



DÍOSPÓIREACHTAÍ PARLAIMINTE  
PARLIAMENTARY DEBATES

**SEANAD ÉIREANN**

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

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## SEANAD ÉIREANN

*Dé Máirt, 11 Deireadh Fómhair 2016*

*Tuesday, 11 October 2016*

Chuaigh an Cathaoirleach i gceannas ar 3.30 p.m.

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*Machnamh agus Paidir.*  
***Reflection and Prayer.***

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### Order of Business

**Senator Jerry Buttimer:** The Order of Business is No. 1, statements on budget 2017, to be taken at 5 p.m. and conclude not later than 7 p.m., with the contributions of group spokespersons not to exceed eight minutes each and those of all other Senators not to exceed five minutes each and the Minister or the Minister of State to be called on to reply not later than 6.55 p.m.

**Senator Catherine Ardagh:** The budget is better and fairer than any of the five budgets introduced by the previous Fine Gael and Labour Party Government owing to the influence of Fianna Fáil. The confidence and supply agreement we entered into with Fine Gael required us to facilitate budgets and ensure they agreed with the priorities outlined in the framework document. That agreement gave priority to investment in public services over tax cuts and required a 2:1 split in budgets to recognise the new priorities and enable us to start investing in the people again. This has been more than achieved in the budget. We have seen a 3:1 split in public services over tax cuts, which is welcome.

Fianna Fáil has achieved on many issues and the first was capital acquisitions tax. In recent weeks we read that the Government would increase the threshold for group A relatives where a parent wanted to give a gift to his or her child. The threshold has been increased for groups B and C owing to contributions made by Fianna Fáil.

The second element I am happy Fianna Fáil managed to improve is a reduction in deposit interest retention tax, DIRT. Many people, including the elderly, have a lot of money deposited in banks and applying DIRT would be unfair. I am glad that the Government has taken a step in the right direction.

I am unhappy with the first-time buyer's grant. A lot of first-time buyers will have watched the Minister for Finance deliver the Budget Statement today, but I knew exactly what would happen to the grant. Last week I mentioned in this House that we had heard whispers about a first-time buyer's grant worth €10,000. Today we have heard that there will be a first-time buyer's grant of €20,000. That will put an extra €20,000 into the hands of auctioneers and developers.

**Senator David Norris:** Exactly.

**Senator Catherine Ardagh:** The grant will do nothing for people who live in Dublin, specifically in my constituency where there are no homes being built. I do not know where homes worth €400,000 are being built, but they are not being built in Dublin. The new initiative directly discriminates against first-time buyers in Dublin. The grant should have been applied to second-hand homes. The grant will not increase the supply of new homes. Instead, the Government needs to reduce development levies, introduce a site tax, analyse the costs associated with building houses such as the certification process, or reduce the number of building regulations. It needs to come up with a pragmatic way to increase supply. The grant goes nowhere near that and is disappointing. I cannot believe it has been increased to €20,000 when the sum originally mooted was €10,000.

**Senator Rose Conway-Walsh:** With the day that is in it, I congratulate Fianna Fáil and Fine Gael on their first post-election budget. It has been gas to hear a lot of the contributions made about the budget. It is clear that the backroom deal is not about what is best for the people, the economy or services. It is a budget in which Fine Gael and Fianna Fáil dance to each other's tune and see how close they can get.

**Senator Lorraine Clifford-Lee:** Sinn Féin should have entered government.

**Senator Rose Conway-Walsh:** Fair play to Fianna Fáil for staying in the room. For God's sake, will we have to listen to the phrase "we stayed in the room" for the next 20 years?

**Senator Gerry Horkan:** Perhaps.

**Senator Rose Conway-Walsh:** Fianna Fáil believes it is just so wonderful for staying in the room with its partners. Nobody has ever been able to tell me the difference between Fianna Fáil and Fine Gael.

**Senator Diarmuid Wilson:** The reason is-----

**Senator Rose Conway-Walsh:** The budget will not end the crisis in health and housing. It will not provide for the end of water charges that are due to be paid in March 2017. It will not end the crisis in homelessness. It will not end the hardship being experienced by tenants or mortgage holders. It will not close the tax loopholes that the partners in government deny are there in the first place and because of which the country has lost billions of euro. It will not address the decades of neglect in rural Ireland in any sense of the word. We have been told that we will get an increase in Leader programme funding, but we have not been reminded that millions of euro have been cut from the current programme. In County Mayo alone as much as €9 million has been cut from it. I am, therefore, extremely interested in the size of the increase in Leader programme funding.

The budget will be wrapped up and sold to the people on the basis that we are being responsible and fair because these are two words of choice. Obviously, Fine Gael and especially Fianna Fáil have been told to use these two words *ad nauseam*. I am not sure whether they are getting this advice from their Tory Party advisers or Michael O'Leary these days and find it-----

**Senator James Reilly:** It is not Slab Murphy.

**Senator Rose Conway-Walsh:** Is the Senator sure?

**Senator James Reilly:** Yes.

**Senator Rose Conway-Walsh:** A couple of things were mentioned that I cannot let pass. Senator James Reilly will be familiar with this from his time in the Department of Health. First, it has been said that what has been introduced today is a budget for auctioneers and developers. I believe it is. It will benefit auctioneers and developers and do nothing to ease the homelessness crisis. When I became a member of Mayo County Council, I could not believe that approximately 52% of the Fianna Fáil and Fine Gael councillors were auctioneers.

**Senator Paul Coughlan:** An honourable profession.

**Senator Rose Conway-Walsh:** They were to be representative of the public. The other issue is home help packages. I heard members of Fianna Fáil saying it was terrible that packages and home help hours were not provided. We know what Fianna Fáil did to the numbers of home help hours and home help packages and how Fine Gael continued the Fianna Fáil approach to health services. The budget is absolutely under-whelming and will do nothing to ease the crisis. It indicates that there is no understanding of how ordinary people are suffering such as people with children who have special needs, patients on hospital trolleys and those who are suffering as a result of the austerity imposed on them.

**Senator Gerard P. Craughwell:** Last week I called on the Leader to arrange a debate on the Defence Forces' preparedness for Brexit. Two days later I attended the conference of the Permanent Defence Force Other Ranks Representative Association, PDFORRA, in Cork. The Defence Forces are in a state of crisis. We heard in Cork about a soldier on parade who wore a non-issued pair of boots. He had to buy them himself because he could not get a pair of boots issued from the central clothing store. There are large stocks of uniforms held in central clothing, but they might be the wrong size or whatever else. This soldier was not able to get a pair of boots. We also heard about soldiers who were unable to get clothing when they needed it. The climate survey carried out for the Defence Forces shows an appalling situation. On top of this, the attrition rates for commissioned officers are at crisis level. Listening to the radio one morning, I heard that the career choice for a commissioned officer above the rank of captain was a move to Aldi. We are talking about the people who defend the country and represent it with honour on behalf of the United Nations which they have been doing since the late 1950s, yet these young men and women are unable to get clothing. Young officers who go through their training at the Curragh and are a credit to the country have no career trajectory or options ahead of them. It is time this House held a long debate----

**An Cathaoirleach:** I apologise for interrupting but somebody's phone is interfering with the microphones. That is not very helpful.

**Senator Gerard P. Craughwell:** It might be mine because it controls my hearing aid. I am sorry.

The House must have a debate on the Defence Forces with the Minister. It is a crisis. The Defence Forces are below strength and that cannot continue. They have no voice, aside from that of their representative bodies. They have nobody to speak for them and there is no industrial relations process open to them other, than through their representative bodies. As a former proud member of the 1st Infantry Battalion in Galway, I would like to have the opportunity to voice some of their concerns. I ask the Leader to organise that debate as quickly as possible.

**Senator Frances Black:** With regard to the budget, I wish to highlight the homelessness issue. The level of homelessness is one of the greatest scandals of our time. The fact that

children are forced to grow up in hotel rooms is totally unacceptable. The imposition of rent controls should be a priority. I do not agree with the granting of tax relief to landlords who are driving rents up to unsustainable levels. The housing crisis cannot be solved by the private sector but needs capital spending on new social homes. The first-time buyer's grant will not make homes affordable. It will push people into huge mortgage debt again and the benefits will go, once more, to builders.

I welcome the increase in duty on tobacco, but an increase in the tax on alcohol which is also detrimental to the health of people and a significant burden on the health service should have been imposed. The increased income from this tax could have been ring-fenced for the relevant services. I am not involved in the temperance movement or anti-alcohol, but I see the impact of alcohol on a daily basis. I work at the coalface in this area and know that alcohol can have a devastating impact on individuals and families.

While I welcome the extra €1 billion for health services, I hope some of the additional money will be spent on mental health services, for which there is such a need. As we all know, the number of referrals to the child and adolescent mental health service, CAMHS, increased by more than 50% between 2011 and 2014. Too many people in mental health distress who are at risk of suicide are being forced to present at emergency departments or Garda stations because there are no appropriate services outside office hours. We must see continued investment in community mental health services and 24-hour services are needed for people who are particularly at risk of suicide. Staffing levels in specialist mental health services for particular high-risk groups of adults and children require urgent attention. In 2009 the Mental Health Commission issued an amendment to its code of practice for the admission of children under the Mental Health Act 2001 which reads as follows:

In respect of the admission of a child to an approved centre for adults, the following applies:

- a) No child under 16 years is to be admitted to an adult unit in an approved centre from 1st July 2009;
- b) No child under 17 years is to be admitted to an adult unit in an approved centre from 1st December 2010; and
- c) No child under 18 years is to be admitted to an adult unit in an approved centre from 1st December 2011.

Is this code of practice for the admission of children under the Mental Health Act 2001 being implemented? This is a matter that requires urgent attention. It is extremely important that we protect vulnerable citizens and who are more vulnerable in society than children and fellow citizens in mental health distress?

**Senator Ivana Bacik:** I know that we will have statements on the budget later, but for all of the love-bombing between Fianna Fáil and Fine Gael and all the talk of fivers flying around, it is a somewhat underwhelming budget. Like many colleagues, I listened in the Dáil Chamber to the Budget Statements of the two Ministers. It is disappointing to see the lack of ambition in some areas, particularly in the child care sector. I think we are due to have a debate in this Chamber on child care in the coming weeks. In the light of today's announcement, I welcome the holding of that debate. I very much welcome the package of child care measures announced, but it lacks ambition to have the universal payment limited to children under the age

of three years rather than children up to the age of 12. We should also have seen an extension to the paid paternity leave provision that was commenced under the previous Government.

I have also sought a debate in the House on third level education funding. In the budget that can was kicked down the road. The Minister made reference to the Cassells report but only announced that he would conduct a review of the Exchequer and employer contribution without actually grasping the nettle of reform. While the increase of €36.5 million for higher education is very welcome, I understand it is to be shared between the areas of further and higher education. As a result, it will be spread quite thinly across a sector that is so in need of additional funding.

