain consultants who are about to retire or recruit new consultants. This is a particular issue in my own county of Donegal which has a number of consultant posts that are vacant. It has been extremely difficult to recruit new consultants to fill the posts which

is probably due to the geographical location and other factors.

The Bill has merit. Ireland has an ageing population but so do all OECD countries. Demographics are also changing and there is a demand for increased health care across the western world. As a result of increased ageing and demand for health care we must allow people who have specialist expertise that they have built up over a long number of years an opportunity or option to remain in their positions.

The Minister has outlined his concerns and signalled his intention to table amendments at a later date. The general thrust of the Bill must be welcomed. I think the legislation is a good piece of work. All of the Senators will welcome a debate on the Government's amendments.

There are significant difficulties in the health service at the moment and I have mentioned consultant posts. A survey was carried out by the Irish College of General Practitioners as recently as May of this year. It outlined that there is a severe shortage of general practitioners and that the situation in Ireland is likely to get worse. The college outlined that 18 GP posts were vacant as of May of this year with some posts being vacant for up to three years, which is a particular issue in the west of Ireland. There are posts vacant in the Taoiseach's constituency in Mayo. Over 20% of GPs are over the age of 60 and almost one in three are over the age of 55. There is a difficulty because one in eight trained GPs plan to emigrate post qualification with 25% or thereabouts undecided. All of this is due to the fact that they can see that there are greater job opportunities abroad. Flexibility in that regard, allowing GPs to remain where they wish to do so and there are no obstacles, must be welcomed.

From a societal perspective, populations are ageing across the world and the health of individuals is improving, so why not allow people to work longer? I know the Minister's Department would have the most up-to-date departmental and OECD figures in that regard. If people are living longer, surely they should be allowed work longer if they wish to do so and if there are no obstacles from the employer side. It would serve both employer and employee well, and it would also help when we consider the pension crisis coming down the tracks. There are many advantages to allowing those with specialised expertise, in particular, remain in employment.

I hope the debate will not end today. A general election is on the horizon and it would be brilliant to see this piece of legislation adopted by the House, going through all Stages to Report Stage and beyond ahead of that election. I ask the Minister to facilitate that and I hope the Leader will do it as well, so Senator Crown's Bill can see the light of day, so to speak. There would be societal benefit from his ideas. It is only natural that no Minister could accept the Bill as it reads and there are caveats that would have to be addressed by the Department. That is understood. I hope it will not just sit here after being accepted today but rather that it will be moved forward, with the work brought to the Bill by Senator Crown and his colleagues fully recognised.

Senator Eamonn Coghlan: I welcome the Minister to the House and the introduction of Senator Crown's Longer Healthy Living Bill 2015. It sounds exciting to live longer and healthier. I agree that the issue of mandatory retirement at 65 must be debated at a national level, as the Minister has indicated. They say that 80 is the new 60, 60 is the new 40 and, as the Minister will be glad to know, 40 is the new 20. He has much to look forward to in the coming years. We are told that we are certainly living longer due to a healthier lifestyle and diet, etc., despite all the issues we have with obesity and other health problems. I recently read a piece from Professor Lynda Gratton from the London Business School who asked the question of whether

a person would like to live to 100. If that is to happen, the person will have to work until he or she is 80. To do that, the person will have much to do to be organised.

It is appropriate to speak today of how in the past month I have been involved with a television series called “Super-Fit Seniors”. It involves sportsmen who are between their mid 70s and late 80s who are still competing at a high level in their respective sports. One gentleman is a sailor who is 83, and he is still competing against men who are less than half his age and beating them. There is a 74-year-old Formula 2 motor car racing driver who competes against men younger than him, as well as an 85-year-old marathon runner who runs 60 miles per week. There is an 86-year-old rower who is competing in the world championships in the new year and who is still doing approximately 40 km per week in the boat. There is an 83-year-old cyclist who is riding 500 km per week and who only this past weekend had a wonderful race down the country, which I attended. There is a 70-year-old power lifter who is deadlifting half a tonne in weight and will soon be competing in the world championships.