Others have spoken about the disappointing allocation for the arts and the very small increase in the minimum wage of only ten cent per hour. There is a Twitter war about the overseas development aid allocation. As I read it, there is no increase, but the Minister has recently tweeted that there would be an increase in official development assistance. If that is true, it is very welcome, but it is certainly not evident in the Estimates. I ask the Leader to arrange a debate on development more generally, official development assistance and, in particular, development and gender, noting that this is United Nations International Day of the Girl Child. While there is recognition in the development programmes of the particularly disproportionate disadvantage suffered by girls in developing countries, we know that in developed countries sexism and sexist attitudes still prevail as exemplified perhaps in the recent revelations on tape by US presidential candidate Donald Trump. It seems that sexist attitudes towards women are not confined to any particular country or culture. It is very disturbing to see a US presidential debate sink to a new low. I ask the Leader for a debate on our overseas development aid contributions, our commitments to meet international targets and the recognition of gender in development programmes.

**Senator Frank Feighan:** Yesterday was World Mental Health Day, of which the overall objective was to raise awareness of health issues and mobilise efforts in supporting mental health initiatives. I can say with a fair degree of certainty that no family in the country has not been affected directly by the issue of mental health, whether depression, anxiety, alcohol and drug issues. I absolutely agree with Senator Frances Black. We all have an obligation to continue to reduce the stigma attached to mental health distress. It has been a pivotal factor in promoting the importance of good mental health. I am staggered that the rate of youth suicide in Ireland is the fifth highest in the European Union. Older people, especially older men, may also be vulnerable. Suicide is affecting an increasing number of Irish people of all ages. We should endorse Mental Health Day and must work together to try to erase the stigma attached to mental health distress.

**Senator Lorraine Clifford-Lee:** I also join Senator Ivana Bacik in raising the issue of child care, particularly because it is International Day of the Girl Child. Girls grow up to be mothers and, in the main, it is mothers who are impacted on by our pitiful response to the costs and provision of child care services. We support the Minister for Children and Youth Affairs, Deputy Katherine Zappone's increase in funding for families to meet their child care costs, but we have a number of concerns with the design of the scheme. The proposed scheme is essentially two schemes, a high level subsidy of €8,000 per annum for low income families earning below €47,000 and a much lower universal child care subsidy up to €900 per annum for households earning more than €47,000. The major problem I can see immediately is that the scheme only begins in September 2017, which means that essentially we have a full year to wait before families and particularly mothers are catered for by the Government.

There are also a number of other issues that I can foresee. It is possible that the scheme may discriminate against couples who opt for joint assessment of income. The Minister is proposing a scheme that requires households to input their PPS number into a system which tells them whether they are eligible. If an individual is earning under €47,000, he or she may become eligible, as could a couple earning under that amount who are jointly assessed. If, however, one person in a couple is earning under €47,000 and the other is earning more than that sum but they are not jointly assessed, he or she may become eligible. It is something for which we need to look out in this area. This is not a progressive proposal. If a couple is earning more than €47,000, for example, €48,000 or €49,000, they become eligible only for the subsidy of €900 per annum. That is terribly unfair because that is the same subsidy paid to a family earning a combined income of €200,000. That needs to be considered.

Capacity is a significant issue. There is an insufficient number of child care places, with long waiting lists for families seeking child care services. This will put extra pressure on the system. I would like the Minister to address this issue in some way. I ask the Leader to call on her to bring forward the starting date of the proposed scheme. Families cannot wait until September 2017. I was disappointed not to see an extension of paid paternity leave and an element of maternity and paternity leave sharing between couples.

**Senator Máire Devine:** I propose extending the time allowed for the debate on the budget to three hours. It seems this House is undermined a good deal. We have been given two hours, yet there are hours for it in the Dáil. I would like the Leader to accept that proposal.

**An Cathaoirleach:** To clarify, is the Senator formally proposing an amendment to the Order of Business?

**Senator Máire Devine:** Yes, I am.

**An Cathaoirleach:** We will take it as a proposal.

**Senator Máire Devine:** I found the budget quite bare and sketchy. I was looking at the health service, in particular. A figure of €35 million is being talked about. We know that this sum has been promised year after year. Even last April, they attempted to take it back. The cheque has never actually been lodged in the bank account. I would like to delve a little into the health aspects of the budget. It is World Mental Health Week, not World Mental Health Day. It runs for the week and we need to be reminded of it. Then again, last week Fine Gael saw fit to vote down the Private Members' Bill which sought to provide for a 24-hour, seven day a week service. It is a little ironic for those responsible to stand up and talk about it when they are not prepared to put their money where their mouths are.

**Senator Paul Coughlan:** In welcoming the budget I want to welcome, in particular, the announcement by the Minister for Public Expenditure and Reform, Deputy Paschal Donohoe, of the €1.9 million allocation for the Department of Arts, Heritage, Regional, Rural and Gaeltacht Affairs. It includes extra moneys for the reopening of Killarney House. They will provide for the staffing-----

*(Interruptions).*

**Senator Gerard P. Craughwell:** Is there anything local about it?

**Senator Diarmuid Wilson:** Is it being opened again?

**Senator Paul Coghlan:** It is a major national visitor attraction.

*(Interruptions).*

**An Cathaoirleach:** Senator Paul Coghlan to continue, without interruption, le do thoil.

**Senator Paul Coghlan:** It is a magnificent house which has been beautifully restored at great cost.

**Senator Gerard P. Craughwell:** No doubt the Senator will be at the opening.

**Senator Paul Coghlan:** It needs staffing. Thanks be to God, following today's announcement, it will be able to be reopened in early course in 2017. It is within the town and the national park. The beautiful grounds and gardens cover 35 acres and stretch all the way to the shores of Lough Leane, just north of Ross Castle.

**Senator Gerard P. Craughwell:** It is a short distance from the Senator's house.

**Senator Paul Coghlan:** It is a magnificent property located within the town of Killarney, with which you are most familiar, a Chathaoirligh, if I may say so.

**An Cathaoirleach:** On Munster final days only.

**Senator Paul Coghlan:** The national park stretches all the way from Muckross into the town, west of Muckross Road. Perhaps I should leave it at that because there seems to be much tittering. I know that we are all enjoying the budget which is a very good one, contrary to some of the remarks made. I look forward very much to debating it.

**Senator Gerard P. Craughwell:** With a fiver a week - go away.

**An Cathaoirleach:** I have taken the Senator's point and thank Senator Paul Coghlan very much. I will let Senator David Norris in. He reminds me a little of the song, "Nobody's Child", but I am always looking out for him.

**Senator David Norris:** I will adopt you as a parent.

**Senator Trevor Ó Clochartaigh:** *In loco parentis.*

**Senator David Norris:** You are very caring.

I am bored senseless by the budget. It is a complete and utter waste of time. The details have been leaked for weeks. I remember a time when Ministers were fired for the smallest leak. We know all about it. We would have been better off with no budget at all. Let the country continue and let it recover. The housing grant is completely mad. It is back to the crazy days of 2008.

I am keen to raise one issue. In budget 2011 the Government cancelled the maintenance grant for postgraduate students. As a result there was a decline in the number of postgraduate applications. The worry is that this decline takes place most severely in the more deprived socioeconomic areas. Instead of encouraging people from deprived backgrounds to take part in university life fully, as well as research and so on, we are actually discouraging them. The latest figures from 2015 show that 2,542 individuals received assistance in the payment of tuition fees. That is a decrease of 8% and the figure is probably worse this year. Mr. Tom Boland,

chief executive of the Higher Education Authority, said: “The HEA would be concerned if a lack of financial support is preventing less well-off students from continuing with their studies to postgraduate level.” That is what seems to be happening.

*4 o'clock*

In the report of the expert group on higher education Mr. Peter Cassells says supports for part-time and postgraduate students are very limited and urges an increase in payments. Will the Leader be kind enough to contact the Minister for Education and Skills and make these points?

Although our university rankings appear to be falling, I gather the universities made mistakes in the way they presented the figures and we are much better off in terms of the rankings than it appears. However, at a time when we do appear to be sinking owing to a lack of investment, investment in postgraduate students and particularly maintenance grants for students who come from lower socioeconomic levels is very important.

**Senator Aidan Davitt:** I am very disappointed with the measure for first-time buyer's grants in the budget as it increases the city-rural divide and inequalities in our society. A person privileged enough to live within the M50 belt can avail of the grant but outside it it will apply to almost no one. Contrary to my colleague's belief that this plan is welcomed by auctioneers, it is anything but. Young families from Belmullet to Mullingar see no housing starts or benefits from this measure in the budget. It is certainly discrimination.

**Senator Colm Burke:** I welcome the budget, in particular the increase of €1 billion in the health care budget. It is extremely important that it be managed properly. I was interested to listen to the leader of Sinn Féin giving out about the budget. We are trying to encourage more nurses and doctors to come home to work in Ireland, whereas Sinn Féin's proposed increase in taxation would discourage them from doing so.

**Senator Trevor Ó Clochartaigh:** That is nonsense.

**Senator Colm Burke:** Many good people in the health care sector have left the country and it is important that we do everything possible to bring them back. A total of 38% of the doctors working in the country are non-Irish graduates. We need to encourage the many abroad to come back. Between now and 2025 there will be a shortfall of 95,000 medical practitioners in the United States. That is the challenge we face. We are competing in a world market. It is important to use the health care budget wisely and make sure we get the maximum number of frontline staff available to provide services. Many seem to have forgotten from where we have come. We were borrowing money at a rate of 14%. The last Government bond sold was at an interest rate of 0.33%. The unemployment rate has come down from 15% to 7.9%. It is important to make sure we do not go wild because extra money is coming in through taxation. A total of 160,000 more people are working now than four years ago. With over 2 million working, more taxation is coming in, but it is important to spend that money wisely and carefully and that we provide the necessary support services in our health care sector.

**An Cathaoirleach:** I call Senator Paul Gavan. My apologies, Senator Niall Ó Donnghaile is first.

**Senator Niall Ó Donnghaile:** Ná bí buartha, a Chathaoirligh. Gabh mo leithscéal, bhí mé i mo chodladh ansin. Communities along the Border mobilised-----

**An Cathaoirleach:** Gabh mo leithscéal, a Sheanadóir.

**Senator Niall Ó Donnghaile:** Ná bí buartha. Ná bíodh aon inní ort, a Chathaoirligh. Bhí mé comh lochtach mé fhéin.

At the weekend communities along the Border mobilised against the decision taken against their will on Brexit. I have raised this issue consistently in this Chamber. It was impressive and uplifting to see people beyond the realm of politics take to their feet to mobilise in a concerted way against the negative implications of Brexit. It was good, too, to see people from across the various party political divides represented at the event.

It is critical that we in this House have an opportunity to hear directly, through the mechanism of the Committee on Procedure and Privileges, from members of Border Communities Against Brexit. The campaign group is made up of representatives of the agricultural sector and farming community, the trade union movement, the community and voluntary sector, the small business sector and people involved in all aspects of civic and community life. In that context, it is astounding that the budget makes absolutely no reference to the communities along the Border and the unique and bespoke support they require, not only because they are facing difficulties as a result of Brexit but because of the generational difficulties they have faced dating back many years. Never mind the Border's failures in the broader political and economic context, it always has been a hindrance and detriment on a practical level for the people who live along it. With the imposition of Brexit on people in the North, against the will of communities, we will have a situation where some farmers will not just have parts of their land in both the North and the South but also both inside and outside the European Union. The case made at Saturday's rally against taking the North out of the European Union was compelling. I am sure the same arguments were replicated at rallies along the Border. I am encouraged that we have had an opportunity to debate this issue extensively and hope we continue to do so. We should take the opportunity, through the Committee on Procedure and Privileges, to hear directly from the lobby group to which I refer.

**Senator Gabrielle McFadden:** Will the Leader ask the Minister for Foreign Affairs and Trade to give us an update on the issuing of passports in the context of the increase in the number of applications since the referendum on Brexit? On another issue relating to passports, it has been brought to my attention that several members of the Defence Forces who applied for military passports more than three weeks ago - such passports are required in order to serve in Lebanon - still have not received them. These members - a sergeant and four privates - are scheduled to fly out next Monday as part of an engineering platoon. It is outrageous that soldiers who are going to Lebanon to represent their country should have to go to such lengths - having to contact a politician - to secure the necessary military passports. I would like to have a debate on the matter with the Minister.

I welcome the €690 million allocated in the budget for capital expenditure by the Department of Education and Skills. I am delighted with the allocation on a personal level because it includes approval for Coosan national school in my constituency to proceed to tender. The school has been on the books for some 16 years and my late sister, former Deputy Nicky McFadden, and I both worked very hard over a period of eight years to get the project to where it is today. It was on the list for 2016 but was subsequently removed. Several months ago I requested that the Minister be asked about that removal. I again ask the Leader to seek to discover how a school can be taken off a list. Fortunately, the Coosan project is now due to go to tender before Christmas, with many Independent Deputies jumping on the bandwagon to make

announcements about it. As far as I am concerned, however, it is my announcement because I have been working on the issue for a long time. Notwithstanding the progress being made, I remain concerned that it was taken off the list without any explanation. I would like to know the reason that was done, whether it was the case that the previous Minister removed it before the election or for any other reason. I ask the Leader to raise the matter with the Minister.

**Senator Paul Daly:** I understand the Minister for Agriculture, Food and the Marine still has to announce some of the finer details of the provision for his Department in the budget. However, I note a reference to an increase in expenditure to €211 million under the green low-carbon agri-environment scheme, GLAS. The original budget for the roll-out of the scheme was €250 million, with a suggested uptake of 50,000 farmers. What is proposed is described as an additional spend to raise the level of take-up from 38,000 to 50,000. However, the short-fall in the original take-up rate was due to the bureaucracy involved. How does the Minister propose that those 12,000 additional farmers will join the scheme if there is no change to the constraints and the bureaucracy involved? How can we say this is an increase in the budget, bringing the figure up to €211 million, when the original figure for roll-out was €250 million, with a proposed average spend per farmer of €5,000? At this stage, the average spend per farmer, owing to the bureaucracy, is €4,200 in tier 1 to €4,500 in tier 2. How can that be seen as an increase in spend when the money to be available for the original roll-out was €250 million? Today there are bells and whistles about an increased spend that will raise the figure to €211 million. The Leader might obtain clarification.

**Senator Trevor Ó Clochartaigh:** Ba mhaith liom cuidiú leis an moladh atá déanta ag mo chomhghleacaí go ndéanfaí leasú ar Riar na hOibre ionas go dtabharfaí níos mó ama don díospóireacht ar an mbuiséad inniu.

The budget will not offer much solace to those who have been struggling with mortgages or paying almost double in car insurance compared with what they paid previously, etc. It is ironic that a pay increase for the Taoiseach, Ministers, Deputies and Senators will be announced and that---

**Senator Jerry Buttimer:** That is not included in the budget. The Senator should deal in facts, not spread rumours. There is nothing in the budget about that matter.

**Senator David Norris:** What are we getting? How much?

**Senator James Reilly:** I thought the Senator was bored with the budget.

**An Cathaoirleach:** Please allow Senator Trevor Ó Clochartaigh to continue, without interruption. I am sure the Leader will deal with the matter in his response.

**Senator Trevor Ó Clochartaigh:** Bíonn an fhirinne searbh. Old age pensioners, people in receipt of disability benefit and others will have to wait a number of months for the paltry increases they will get in their social protection payments.

Baineann an cheist mhór atá agam inniu le cúrsaí Gaeilge agus Gaeltachta. Bíonn caint mhór ar “beart de réir briathair”, ach tá briathar déanta de réir an beart ó thaobh cúrsaí Gaeilge agus Gaeltachta inniu agus laghdú scannalach de 9% déanta ar bhuiséad na Gaeilge agus na Gaeltachta. Tá mé tar éis iarrachtaí a dhéanamh ionas go mbeadh díospóireacht againn maidir le cúrsaí Gaeilge agus Gaeltachta. Cén fáth a bhfuil an Rialtas seo ag díriú ar chúrsaí Gaeilge agus Gaeltachta nuair atá gearradh siar á dhéanamh?

**Senator Jerry Buttimer:** Nílimid.

**Senator Trevor Ó Clochartaigh:** Tá laghdú de 9% le feiceáil go soiléir sna figiúirí. D'admhaigh an tAire Stáit, an Teachta Seán Kyne, ar Raidió na Gaeltachta ar ball beag go bhfuil gearradh siar de 9% á dhéanamh ar bhuiséad na Roinne. Tá sé scannalach. Tá sé ag cur as dom freisin nach bhfuil na bunsonraí maidir le caiteachas na Roinne sin le fáil againn. De ghnáth, bíonn briseadh síos sa bhuiséad ar céard atá le caitheamh faoi na rannóga éagsúla, ach níl aon eolas breise tugtha dúinn inniu faoin Foras Teanga, srl. Tá duine éigin ó na meáin tar éis a rá liom go ndúirt oifigeach PR de chuid na Roinne nach mbeidh na sonraí sin ar fáil go dtí an Nollaig. Ba chóir go mbeidís ar fáil inniu againn agus ba mhaith liom dá n-iarrfaí iad sin ar an bpointe boise.

Bhí sé ráite freisin ag an Aire Oideachais agus Scileanna le daoine a bhíonn ag plé le réimse an oideachais sa Ghaeltacht go mbeadh €7 milliún breise le fáil le haghaidh an pholasaí nua oideachas Gaeltachta. Ní fheicim aon rud luaite faoi sin i ráiteas an lae inniu. B'fhéidir go dtabharfadh an Rialtas soiléiriú faoi sin dúinn. Léirigh Sinn Féin sa bhuiséad malartach a chuir muid ar fáil go gcuireadh muid €1.5 milliún breise ar fáil do phleanáil teanga, €5 milliún breise ar fáil mar airgead caipitil d'Údarás na Gaeltachta, €4.5 milliún ar fáil mar chreidmheas cánach agus €7.58 milliún ar fáil d'Fhoras na Gaeilge. Tá teipthe ar Fhianna Fáil chomh maith céanna seasamh suas do chúrsaí Gaeilge agus Gaeltachta. Bhí lámh an-mhór acu sa bhuiséad atá leagtha amach inniu. Gheall siad do na heagraíochtaí Gaeilge go seasfadh siad an fód ar a son, ach is léir go bhfuil teipthe orthu go hiomlán.

**Senator Niall Ó Donnghaile:** Tá cinnte.

**Senator Trevor Ó Clochartaigh:** Ba mhaith liom go mbeadh Aire Stáit na Gaeltachta istigh anseo, gan a bheith ag imeacht i bhfolach orainn. Ba cheart dó teacht anseo le míniú a thabhairt dúinn cén fáth go bhfuil réimse na Gaeilge agus na Gaeltachta mar cheann den líon beag rannóga a bhfuil gearradh siar déanta arís air. Tá sé náireach agus scannalach go bhfuil an Rialtas ag ligint do seo tarlú. Ba chóir go mbeadh náire ar Fhine Gael agus ar Fhianna Fáil, agus ar na Neamhspleáigh atá ag tacú leo, nár sheas siad an fód sa chomhthéacs seo. Tá an t-am istigh.

**An Cathaoirleach:** Tá an t-am istigh.

**Senator James Reilly:** I will start by saying we had enough excitement with boom and bust budgets. Boring is good enough for me because the excitement of boom and bust budgets was not much fun for the many citizens who suffered as a consequence of them.

I very much welcome the increased money for education, the importance of which to our future needs no further debate by me. People understand this.

I welcome the child care funding increase - it is important that it be focused in the manner outlined in the budget - for providers in order that the Government can have a say about standards and some control over costs. Of course, one would like to do more, but we have just come out of the most serious economic recession the country has ever endured. It is welcome, therefore, that there will be an additional €130 million or €145 million for child care services.

I really welcome the money allocated for the health service and hope the reforms will continue. As stated previously, money alone will not cure that problem. Senator Máire Devine spoke about putting our money where our mouth was. In that context, specific moneys are

being allocated for mental health services. The issue has been taken very seriously by the Government for some time.

There are changes in the universal social charge that will give some small relief to hard-pressed workers. We would love to do more.

There is money for roads and infrastructure. I was especially glad to hear that metro north is still on track and the money for it will also be forthcoming. There is also money for the national maternity hospital, which is very important, and the new paediatric hospital. Again, we are investing in our future and children.

I agree with the provision of money for first-time buyers. I remind those in Fianna Fáil who have cried so much about this that they introduced a similar measure in the 1980s. I thank them as I gained from it when I bought my first house.

**Senator David Norris:** What a mistake it was too. Everybody acknowledges that it was a mistake.

**Senator James Reilly:** Not at all. Houses are very expensive in Dublin and this will give young people an opportunity to get on the ladder. It is not always that a house is the first purchase, as it can often be an apartment that starts a young family on the ladder. People need to live close to where they work and much of the work is available in Dublin. There is also much work available down the country and the issue should be addressed through the regional action plan for jobs. There is clearly much more to be done, but we have also put money in to address housing shortages and homelessness. Having put in €1.2 billion, the Government has done as good a job as could be done with the limited increased funds available. Never let the perfect get in the way of the good.