That is not a promotion for the programme but I was quite impressed by these gentlemen. When I asked them about retiring, they told me it does not enter the equation whatsoever. It is not their philosophy to quit. They thrive in competition, not necessarily against others but against themselves. It is a psychological and physical competition, leading to mental stimulation that keeps them fresh, happier and feeling younger; it keeps them busy and gives them a good attitude in life. I loved one man’s philosophy in particular, as he said that growing old is mandatory but growing up is optional. In essence, that is what this Bill is about. It is about whether retirement can be optional or mandatory. At the same time, we must remember that some people are looking forward to retiring at 65, and it is very important that there can be an opt-out. People cannot be forced against their will to retire.

I very much agree with Senator Crown that it would be an extraordinary benefit to retain the invaluable knowledge and experience of the older workforce. If those people are competent and willing to work after the current retirement age, why not allow this to happen? The only problem I have is that the Bill applies to the health sector and the various agencies alluded to by the Minister. My concern is whether this can cross to other public services and even the private sector. These issues must be addressed if we are to make this applicable to the health service.

I have some concerns regarding section 9 of the Bill and a person’s fitness to remain in the workforce. There could be many occasions where a person, for one reason or another, could consider himself or herself fit to stay but colleagues or managers may think differently. I know the Bill outlines procedures in sections 10 to 13, inclusive, on examinations by medical practitioners, etc., but personality clashes could come into play, so the area requires careful consideration. Since 2004, the Public Service Superannuation (Miscellaneous Provisions) Act has, among other elements, removed the compulsory retirement age for certain categories of new entrants to the public service. Already, new entrants are not necessarily required to leave work on age grounds. This Act, however, does not deal with all those in the public service prior to 1 April 2004, and those employees are required to retire at 65, whether they want to or not. I also have a reservation in that if too many people choose to work beyond 65, it will affect the amount of jobs coming on-stream for graduates and school-leavers. Many people view this as unfair as, for example, retired teachers can come back to work to fill substitute or supervision roles while many young people and graduates are looking for work.

I note that the Minister agrees in principle with the Bill but many of the proposed provisions require very careful consideration and consultation will be required with the Departments of

Public Expenditure and Reform, Jobs, Enterprise and Innovation, and Social Protection, as well as the HSE and other agencies outlined as being under the remit of the Department. In a survey from 2012 on whether retirement at 65 should be scrapped, 28% of people indicated it should be scrapped, 48% indicated it should not and 23% indicated they did not know. The question will be contentious and it will be interesting to see how this progresses through the House. I thank Senator Crown for bringing the Bill to the House.

Senator Marie Moloney: I commend Senators Power, Crown and Barrett on bringing forward this Bill, which has certainly opened the debate on retirement age in this country. Funnily enough, when I first entered the Seanad, one of the first debates concerned a social welfare Bill where we proposed to increase retirement age to 67 and 68 by 2028. At that time, the Opposition gave out yards and said it was terrible to do this to people. Today, we are on a different footing. After that debate, I had a cup of tea in the bar and a man approached me who told me he found the debate interesting. He asked me if I knew his age and I said I did not. He told me he was 66 that day and he did not want to retire. He was a correspondent with *The Irish Times*, Mr. Jimmy Walsh, and he certainly did not want to retire. He worked for a number of years after that. It is interesting that he said he did not want to retire. There are many people who do not want to retire so we are faced with people who do not want the retirement age for the State pension to go up but we want the retirement age for the public sector to go up. This Bill will have implications for the health sector as it cannot just stop. That would leave it open for other sectors of the public sector immediately, such as teachers and their expertise, gardaí and other people who do not wish to retire. We cannot say it will not have implications because it will, and there are implications for the economy also. I agree that it is one way of trying to keep the expertise of consultants in the workplace. As a medical doctor the Minister knows that the lifespan of the career of a person working in medicine is shorter than the careers of others. By the time medics leave college and by the time they have trained up to become consultants it can take years, so their career life is shorter than others. The expertise of consultants in particular, who have seen and learned over the years, results in a wealth of knowledge in looking after and caring for people to extend lives. This is evident in the fact that people are living much longer than before. The Minister, having qualified and then becoming the boss as the Minister for Health, must have had the fastest promotion in history. That was certainly some jump. He knows, however, how many years it took to get his training and where he wanted to be. The least one would expect is a certain length of time in which to practise.