**Senator Jennifer Murnane O'Connor:** We just have seen small snippets of the budget. When we see what areas are being addressed, we can see how the most vulnerable in every area are affected. This is Mental Health Week and there are volunteers in my constituency putting on over 60 events to help people who are queuing to get appointments to see doctors. The budget should address such issues and unless that happens, we might as well throw the money down the river. The money is available and it is up to the Government to see to it that those areas which need it will get it. It is the same in the case of people with disabilities. There are more than 500,000 people with disabilities in Ireland and people are waiting 12 weeks to receive carer's allowance. They need that money. This is a budget that can work if the money is used wisely. If it is not, it will be no good.

I am very disappointed that old age pensioners must wait until next March for their €5 increase. It should be given to them earlier. They are the most vulnerable in society. The same applies to jobseekers and carers. Unless the budget delivers to those in need, from people with disabilities to those affected by the housing crisis and patients on trolleys, it will not be a success. Until we see it and let it go forward, I hope I will be able to work with it and ensure the people I represent will get the best out of the budget, like everybody else.

With respect to Sinn Féin's comments-----

**An Cathaoirleach:** Tá an t-ám istigh.

**Senator Jennifer Murnane O'Connor:** -----Fianna Fáil at least sought agreement, while

Sinn Féin did not. It added nothing. At least we tried to help.

**Senator Trevor Ó Clochartaigh:** Fianna Fáil signed off on it. It is a Fianna Fáil-Fine Gael budget.

**Senator Jennifer Murnane O'Connor:** Not at all.

**Senator Trevor Ó Clochartaigh:** They are not coddling anybody.

**Senator Lorraine Clifford-Lee:** Sinn Féin is clearly worried about Fianna Fáil in elections. The party peaked too soon.

**Senator Trevor Ó Clochartaigh:** The Senator's party has gone back down.

**Senator Lorraine Clifford-Lee:** Not below what we got in the general election.

**Senator Michelle Mulherin:** I refer to a new insecticide developed by Bayer that is being considered for approval for distribution on the Irish market. A lot of concern has been expressed about the insecticide flupyradifurone. The insecticide has been linked with killing bees and other insects that are crucial for the growth of crops and other vegetation. This is a worry as three quarters of the world's crops are pollinated by bees and other insects. With the number of environmental experts and research that outline the harmful effects of the insecticide or the serious risks it poses for food production and the entire food system, with the way it challenges ecological diversity and biodiversity, will the Leader of the House take up the issue with the Minister for Communications, Climate Action and Environment and the Minister for Agriculture, Food and the Marine? Will they allay my concerns and the concerns expressed to me about the possible introduction of the insecticide in Europe? Other European countries have challenged its introduction but, in general, Brussels has given it a green light. Use of the insecticide has been challenged in the United States. There has been cause to ban certain insecticides that have been shown to kill off bees. We all know, from recent publicity, the crucial role that they play in food production.

**Senator Diarmuid Wilson:** I welcome the main provisions contained in the budget. I welcome the increase in funding for health, social welfare, education and child care services. I look forward to the relevant Minister outlining in detail where increases will be made in the provision of funding for further education. I hope funding has been increased for the Youthreach sector as it provides badly needed educational training for vulnerable young people who have dropped out of school. Education is crucial to their lives and chance of progression in life.

Like my colleague, Senator Niall Ó Donnghaile, I was on the Cavan-Fermanagh border at Aghalane last Saturday. I was joined by my colleague, Deputy Brendan Smith, and Cavan county councillors, John Paul Feeley, Sean Smith and Eugene Greenan, for a community protest to highlight the concerns of the communities on both sides of the Border about what Brexit meant for both counties and the general Border area. There were four other protests that were attended by political parties from north and south of the Border. I am gravely concerned - it is the one major concern I have with the budget - that only €1 million has been allocated to provide extra personnel to deal with the effects of Brexit. Will the Leader of the House engage with the Taoiseach and his Cabinet colleagues as a matter of urgency? The Government must allocate an extra €1 million to tackle this crisis head on. Nobody knows the extent of the crisis, but Border communities have already suffered as a result of the depreciation of sterling. We lived with a border for long enough. At the time people had to travel, through necessity, across

the Border to shop because goods were far cheaper in the North because of sterling. The one thing that the protest I attended on Saturday signalled was that the communities on both sides would not tolerate going back to the situation prior to the peace process. That should be noted very clearly.

I wish to make another point and thank the Cathaoirleach for his indulgence. The peaceful protest was led by Fr. McVeigh, a priest from County Fermanagh. People from communities on both sides of the Border, business people, people involved in the agriculture sector, community leaders and others, participated. While the protest lasted, a PSNI helicopter flew over the public meeting. If that is not incitement, I do not know what is. As we are not returning to it, people should get their act together and deal with it.

**Senator Jennifer Murnane O'Connor:** Well said.

**Senator Ned O'Sullivan:** I broadly welcome the budget.

**Senator Jerry Buttimer:** Good man.

**Senator Ned O'Sullivan:** Absolutely. Like Senator Jennifer Murnane O'Connor, I am disappointed immediate effect is not being given to the social welfare increases. The litmus test of a society or democracy is how it treats its old age pensioners, in particular. Whatever boom and doom occurred and whatever destruction took place in the economy, it certainly was not the fault of old age pensioners. They have no options and their circumstances are highly circumscribed. I am glad that the Minister was able to do something for them in the budget. It vindicates the position adopted by my party leader, Deputy Micheál Martin. We have been criticised by Senator Trevor Ó Clochartaigh, but Fianna Fáil took the responsible road by entering into a confidence and supply arrangement with the Fine Gael Party. Will we ever forget how Sinn Féin members were so terrified when the negotiations were taking place? They were like rabbits caught in the headlights for as long as the talks went on-----

**Senator Trevor Ó Clochartaigh:** Nonsense.

**Senator Ned O'Sullivan:** -----for fear the finger would be pointed at them and they would eventually have to step up to the mark and do something responsible which they will never do on either side of the Border.

**Senator Trevor Ó Clochartaigh:** Absolute nonsense. Fianna Fáil is co-signatory of the budget.

**Senator Niall Ó Donnghaile:** The Senator has seen the example of Martin McGuinness.

**An Cathaoirleach:** Senator Ned O'Sullivan to continue, without interruption, please, but he is inviting challenge.

**Senator Ned O'Sullivan:** Deputy Micheál Martin deserves great credit for the increases in education.

**Senator Trevor Ó Clochartaigh:** The *de facto* coalition.

**Senator Ned O'Sullivan:** He made it a red line issue and made it clear that our party considered education to be vital. We must be realistic. The economy has recovered immensely and we will give credit where it is due.

**Senator Trevor Ó Clochartaigh:** For whom?

**Senator Ned O'Sullivan:** The economy is the economy.

**Senator Trevor Ó Clochartaigh:** For whom did it improve?

**Senator Ned O'Sullivan:** We face a huge problem with Brexit, but if we all act responsibly, if everybody puts his or her shoulder to the wheel and if people will stop sitting on the fence and throwing abuse all of the time, we will make progress.

I welcome and draw the Leader's attention to the wonderful announcement made today by Shannon Airport of the new service provided by SAS, Scandinavian Airlines. SAS has been operating in Ireland for 50 years, but this service will be important for the mid-west. It will give entrepreneurs and business people in the mid-west access to the Norwegian market and, through SAS, access to over 22 other airlines. It is a huge hub for us, a big opportunity for business people and a huge opportunity for tourism interests in counties Clare, Galway, Kerry and the mid-west which has been welcomed by the chief executive officer of Fáilte Ireland. A couple of years ago there was talk that Shannon Airport was going to be mothballed and there was much doom and gloom. A number of us stood up for it when it was under pressure, including men and women from counties Clare and Kerry. It is good news for the mid-west on budget day. I congratulate those responsible for Shannon Airport and ask the Leader to take note of it and ensure further support will be given to the airport, as required.

**An Cathaoirleach:** The Senator has stolen a march on Senator Martin Conway.

**Senator Jerry Buttimer:** I thank the 21 Senators who contributed on the Order of Business and predominantly referred to measures included in the budget. I will deal with them as best I can and apologise if I miss some of the points made.

I echo the words of Senator Ned O'Sullivan. If one were to listen to the merchants of doom and gloom, we would return to the situation in 2001 and 2011 as opposed to where we are today when there are more than 2 million people at work. The Minister for Finance, Deputy Michael Noonan, presented his sixth budget to the Dáil today and Sinn Féin voted against every measure, despite voting in favour of the bank guarantee. Let us get the facts right and call a spade a spade. Sinn Féin Members come to this House, week in and week out, and are for nothing and against everything.

**Senator Trevor Ó Clochartaigh:** Nonsense. The Leader should have read Sinn Féin's alternative budget.

**Senator Jerry Buttimer:** I have.

**An Cathaoirleach:** Please allow the Leader to respond.

**Senator Marie-Louise O'Donnell:** It is fantasy.

**Senator Trevor Ó Clochartaigh:** It is very progressive.

**Senator Ned O'Sullivan:** Leprechaun economics.

**Senator Trevor Ó Clochartaigh:** Fianna Fáil did not even have an alternative budget.

**Senator Jerry Buttimer:** This is the first of three budgets under the confidence and supply

arrangement with Fianna Fáil. The only party that wanted to go into government was Fine Gael and Independents joined us.

**Senator David Norris:** They had to get in.

**Senator Jerry Buttimer:** Fianna Fáil opted out and Sinn Féin would not do anything.

**Senator Jennifer Murnane O'Connor:** That is not true. We talked to everybody.

**Senator Jerry Buttimer:** The reality is that the only man who wanted to lead a Government was Deputy Enda Kenny.

**Senator Ned O'Sullivan:** Deputy Micheál Martin also did.

**Senator Trevor Ó Clochartaigh:** The people did not support him.

**Senator Jerry Buttimer:** The sacrifices-----

*(Interruptions).*

**An Cathaoirleach:** Please allow the Leader to continue, without interruption.

**Senator Jerry Buttimer:** The sacrifices of the people, with the political leadership shown by this and the last Government, have brought the country to a better place. The budget may not be perfect, but we are not going back to the days of boom and bloom, to borrow a famous phrase used by a former Minister for Finance, Ray MacSharry. If one looks at the proposals made in Sinn Féin's alternative budget, one will see that it would tax those at work and those who employ and put the country in hock forever.

**Senator Trevor Ó Clochartaigh:** That is nonsense.

**Senator Jerry Buttimer:** Sinn Féin is proposing new taxes worth €1 billion.

**Senator Trevor Ó Clochartaigh:** To pay for services and invest in front-line workers.

**Senator Jerry Buttimer:** The party would send people away forever on emigrant boats and aeroplanes. The Government is bringing people home. There are now 2 million people at work. If the Senator had his way, we would have placards from here to the Red Cow roundabout and the four corners of the country. We would find ourselves back in the 1950s dancing at the crossroads.

**Senator Trevor Ó Clochartaigh:** That is absolute nonsense.

**Senator Jerry Buttimer:** Today there are factories at the crossroads. This is a high-tech, low-tax economy.

**Senator Trevor Ó Clochartaigh:** It is a low-tax economy for high earners.

**Senator Jerry Buttimer:** The Senator should be ashamed of himself.

**Senator Trevor Ó Clochartaigh:** It is only a low-tax economy for high earners.

**An Cathaoirleach:** I ask Senators to, please, respect the Leader and allow him to continue, without interruption.

**Senator Jerry Buttimer:** The Government and the budget-----

*(Interruptions).*

**An Cathaoirleach:** I remind everyone that there will be a debate on the budget after the Order of Business.

**Senator Jerry Buttimer:** In the budget the Government is committed to protecting what is a fragile economy. Senators Brian Ó Domhnaill and Diarmuid Wilson spoke about the problems arising from Brexit. What the Government must now do is not what Sinn Féin would do.

**Senator Niall Ó Donnghaile:** Why is the economy fragile? Who busted it?

**Senator Marie-Louise O'Donnell:** Thanks to Sinn Féin.

**Senator Trevor Ó Clochartaigh:** We are in opposition.

**An Cathaoirleach:** Please allow the Leader to respond.

**Senator Jerry Buttimer:** That encapsulates the approach of Senator Trevor Ó Clochartaigh and Sinn Féin to everything - we are in opposition and will oppose, oppose, oppose; ochóin, ochóin agus ochóin. The budget is about ensuring what we have to spend and, to be honest, will have to borrow will be spent prudently and invested wisely. It is also about making sure those in all sectors of society who contribute - we must make work pay - will benefit from it. The Senator is caught in a time warp. He should come back into the real world.

**Senator Trevor Ó Clochartaigh:** The Leader should tell that to the patients on hospital trolleys in Galway and those in mortgage distress.

**Senator Michelle Mulherin:** Sinn Féin has no solutions.

**Senator Jerry Buttimer:** Senator Ivana Bacik spoke about the budget lacking ambition. I remind her of the 2 million people at work. It represents a drop of 7.9% in the unemployment rate from the peak of our economic distress. The ambition is to lift the lives of all citizens and ensure all people will benefit, whether they are working in a factory in Cork, living on the Border in County Cavan or County Monaghan or in the heart of Connemara. No matter what one's political view is, it is important to protect the country, the economy and the people. As the Minister, Deputy Michael Noonan, said in the Budget Statement, we cannot go back to the old days. We cannot adopt a "Late Late Show" approach whereby we give everything away to everybody. We cannot do that. We did it in the past-----

**Senator Trevor Ó Clochartaigh:** The Government's measures will increase the cost of housing and keep people out of the housing market, thus exacerbating the homelessness problem.

**An Cathaoirleach:** Please allow the Leader to continue, without interruption.

**Senator Jerry Buttimer:** I will address that issue now. The Government has unveiled the biggest housing plan in the history of the State. It was announced by the Minister for Housing, Planning, Community and Local Government, Deputy Simon Coveney, and supported by the Minister for Finance in the budget.

**Senator Trevor Ó Clochartaigh:** Where are the houses?

**Senator Jerry Buttimer:** As the Senator knows quite well because he is a smart man, the level of supply is critical.

**Senator Trevor Ó Clochartaigh:** Fine Gael has had six years to address the problem.

**Senator Jerry Buttimer:** One cannot have people in houses without incentivising the market to encourage developers to build and people to buy. If the Senator speaks to those involved in the construction sector, they will tell him that the lack of supply is the big and fundamental difficulty.

**Senator Trevor Ó Clochartaigh:** We should be building social houses.

**Senator Jerry Buttimer:** The Senator has not listened to anything. He has opposed and continues to oppose everything included in the budget..

**Senator Trevor Ó Clochartaigh:** That is nonsense.

**Senator Jerry Buttimer:** As we are all aware, first-time buyers are experiencing difficulties in accessing finance. I wish we could do everything for everybody, but the Government must prioritise. Home ownership is good, as is having the ability to supply housing, social or otherwise. Enabling people to own their own homes and put a roof over their heads is the aspiration and objective, in so far as we can bridge the affordability gap, of everyone on this side of the House. The new help-to-buy scheme for first-time purchasers will incentivise the market.

**Senator Trevor Ó Clochartaigh:** It will lead to an increase in house prices.

**Senator Jerry Buttimer:** In addition, a home renovation scheme will be available.

Senator Rose Conway-Walsh will have an opportunity to raise the point she made when we debate the budget later. Moreover, we will have the Minister for Children and Youth Affairs in the House on 18 October.

Senator Gerard P. Craughwell raised the very important issue of conditions for members of the Defence Forces. He may be aware that the Permanent Defence Force Other Ranks Representative Association, PDFORRA, held its annual general meeting in Cork last week. I will arrange a debate with the Minister for Defence on the issues raised by the Senator.

There is an increased provision in the budget for mental health services that reflects the Government's commitment to reform of the sector and delivery of A Vision for Change. I participated in an event in Cork last Friday in advance of Mental Health Week. It is an issue that we must keep to the fore. Encouraging people with mental health difficulties to engage with others is very important, as represented by the hashtag #itsgoodtotalk.

Senator Lorraine Clifford-Lee referred to the provision of child care. It is an issue we will discuss in the House with the Minister for Children and Youth Affairs, Deputy Katherine Zappone, on 18 October.

I cannot accept Senator Máire Devine's proposed amendment to the Order of Business because the Minister for Finance, the Minister for Public Expenditure and Reform and the Minister of State at the Department of Finance are in the other House today. We have no responsibility in the passing of the budget, although Ministers will come to discuss its provisions with us. I would be happy to have a rolling debate on the budget, beginning with the discus-

sion this evening. Moreover, we will have continuing discussions on the budgetary proposals in the debates on the Social Welfare Bill and the Finance Bill. There will, therefore, be ample opportunities to discuss them.

I welcome Senator Paul Coghlan's remarks about Killarney House and its majestic grounds.

Senator David Norris made an important point about funding for postgraduate studies. As an educator, I agree that postgraduate education should be prioritised. I hope the Minister for Education and Skills will come to the House to discuss what is an expansive education budget. In this House last week he demonstrated in his statement on the action plan for education that he had a vision for the education sector and a commitment to deliver on it.

Senator Colm Burke welcomed the increase in the budget for the delivery of health services.

Senators Niall Ó Donnghaile and Diarmuid Wilson referred to the impact of Brexit on the Border region. As Members know, this House is engaged in a rolling debate on Brexit. The Taoiseach has led the Government's response, while the Minister for Foreign Affairs and Trade, Deputy Charles Flanagan, and other Ministers are engaging with their counterparts in the British Government. North-South engagement is equally important. Watching the news coverage on Saturday of the demonstration attended by Senator Niall Ó Donnghaile, one could not but have been impressed by the manner in which the protest was conducted and aware of the extent of the impact of Brexit on the daily lives of citizens on this island should a hard border be reinstated. None of us in this House wants to see the return of a hard border, a matter we discussed last week in the aftermath of the Conservative Party conference. We will continue to address it.

Senator Gabrielle McFadden referred to the delays in issuing military passports to members of the Defence Forces. I will be happy to raise the matter with the Department. The Senator also referred to a building project at a school in her constituency. I am not familiar with the way in which the lists are compiled, but I will take up the matter with the relevant Minister.

Senator Paul Daly referred to the allocation of funding for the green low-carbon agri-environment scheme. I will ask the Minister responsible to come to the House to discuss this and other issues. I join the Senator in welcoming the restoration of the allocation of €211 million for the scheme.

Senator Trevor Ó Clochartaigh referred to cúrsaí Gaeltachta. Níl gach freagra agam. Mar sin féin, tá a fhios agam go mbeidh a €2.25 million increase in the capital allocation for Údarás na Gaeltachta and Roinn na Gaeltachta.

**Senator Trevor Ó Clochartaigh:** How much?

**Senator Jerry Buttimer:** I am told the figure is €2.25 million for support schemes in Údarás na Gaeltachta. A grant of €2.4 million for capital works in 2016 was announced last week, as well as works on Inis Oírr. There is a commitment by the Government.

**Senator Trevor Ó Clochartaigh:** There has been a 9% cut.

**An Cathaoirleach:** Please allow the Leader to respond.

**Senator Jerry Buttimer:** Senator Trevor Ó Clochartaigh is wrong to say there is no interest on this side of the House in the Irish language. I very much regret that I cannot have this debate with the Senator as Gaeilge, but, as he knows, I will try. The Minister of State is com-

mitted to coming to the House to discuss the matter.

**Senator Trevor Ó Clochartaigh:** When?

**Senator Jerry Buttimer:** He is willing to come to the House to discuss it.

**Senator Trevor Ó Clochartaigh:** The Leader has been saying that for months.

**An Cathaoirleach:** Please allow the Leader to respond. The Senator keeps interrupting.

**Senator Jerry Buttimer:** I have explained the position to the Senator on numerous occasions.

**Senator Trevor Ó Clochartaigh:** The Minister of State is running scared.

**Senator Jerry Buttimer:** He is not. The only person here who is scared is the Senator because the country is going well, something he does not want.

Senator James Reilly raised a budgetary issue, as did Senator Jennifer Murnane O'Connor who made a point about the timeline for payments. The Minister has said the reason it runs from now is to allow more people to be included in the improvement. The Senator is probably young enough not to remember, but-----

**Senator Jennifer Murnane O'Connor:** I will accept that.

**Senator Jerry Buttimer:** I remember the time, predominantly when the Senator's party was in government, when the budget was announced in December and it was near the back end of the following year when increases in social welfare payments took effect. I am glad that they will take effect next March. It is important that everyone should benefit from the €5 increase, whether he or she is a pensioner or a carer.

Senator Michelle Mulherin mentioned an insecticide. I will not even attempt to pronounce the name of it, but I will ask the Minister responsible to examine the matter.

Senator Ned O'Sullivan welcomed the announcement made by Shannon Airport. My view, as Leader of the House, is that it is important for the airport to do well. It is equally important, in the context of Norwegian flights from Cork, that transatlantic routes be opened up.

We will have the debate on the budget, although it feels like we have had it already. If I missed the remarks made by any Member, I will be happy to remedy the position, but I am not happy to accept the amendment proposed to the Order of Business.

### **Visit of Bermudan Delegation**

**An Cathaoirleach:** Before we deal with the amendment proposed to the Order of Business, I acknowledge and welcome from Bermuda the Minister for the Environment, Planning and Parks, Mr. Cole Simons, who is in the Visitors Gallery. I wish him a pleasant stay in Ireland.