Senator Cullinane made reference to pensions. The State pension transition has been abolished. This moved the goalposts for people from being able to retire at the age of 65 to the age of 66 and the goalposts will move again to the age of 68. I have raised this issue previously in the House; that for those people who had to retire at the age of 65, there would be a shortfall until their State pension age whereby they could only claim jobseeker's benefit for nine months. Senator Cullinane may not be aware but the Minister, Deputy Burton, did take the issue on board and brought in a special arrangement whereby people who had to retire at the age of 65 can draw the jobseeker's benefit until they are 66. However, what will happen when we go to the retirement ages of 67 and 68? Will the jobseeker's benefit be extended then? I advocate that all contracts requiring people to retire at the age of 65 be extended to the State pension age, even if this means approaching the private sector and asking it to extend the contracts. It is not fair to say to people, "You have to leave your job." These are people who have worked all their lives and they may have a few bob saved, and those savings could cripple them when it comes to their second year of jobseeker's allowance. At that stage it is going to be means-tested against them. There is a big hole in this issue that needs to be addressed. I understand it may not come under

the health brief, I believe it is more relevant to the enterprise and employment brief, but it has come up today under the Minister for Health's Department. I believe that the Departments of social welfare and enterprise and employment should come together to address this issue as it is going to cause problems.

Self-employed people may have no option but to work longer than the age of 66. No-one is going to tell them they cannot work past 66. Smaller self-employed businesses may have hit hard times during the recession and resorted to drawing jobseeker's allowance as they would not be eligible for benefit. For some strange reason, a person who is self-employed and who accesses jobseeker's allowance will not get any credited contributions for that period of time. Credited contributions are invaluable to people when it comes to pension age. People who may not realise it now will suffer big time because of the lack of those credits. This also relates to women who were affected by the marriage bar who will be crucified when it comes to their pension. They had no choice, even when working in the public sector. They were forced out of their jobs simply because they got married. The only women exempted from that were teachers. We have an obligation to look after those women.

Senator Catherine Noone: I commend Senators Crown, Barrett and Power for this Bill. I welcome the Minister to the House. The situation referred to by Senator Moloney sounds like double punishment to me; marriage and then lack of a pension. I support the Longer Healthy Living Bill 2015. It seems nonsensical to have public servants in the areas of law and politics, and in other areas, who can work until they are asleep. In my time within the legal service I have experienced judges who were God knows what age - I would not mention any names and it does not mean to say that they would not read the transcripts that night - but I have often been in court where there is a very elderly judge who could be 80 years of age or beyond. Why should we have a situation where health care workers who are perfectly capable of doing their job are not in a position to stay on in that job?

There are people who would much rather retire, the earlier the better, and they may retire if they wish. The Bill proposes to address the issue of those who are employees of the Department of Health and all those who are employed by bodies directly funded by the Department of Health who are forced to retire. I believe there is no link between mandatory retirement age and preserved pension age, nor does this draft Bill serve to change the pension benefits or pension age. It should be noted however that any change to the existing pension arrangement could have significant cost implications, as alluded to by the Minister, and would in the first place, be a matter for the Department of Public Expenditure and Reform.

I am in favour of section 6 of the Bill which refers to a presumption that an individual is fit to work. This section states, "Any individual who seeks to have a mandatory retirement age clause ignored, under the regulations provided for by this Act, shall be assumed to be fit to work unless a registered medical practitioner has determined that they have become unfit to work as a result of the existence of a medical condition." I believe this to be a fair and equitable clause. I also strongly support section 8, otherwise known as the "grandfather clause" which states, "Any individual who attained the mandatory retirement age within two years of the commencement of this Act may apply to the Minister to have their employment reinitiated, under the same terms and conditions that were available to them, if they retired as a result of attaining that age." This clause would appear to be fair to those who have recently reached retirement age and I believe this could still be applied to other sectors such as the teaching profession.