### **Order of Business (Resumed)**

11 October 2016

**An Cathaoirleach:** Senator Máire Devine has proposed an amendment to the Order of Business: “That No. 1, statements on budget 2017, conclude not later than 8 p.m.” Is the amendment being pressed?

**Senator Trevor Ó Clochartaigh:** Yes.

Amendment put:

The Seanad divided: Tá, 13; Níl, 26.	
Tá	Níl
Bacik, Ivana.	Burke, Colm.
Conway-Walsh, Rose.	Burke, Paddy.
Devine, Máire.	Butler, Ray.
Gavan, Paul.	Buttimer, Jerry.
Landy, Denis.	Byrne, Maria.
Mac Lochlainn, Pádraig.	Clifford-Lee, Lorraine.
Nash, Gerald.	Coghlan, Paul.
Norris, David.	Conway, Martin.
Ó Clochartaigh, Trevor.	Craughwell, Gerard P.
Ó Donnghaile, Niall.	Daly, Mark.
O’Sullivan, Grace.	Daly, Paul.
Ruane, Lynn.	Gallagher, Robbie.
Warfield, Fintan.	Horkan, Gerry.
	Lombard, Tim.
	McDowell, Michael.
	McFadden, Gabrielle.
	Mulherin, Michelle.
	Murnane O’Connor, Jennifer.
	Ó Domhnaill, Brian.
	O’Donnell, Kieran.
	O’Donnell, Marie-Louise.
	O’Mahony, John.
	O’Sullivan, Ned.
	Reilly, James.
	Richmond, Neale.
	Wilson, Diarmuid.

Tellers: Tá, Senators Máire Devine and Trevor Ó Clochartaigh; Níl, Senators Gabrielle McFadden and Michelle Mulherin.

Amendment declared lost.

Question, “That the Order of Business be agreed to,” put and declared carried.

*5 o'clock*

## **Budget 2017: Statements**

**An Leas-Chathaoirleach:** I welcome the Minister of State, Deputy Eoghan Murphy.

**Minister of State at the Department of Finance (Deputy Eoghan Murphy):** I am very pleased to have the opportunity to contribute to the Seanad's debate on budget 2017. The Minister for Finance and the Minister for Public Expenditure and Reform presented the Government's first budget to Dáil Éireann earlier today. A number of key themes run through the budget - fairness, protecting our hard-won economic recovery, housing and preparing for Brexit.

This is the second year of preparing budgets under the preventive arm of the European Union's fiscal rules following our successful exit from the excessive deficit procedure at the end of last year. Our estimated deficit for this year is 0.9% and we are now on target to balance the fiscal books and achieve our medium-term budgetary objective, defined as a balanced budget in structural terms, in 2018. This represents significant progress in a relatively short space of time. It shows all the hard work and sacrifices of the people during the crisis have paid dividends. It is important we remember and retain the lessons learned for the future. The changes announced in the budget reduce the burden on taxpayers by close to €300 million, with €500 million of tax cuts offset by revenue-raising measures of €195 million. On the expenditure side, gross voted expenditure in 2017 will be almost €58 billion, an increase of over €1.84 billion compared with the 2016 projected outturn. Approximately €980 million of this relates to new announcements, while the remaining €860 million was precommitted in line with the mid-year expenditure report. The overall budget package amounts to €1.3 billion and is in a ratio of 3:1 in favour of expenditure over taxation. This is above the Government's commitment to a 2:1 split and reflects its commitment to rebuilding public services.

The budget is being framed against a background of continuing domestic recovery, with increasing international uncertainty, most notably the United Kingdom's decision to leave the European Union, and a number of the measures announced are focused on addressing that issue. Ireland's economic recovery is now firmly established. This reflects a combination of decisive policy implementation, as well as, until recently, relatively favourable external tailwinds. It is important to emphasise that although levels of economic activity and employment are returning to their pre-crisis level, the composition is now considerably better balanced and more sustainable. In that context, the unexpected upwards revision to the 2015 growth rates last July, with GDP increasing by 26% in real terms, clearly shows the information content in key macroeconomic aggregates, particularly for GDP and GNP, is less relevant than elsewhere. Although the data are compiled in accordance with international standards, the 2015 headline GDP figures clearly have been distorted and are exaggerated in an Irish context. More concrete indicators of the underlying levels of economic activity point to a continuation of a now firmly rooted recovery. Specifically, indicators such as consumer spending, tax trends and labour market developments all corroborate that Ireland's economic fundamentals remain strong. This is probably best reflected in employment, where we have seen continued increases for 15 successive quarters, resulting in an additional 180,000 jobs since the trough in 2012. There are now over 2 million people at work for the first time since 2009. There has been a corresponding reduction in unemployment, which fell to 7.9% in September from a high of over 15% in 2012.

Turning to the outlook, the Department of Finance's forecasts for the economy which have

been endorsed by the Irish Fiscal Advisory Council show GDP growth of 4.2% this year and 3.5% next year. This is lower than was expected when the stability programme update was published in the spring and reflects the impact of the uncertainty arising from the Brexit decision and slowing international growth. Employment is expected to increase by around 2.6% this year and a further 2.1% - 43,000 extra jobs - in 2017. The average unemployment rate for this year will be 8.3%, falling to 7.7% in 2017. The external environment which is so important for our export performance is characterised by increasing uncertainty. Forecasts for the international economy are being revised downwards, most recently in last week's IMF World Economic Outlook. The weakness in emerging markets is a continuing cause for concern. The United Kingdom's vote to leave the European Union, the recent indications that the United Kingdom is tilting towards a hard exit and the consequent weakening of sterling have heightened these concerns. These factors underline the need for caution but also the need to adapt our approach in order to meet these challenges.

The deficit target for 2017 is 0.4% of GDP and follows the projected deficit of 0.9% of GDP this year. This will keep us on course to achieve our medium-term target of a balanced budget in structural terms, defined as a deficit of 0.5% of GDP, in 2018. It is worth reflecting that not too long ago, in 2010, we had a headline deficit of 32% of GDP and, when banking related measures were excluded, an underlying deficit of 12% of GDP. We have made a lot of progress since and it is critical that we continue to build on it. The budget target for 2017 will ensure that, while using the additional resources available to us, we do not lose sight of the need for prudent fiscal policy. However, it is appropriate that we should enhance our fiscal shock absorption capacity. The rainy day fund announced in the summer economic statement will start in 2019, once we have achieved a balanced budget in 2018, as envisaged. This will be a counter-cyclical measure to avoid overheating and will also enable us to deal with the initial effects of any shock that may occur.

We need to look beyond this. While our debt ratio has fallen from a high of 120% in 2013 to an expected 76% this year, it remains high in value and by comparison with others. The Government has, therefore, decided to set a new domestic target of a debt-to-GDP ratio of 45%, to be reached by the mid-2020s or thereafter, depending on economic growth which is well inside the 60% required by the Stability and Growth Pact. This is to take account of the particular risks that Ireland, as a small and very open economy, faces.

Senators will be familiar with the announcements today by the Ministers, Deputies Michael Noonan and Paschal Donohoe, on budgetary policy and taxation and expenditure measures. I do not propose to go through all of the measures, but I will focus on elements which address key Government priorities, including those relating to housing, rewarding work, fairness and preparing for Brexit.

Ireland's tax system is highly progressive, with high marginal rates applying to relatively modest earnings. The Minister, Deputy Michael Noonan, is allocating €330 million in 2017 to reducing each of the three lower USC rates by 0.5%. This addresses the Government's target to phase out USC over time. It will have a material impact on the disposable income of lower and middle income earners. It should also help to encourage highly skilled emigrants to return and migrants to take up employment opportunities here.

The changes to the capital gains thresholds for gifts or inheritances from parents to their children announced by the Minister today address the problems caused for families from the combination of reduced capital gains thresholds and rising property prices.

Our commitment to retaining the 12.5% corporation tax rate is clearly stated and understood. The rate will not change. It is nevertheless prudent to keep our system under review, to ensure we continue to meet international standards, while also maintaining competitiveness. In that context, the Minister has announced that an independent economist, Mr. Seamus Coffey, will undertake the review of the corporation tax code announced in September.

Housing is a key priority for the Government as the programme for Government and Re-building Ireland, the action plan for housing and homelessness, make clear. The Ministers, Deputies Michael Noonan and Paschal Donohoe, have announced a number of complementary measures in this area aimed at increasing supply and alleviating costs for specific groups within the housing market. The Minister for Finance has announced an important new initiative for first-time buyers, the help-to-buy scheme, which will apply to new homes only. It addresses the fact that the Central Bank macroprudential rules have resulted in a funding gap which many prospective first-time purchasers found difficult to bridge. We expect the building industry to respond to the resulting increase in demand for newly built homes by increasing supply. The announcement of the phased restoration of full interest deductibility for landlords, the increase in the ceiling that applies under the rent-a-room scheme and the removal of the size cap under the Living City initiative are aimed at encouraging increased supply of rental accommodation. The extension of the home renovation incentive scheme will help to improve the quality and size of the existing housing stock and also complement the rent-a-room scheme. The Minister for Finance has also decided to extend mortgage interest relief beyond 2017 to 2020, the details of which will be announced in budget 2018.

On the expenditure side, the €1.2 billion in funding provided for the Department of Housing, Planning, Community and Local Government for 2017 will allow for continued implementation of the housing action plan which aims to deliver 47,000 new social housing units by 2021. The capital allocation for the local infrastructure housing activation fund includes funding to accelerate the provision of local public infrastructure to support the delivery of up to 20,000 private houses to 2019. Additional funding for the housing assistance payment scheme, with the capital allocation provided for housing, will enable more than 21,000 applicants for social housing to have their housing needs met next year. In addition, the allocation for emergency accommodation for homeless persons has been increased.

Climate change is the global challenge of our generation. The Minister for Finance has announced a number of tax measures to assist in the transition to a low-carbon economy, including an extension of several existing reliefs and the introduction of a full relief from carbon tax for inputs to combined heat and fuel plants, which are by far the most energy-efficient way of generating electricity. On expenditure, the increased allocation for the new Department of Communications, Climate Action and Environment will contribute towards meeting our carbon reduction, energy efficiency and renewable energy targets, support energy efficiency in the business and public sectors, assist those in energy poverty and enhance the affordability and attractiveness of electric vehicles. Funding for the green low-carbon agri-environment scheme, GLAS, within the Department of Agriculture, Food and the Marine has also been increased.

The Government's commitment to a healthier Ireland is reflected in the further increase in tobacco excise duties and the announcement of a tax on sugar sweetened drinks, to be introduced in 2018. On the expenditure side, the substantial resources already allocated for health services have been further increased for 2017, bringing the total to some €14.6 billion. This is an increase of some 7.4% compared with the budget 2016 provision. The Minister for Public Expenditure and Reform, Deputy Paschal Donohoe, has emphasised the Government's com-

mitment to ensuring this significant allocation will be managed effectively to ensure the twin priorities of better care and better accountability are achieved.