We have heard much talk of how staffing poses one of the biggest challenges in the medi-

cal field. The HSE, the largest employer in the country, is obliged to provide health care for all conditions and illnesses and it is faced with unique challenges in retaining the professions and the specialist skills of a range of medical practitioners. Senators, including Senator Gilroy, have spoken about this at length and Senator Crown outlined specific areas of expertise where the HSE is losing employees because of this mandatory requirement, which seems totally nonsensical.

I will now turn to consultants. There are some specialties in which there are international shortages and in which posts have been traditionally difficult to fill. Shortages in specialties such as emergency medicine and psychiatry are a worldwide phenomenon and not specific to the Irish health services. My own mother was very upset at having to retire at the age of 65 but she still works privately. She really enjoyed her work and was missed in the service as she was head of the section when she retired. She missed it very much and was missed by the Mayo psychiatric services. It was sad to see her have to retire earlier than she had wanted to. I have a particular sympathy for where Senator Crown is coming from in regard to the Bill.

Sourcing successors can also take time, an issue which the Minister touched on, even where the retirement date of the occupant of a pivotal role is known. There are also some hospitals to which historically it has been difficult to attract applicants, in particular smaller hospitals. Notwithstanding these factors, it is appropriate that decisions, in limited circumstances, about the rehiring of retired medical staff are made by health service employers rather than driven by the employee's assessment of the situation.

Certain specialist nursing grades, particularly theatre nurses and nurses with particular specialist qualifications, are valuable resources that can be difficult to replace and forced retirement on attaining the retirement age can result in a significant resource loss to the system. In recent years, there have been particular difficulties in recruiting in this area. The national integrated strategic framework for health workforce planning will include representatives of the Departments of Health, Children and Youth Affairs, Education and Skills, Jobs, Enterprise and Innovation, Justice and Equality and Public Expenditure and Reform. The Higher Education Authority and SOLAS will also be involved with a range of HSE directorates. The working group will begin meeting early next year and submit the framework to the Minister by October 2016. The plan will include a high-level implementation plan and associated deliverables.

I agree in principle with the Bill and the comments that it is quite complicated and would have wider implications for Government policy in terms of public sector pay, pensions and workforce planning. Consultation will be required with relevant stakeholders, including the Departments of Public Expenditure and Reform, Jobs, Enterprise and Innovation, and Social Protection, and the HSE and other agencies under the remit of the Department. I am not necessarily in favour of limiting it solely to health service employees. There is no reason it could not be extended to the public sector. Given that agency doctors have been employed at a high cost to the health service, surely this would be a way of getting around that major cost in view of the shortage of available qualified personnel for the health service.

Senator John Crown: I thank the Minister for his courtesy and constructiveness in dealing with the Bill. I am grateful that he and his officials have decided not to oppose it but to allow it proceed to the next Stage which we hope to do, relatively quickly, giving everyone the opportunity to table the substantial Committee Stage amendments which are required.

In answer to a few specific points, such as the wider applicability of the Bill, I agree abso-

lutely, I think there should be a policy not only throughout the public sector but in the private sector. We have to purge ourselves of the thinking which states that we can tell right now at what age people in the future should retire, not knowing anything about their health or competence, their lucidity, the prevailing circumstances and context of the sector in which they work at the time it is not rational. The simplest way to do it is to get rid of the concept altogether. I cannot honestly think of an exception in the public sector where we should say that, purely on grounds of age, a person should have to retire.

The question of the dead wood was raised. Again, what is being said is that our inability to get rid of young dead wood - it appears as if we are studying foresters here - should not first compound the problem by not getting rid of old dead wood. The problem is that it is forcing us to get rid of perfectly good, viable wood that just happens to be a little bit older. It is an incredibly blunt instrument, if the only way we can get rid of the one in ten bad actors at the age of 65 is to get rid of all people at the age of 65. That, clearly, is an issue that needs to be addressed.

The issue of blocking younger people was mentioned by some of my colleagues, that if we do not have mandatory retirement it imposes an unnecessary obstacle to talented young people coming through. Trust me, at every stage of my career I have encouraged young people and have tried to get new jobs made for them. I have tried to get them hired and I have tried to build careers. I would like to think that I have a reasonable reputation as a mentor in this regard. There is no part of me that would want to block young people from coming in. If the logic of it is that we have to get rid of older people in order to make jobs for younger people, why not bring in retirement at 45 years of age. That would be great, we could give everybody a job at 25 or 30 years. To me, there is no logic to that. Let us think this issue through. The existence of 65-year-olds in jobs is not what blocks 30-year-olds from getting jobs, it is economic inefficiency that blocks 30-year-olds from working in an environment which is adequately resourced to make jobs for them.

The US does not have mandatory retirement. Its economy is doing quite nicely and coming out of a very long recession. The unemployment rates in America have reduced quite a bit and it did not have to do this by enforcing mandatory retirement. It understood that one has to get rid of all the inefficiency in the economy that one can. It is fundamentally inefficient to pay two people for the same job. If the level of efficiency is increased in the system, the system will perform better. It will be better for the micro-economy of that sector and, ultimately, for the macro-economy if that kind of reform takes place everywhere. My own sense is that is a bad argument. In addition, there is something incredibly not just inefficient - it is way past inefficient - subversive to the health of an economy to have large numbers of dependent people in the economy. That is not the way it should be. The more people who are productive as opposed to being dependent, the better the economy will be. This is one quick way of taking some little slice out of our increasingly unbalanced productive to dependent ratio.

The double consent process, to which the Minister referred, that it must be in the gift of the employer to allow the person to stay on, is wrong. Why should it be in the gift of employers to let somebody work at 65 and not in their gift to let them work at 45? If the Minister intends to introduce a new regime where people in the public service could be fired, I would be all in favour of that but I do not think it should apply specifically to people in the health service at the age of 65. The logic that people only work when it is good for the system and good for their line managers to think that they can continue working should apply at every age group and across every sector of the public service. It is not something that should be confined to 65-year-old physiotherapists, nurses or doctors.

30 September 2015

There is a lesson and a quick fix here. We know that the reform was put in place between 2004 and 2012, that somebody at some stage said, with the new contracts, mandatory age-based retirement is wrong. Therefore, why do we not extend it to the people who were in posts in 2004? It seems to me that if the positions are in place to allow those folks to have their pension rights in some sense rationalised for those who are not going to retire, why not do it for the folks who are that big demographic bulge for the years before and are not, as yet, retired? As a short-term measure, that would greatly improve the situation in which we find ourselves in terms of the staffing crisis in the health service. It is not radical, there is a precedent, it was done from 2004 until it was rolled back when a decision was made, it must be acknowledged, to incentivise people to take early retirement by hitting their pension if they remained post the full retirement age, which in retrospect is poor public policy. I know of a number of very fine doctors, researchers and others who said they would have to leave a couple of years earlier, otherwise their pensions would be affected.

We have had a very constructive debate. Earlier, I was not sure if the Bill would be accepted on this Stage but at least it would get the debate going, which it has done, but it has been even more constructive. I am conscious of the limited lifespan of this Oireachtas. I am going to give the Bill a very high priority and seek as much help as I can from colleagues on both sides of the House to win whatever mechanisms we can so that we will not have some nebulous “see you next Wednesday approach” when it gets to Committee Stage but will have a firm date, probably next month, so that we can make some attempt to progress it through the Oireachtas prior to its dissolution.

I thank the Minister and his officials for attending.

Question put and agreed to.

Acting Chairman (Senator Jillian van Turnhout): When is it proposed to take Committee Stage?

Senator John Crown: Next Wednesday.

Committee Stage ordered for Wednesday, 7 October 2015.

Acting Chairman (Senator Jillian van Turnhout): When is it proposed to sit again?

Senator Catherine Noone: At 10.30 tomorrow morning.

The Seanad adjourned at 6.30 p.m. until 10.30 a.m. on Thursday, 1 October 2015.