One of the principal themes for the budget is to make Ireland Brexit-ready. A key element is to continue to manage the economy and the public finances to enable us to meet the challenges that present. The Department of Finance has been working on the economic impacts of Brexit since well before the UK referendum. This included funding an ESRI study which was published in November 2015. The Department today published a document entitled, *Getting Ireland Brexit Ready*, which provides an overview of the key issues and concerns, as well as the policy responses introduced in budget 2017 on the issue. The continued adherence to prudent fiscal and economic policies, the rainy day fund and the revised debt target already mentioned are central elements of this strategy, with a number of specific measures announced today. They include reduced capital gains taxes to help entrepreneurs, extension of the special assignee relief programme, extension of the foreign earnings deduction, an increase in the earned income tax credit to support indigenous entrepreneurs and small businesses, extension of the reduced VAT rate for the tourism and hospitality sector and the introduction of a “step-out” facility for farmers who have opted for income averaging. In addition, it is proposed to introduce a new SME focused share based incentive scheme in budget 2018. Such participation can increase competitiveness, thereby supporting employment. The scheme is subject to European Commission approval under state aid rules.

On expenditure, measures will include continuing to invest in Food Wise 2025 to aid and strengthen the development of Ireland’s agrifood sector in the face of what could be more difficult market conditions for exporters to Britain. Additional resources have been provided for Enterprise Ireland and IDA Ireland, in the context of Brexit, to enable them to assist indigenous companies and attract overseas investment in a business environment that will offer both challenges and opportunities. The Estimate allocations also provide the resources required in the key Departments to quickly build the expertise, capacity and capability across government to deliver Ireland’s Brexit-ready strategy

Financial services is an area that is frequently identified in any discussion of Brexit. Ireland has a successful track record of competing for and winning global foreign direct investment. One of the key pillars of that success is the growth of the international financial services sector in the past 30 years or so. Ireland is now recognised internationally as a leading global centre for internationally traded financial services. In March last year the Government launched the IFS 2020 strategy, a whole-of-government approach to driving the growth and development of the international financial services sector in Ireland. The strategy sets an ambitious target of growing the international financial services sector by almost 30% in the five-year period to 2020. My appointment as Minister of State with responsibility for financial services sent a clear signal that the sector continued to play a vitally important role in the economy. The IFS 2020 strategy has a clear vision for Ireland as the recognised global location of choice for specialist international financial services. Ireland is in a strong position to build on its successful track record and compete for future mobile investments in the IFS sector. In a post-UK referendum environment, the Government will continue to prioritise the implementation of the IFS 2020 strategy.

There will be opportunities for Ireland arising from Britain’s decision to leave the European Union. We will, of course, seek to take those opportunities, many of which already form part of IDA Ireland’s marketing strategy. The IFS 2020 strategy provides a clear roadmap to maximise opportunities that might arise. The second annual European Financial Forum will take place in

Dublin Castle on 24 January 2017. Given the result of the UK referendum on EU membership and the potential implications for the financial services industry in that country, the forum is an opportune time to bring more than 600 financial services executives and policy makers from around the world to Dublin. Ireland's infrastructure and regulatory capacity is well prepared to meet any potential influx of new business post-Brexit. There is a strong pipeline of commercial office space coming on the market. The recently announced housing strategy will boost the supply of domestic housing. The Central Bank has made clear that it is ready and open for engagement should there be a material increase in the number of authorisation applications in the aftermath of Brexit.

The emphasis on fairness in the budget is already evident in the focus on universal social charge changes in the lower income and middle income ranges. On the spending side, the State pension is being increased by €5 per week from March. All weekly payments will rise by the same amount in order that the unemployed, carers and those with a disability will also benefit from March next year. This represents the first increase in many of these payments for seven years. In addition, there will be a Christmas bonus payment of 85% for all social welfare recipients in 2016.

The importance of supporting the development of affordable child care is recognised by the increase of 35% in early years funding and the provision of extra funding for the full-year costs of the extended early childhood care and education scheme.

The additional resources for education announced today underline the importance of increased educational attainment in developing our society and preparing to meet future challenges. The additional funding will fund extra mainstream and resource teachers for schools. Additional funding is also being provided for the critically important third level sector, the first such increase since the economic collapse.

The importance of the arts is recognised in the decision by the Minister for Public Expenditure and Reform, Deputy Paschal Donohoe, to maintain a significant portion of the funding provided for the highly successful 1916 Rising commemorations in the arts provision for 2017.

The budget is the first in a series of at least three over which the Government's priorities will be implemented. It represents the continuation of the prudent fiscal and economic policies that have served us well in recent years. Within the limited level of additional resources available, we have managed to address the key priorities of improving fairness and reducing the tax burden, improving housing provision and dealing with the growing challenges we face, most particularly Brexit. This has been achieved, while maintaining fiscal discipline and staying on track to reach our medium-term objective of a balanced budget in 2018. I commend the budget to the House.

**Senator Gerry Horkan:** I thank the Minister of State for engaging with us. He is probably the Minister who is here most often, dealing with both finance and public expenditure matters. Fianna Fáil is committed to facilitating a budget that invests in public services and targets tax reductions on low income and middle income earners. We are providing real leadership to create a stable and fair Government, unlike the political paralysis and uncertainty we see elsewhere in Europe. We are committed to the fiscal space and prudent financial planning to secure the centre ground of Irish politics. Through the confidence and supply agreement, Fianna Fáil has already secured a shift in Government policy, with the budget being based on a 3:1 ratio of services to tax cuts. We have forced Fine Gael to abandon its US-style taxes approach. Fianna

Fáil's guiding principle in approaching tax policy is that tax reductions should be focused on low and middle income earners to ensure they get a break. In contrast with the US-style approach for which Fine Gael called in the general election, we have emphasised a minimum 2:1 ratio of investment to tax cuts and ensured it is enshrined in Government policy. The budget has met a 3:1 ratio because of the efforts of Fianna Fáil.

This is a Fine Gael budget, but we have worked to achieve significant progress on key priorities set out in the confidence and supply agreement. Other parties such as Sinn Féin have played no constructive role in forming a government or giving real leadership on the budget. They threatened to plunge the country into another election, but Fianna Fáil stood up to the mark to ensure we would have a stable government. This means that we have avoided the political paralysis we see in Spain which is facing into its third election in 12 months. Another election here would cost the State €40 million. We are committed to having an impact, not simply shouting about it. Thanks to the sacrifices of the people, the economy is performing strongly, with an anticipated 5% growth rate in 2016. This means that there is €1.3 billion in additional spending available in 2017. However, a two-tier recovery clearly remains and new challenges have emerged that demand real political action. Brexit and the European Commission's Apple ruling mark fresh threats to Ireland's economic growth. Domestically, mounting industrial unrest and public spending pressures on areas such as health, housing and social protection present additional challenges. Sinn Féin's budget fails to recognise these challenges and instead proposes to hike up taxes by €1.7 billion. There is a net fiscal space of more than €1.3 billion available for additional spending in 2017. This was belatedly increased in the past week from €1 billion. The Irish Fiscal Advisory Council has endorsed the use of €1 billion maximum in the fiscal space in 2017, although it points out that the total increase is €2.4 billion when demographics and the Lansdowne Road agreement are added.

This is the first of three budgets under the confidence and supply arrangement and new ground for all parties. Fianna Fáil has secured key progress and will continue to hold the Government to account as an independent Opposition party. We do not expect to achieve everything in year one but do require substantive progress. Fianna Fáil has sought and achieved funding in key areas identified under the confidence and supply arrangement. They include tackling homelessness and securing affordable homes; decent jobs and enterprise; cutting family costs and improving the services on which they rely; and tackling crime and developing community services. We have placed our stamp firmly on the budget and its priorities.

There are several policies which directly reflect our confidence and supply arrangement and subsequent budget discussions. They comprise a 3:1 investment in services-to-tax reduction ratio; a €5 increase in the State pension; a €5 increase in working age payments; a new €15 million National Treatment Purchase Fund, a fund which was in place under previous Fianna Fáil Governments; targeted universal social charge cuts of 0.5% across three rates; an increase in Leader, CLÁR and RAPID programme spending; the expansion of the rural social scheme; a reduced capital gains tax rate of 10%; an increased number of home care packages by 950; increased funding for the Irish language; an increase of €150 million capital funding to address the housing crisis; and a €55 million increase in rent supplement. However, while Fianna Fáil has played a strong role in shaping the policies, this is a Fine Gael budget. There are several issues on which we are not supportive. There is the failure to reform the capital gains tax relief rate chargeable gains level from €1 million for entrepreneurs to ensure we can compete with the United Kingdom. The first-time buyer's grants scheme will only stoke up house prices and risk another boom and bust. It is a scheme which will only promote demand rather than

increase supply. We also need to tackle construction costs. There have been minimal measures to cope with the fundamental challenge of Brexit. The presentation of a Brexit-proofed budget is simply more Fine Gael spin. There is a failure to address pupil-teacher ratios. The additional teachers announced will only deal with demographic demand. Other shortcomings include the failure to increase areas of natural constraint payments to farmers and the reduced funding for the arts, the allocation of which has fallen by €1 million.

Capital expenditure has long been the Cinderella of budget day. The additional €250 million announced today above the pre-budget expenditure ceilings is a drop in the ocean compared to what is required to overhaul and future-proof the country's infrastructure. The current 2016 to 2021 capital plan lacks ambition. It is an exercise in electioneering, rather than a genuine effort to grasp the nettle of long-term planning. Its extension over six years is essentially used to manipulate the figures to bolster the appearance of significant increases in investment. In reality, the previous Government underspent in infrastructure every year and left Ireland lagging behind. The confidence and supply arrangement outlines a commitment to a full review of the plan in mid-2017. This was a critical part of the overall agreement. It is vital that the review give an opportunity to take crucial decisions on pivotal infrastructure projects designed to address areas such as housing, transport, broadband, flooding and the broader threats such as climate change. Fianna Fáil's election manifesto called for the establishment of a national infrastructure commission to take a long-term view of our capital spending in the next century. This commission should be tasked with planning over a 25-year period and moving Ireland towards decarbonising, while achieving a gross domestic product investment of 5% in capital infrastructure. Post-Brexit, it is imperative that the European Union move to ramp up capital expenditure. EU rules for spending should be revised, with a view to enabling member states to target investment in crucial infrastructure projects. This would help to ensure the European Union thrived in the aftermath of Brexit and would be of most relevance to Ireland.

We see the budget as a work in progress and the start of the first year of the three-year confidence and supply agreement with Fianna Fáil. In as far as it goes, we welcome it.

**Senator Gerard P. Craughwell:** I welcome the Minister of State.

Contrary to what my colleague, Senator Gerry Horkan, has just said, the world and its mother knows that this is the Fianna Fáil-Fine Gael-Independent Alliance budget.

**Senator Gerry Horkan:** Is the Senator feeling left out?

**An Leas-Chathaoirleach:** Everyone will be allowed his or her turn.

**Senator Gerard P. Craughwell:** Let us not play games. At the end of the day, the Minister of State would not be sitting here unless Fianna Fáil agreed with the budget put before us today.

Before I deal with the budget, I will deal with the issue which led up to it, namely, the 2016 general election. Whether the Minister of State likes it, the Fine Gael Party and, to a certain degree, other parties in this House, overheated expectations to the point where people today were expecting wonders from the budget. Instead of that, we have got a relatively flat and mediocre budget. That is not to say all of it is to be condemned, but it is mediocre, to say the very least, in offering nothing great for people.

I am not so sure people will welcome the 1% change in the universal social charge, although it involves a 2:1 split on public services. The pensioners will be dancing at the crossroads to-

night at the expectation of their €5 increase in the State pension next March. They will then be able to buy 20 fags and have a little change. However, it will not be quite as much change as they would have had before the budget because the Government has put up the price of fags by 50 cent.

**Senator Gerry Horkan:** Proper order.

**Senator Gerard P. Craughwell:** The bottom line is that the increase is not great.

The threshold figure for the new income tax rebate under the home-to-buy scheme comes to €400,000. I believe, with many others, that this scheme will overheat the housing market again. I have evidence of a builder who has completed houses, ready to go on the market, but he is holding them back in the expectation of an increase in prices. In the period he has withheld these houses, they have already gone up by €100,000 in price. Where does that leave our assistance to buy houses up to €400,000? As someone said, one is not going to get a whole lot for €400,000 inside the M50 belt. I do not believe this will help.

The Christmas bonus is to be welcomed. It means a lot to pensioners. It gives them that extra few bob to put some food on the table and perhaps buy one or two presents for grandchildren. The bonus is worth it.

The funding of €15 million for the National Treatment Purchase Fund concerns me because, to a large degree, the same consultants will carry out the work in their private hospitals. We will pay them on the double for the work they will do. Some will agree and others will disagree with my point. However, that is the truth of the matter.

Last week I dealt with the Public Service Pay Commission with the Taoiseach. I am delighted that the Government is putting such a commission in place. However, it will not be until the middle of next year while the Government has a crisis on its hands today. Tomorrow the House will debate the impending Garda industrial action. Gardai and nurses are knocking on the door, while teachers are in crisis. The public service deal, the Lansdowne Road agreement, needs to be brought back to the table. All the parties need to be brought back in and we need to re-slice the cake. The bottom line is that, again, expectations were overheated and we now find ourselves in a situation where there is industrial unrest all over the place. One cannot wait until next year, unless one wants to see the country grind to a halt.

It is marvellous to see that the Minister for Transport, Tourism and Sport has got transport going north, south, east and west across Dublin city. What about the school bus system which is not capable of dealing with kids who need to get to school? The bottom line is that perhaps the funding put into transport should have been divided out in a more egalitarian way across the country.

The reduction in the DIRT rate is to be welcomed. However, if one considers the many pensioners who got their lump sums on retirement, put it into a bank and expected to have a return on their investment, they are getting absolutely zero return. The other day I spoke to a pensioner who had a couple of bob in the post office. After four years, he got €100 back. I know that the Government can do very little about it, but that is part of the situation in which we are living.

I welcome the increased spending on housing of €1.2 billion. The Minister for Housing, Planning, Community and Local Government, Deputy Simon Coveney, is doing the best he can

with the resources available to him and to be applauded for the efforts he is making. I hope, however, that we are not making promises which cannot be fulfilled. Every time I hear the Minister speak, I am impressed by the plans he has and sincerely hope we are not being sold a pup. If we are, it will come back and bite us all.

Regarding the increase for health services of €497 million, perhaps I missed something, but I cannot see a figure for the number of practitioners on the ground, particularly nurses, whereas I can see such a figure for teachers and gardaí. Perhaps I missed something somewhere.

The additional 2,400 teachers is to be welcomed, with 900 of them going into resource teaching. However, my big concern is that traditionally when we hear announcements about 2,400 whole-time equivalent teachers, we find they are 5,000 or 6,000 teachers employed on part-time contracts. That is not the way to run an education system. I would be the first person, as a former teacher and practitioner, to say we must go back to the universities and look at the way we are training teachers. The typical problem we have with teachers is that when a teacher retires who may be teaching three or even four subjects and we seek to replace him or her with a graduate from the teacher training colleges, we find that the graduate may only be able to teach one or two subjects that are of value to the school. This means that it must hire two teachers to replace one retiree and the hours have to be split. There is work to be done in that area. This is an issue which we will be raising directly with the Department and the Minister for Education and Skills in due course. I hope that what we are talking about is whole-time equivalent teachers on full hours being employed in schools around the country. Senator Gerry Horkan is correct that the new teachers will not increase the overall numbers employed but will merely pick up the slack. We need to reduce the pupil-teacher ratio across the board. I know that at its recent briefing the INTO sought such a reduction.

The €36.5 million for further and higher education is to be welcomed. I commend the Government for putting that money into the higher education system. If the country is to continue to have opportunities in the international market for foreign direct investment, it has to have a properly funded higher and further education system. One of the great disappointments is that we are funding people up to primary degree level but are not funding them for postgraduate studies. I would like to see some effort made to reintroduce the grants that were taken away from postgraduates.

The increase in garda numbers is to be welcomed, but I hope we do not see them training in Templemore and then resigning immediately because they cannot afford to live on their salaries.

The Irish Prison Service is a joke. The revolving door in the prisons is so fast now that prisoners cannot get through it. We hear people on radio saying they are going to Mountjoy Prison to have their dinner and will then be sent home.

The half paragraph in the Budget Statement on the Defence Forces is derisory. The Defence Forces are understaffed and in a state of crisis. Overall, it is a budget with which we can live.

**Senator Kieran O'Donnell:** I commend the budget which recognises that people have come through very difficult times. The rebalancing in favour of spending over tax cuts in a 3:1 ratio is a recognition that we have come out of those difficult times and are now in a position to invest in order to drive further job creation and provide proper services. It is a family friendly budget for a number of reasons. The reduction in USC which applies to everyone will help families. The home care credit has been increased by €100, while mortgage interest relief has

been extended. It is also welcome that interest relief on rental properties will increase from 75% to 80% and by 5% increments in the coming years. I hope landlords will pass on the tax relief by not increasing rents, which is hugely important.

I welcome the changes to the rent-a-room relief scheme which mean that people will now be able to earn up to €14,000 per annum tax free. I agree with the imposition of a ceiling because if the amount was higher, it would encourage landlords to increase rents. The ceiling will ensure landlords will not use the relief as a way of charging higher rents. The home renovation incentive scheme has been extended for another two years, which I welcome.

The capital acquisitions tax relief has been increased by €30,000 for class A recipients, namely, family members. I hope this is the start of a process. The relief was significantly higher a few years ago and must be considered in the context of succession planning and so forth. It is welcome that deposit interest retention tax, DIRT, is coming down by 2% per annum for the next four years. The tax was increased in difficult times and it is welcome that it is now being unravelled. People should not be penalised for saving. There are lots of people, particularly the elderly, who have savings and the interest they were earning was being taxed at a very high rate. I welcome the changes in that regard.

There are a number of budgetary measures relating to family farms. Farmers are taxed on their profits in a particular way, known as income averaging. In recognition of the fact that they are going through hard times, farmers can effectively opt out of that system for this year. In the context of the rapid approach of the preliminary tax deadline, that is a very welcome measure. I also welcome the scheme to be administered by the Strategic Banking Corporation of Ireland, SBCI, under which farmers will be able to get loans at a rate of 3%. That measure may have to be reconsidered in future years. It is welcome that the means test for the farm assist payment is to be relaxed.

Consideration must be given to the depreciation of sterling against the euro and the implications for Ireland. Obviously various Departments are rolling out their plans, but I would like to hear about the practical measures that will be taken to combat the negative consequences.

The issue of child care is one about which I feel very strongly. It is welcome that an affordable child care programme will operate from next September. The affordable scheme will be targeted at children between 6 months and 15 years, but there will also be a universal subvention paid to families. While the amount is not enormous, it will make a difference to families on a monthly basis.

It is welcome that those in receipt of the domiciliary care allowance will now be entitled to a medical card. This was a huge issue with people on the ground. Families with children who are ill should be given a medical card, regardless of their circumstances.

It is also welcome that the lone parent disregard is being increased by €20. We must find mechanisms that will facilitate lone parents returning to work. Lone parents are a group for whom I have a huge amount of time. They are rearing children in very difficult circumstances. We must support them to get back into education and work. Many of them are caught in poverty traps very early in their lives and find it impossible to get out of them. It is in that context that I very much welcome the aforementioned measure.

On a general note, I wish to refer to the investment elements in the budget. It is welcome that we will have 2,400 extra teacher posts coming on stream, as well as an additional 800

gardaí and 500 civilian members of the force by the end of 2017. These are investments which, particularly in respect of teachers, will help families. The same is true of gardaí in terms of crime prevention. I would like to see a lot of those teachers and gardaí being employed in Limerick which has lost a lot of such personnel in recent years. I ask that when the new gardaí come out of the Garda College in Templemore, many of them be sent to Limerick.

In the context of people with disabilities, it is welcome that money is to be put aside to help those who are transitioning from school to adult life. It is a big issue for me on the ground and I feel very strongly about it.

I will make two general points. The reduction in the debt-to-GDP ratio from 60% to 45% is very welcome. The 3:1 shift towards spending shows that we are getting back to normality.

I want to see two areas dealt with. We need to see the detail of the measure related to section 110 and vulture funds regarding how it will work in practice to ensure a situation will not arise where the people in question will not pay tax on Irish property.

In respect of practical measures related to Brexit that I would like to see, the largest issue for the SME sector will be the fluctuation in the value of sterling. We must find a mechanism whereby these businesses can stay afloat. Many of them will come under increasing pressure and we do not know how sterling will fluctuate. It is very possible that we may have parity and that is something we must guard against. I would like to see the detail in that respect.

I commend the budget and think it shows that we are very much getting back to some normality, that we recognise the hardships people have had to endure and that we are putting the funding in place to ensure we can generate jobs and investment in public services.

**An Leas-Chathaoirleach:** I call Senator Paul Gavan.

**Senator Paul Gavan:** It is Senator Rose Conway-Walsh.

**An Leas-Chathaoirleach:** I apologise. I took it because the Senator was sitting in that seat.

**Senator Rose Conway-Walsh:** That is no problem at all. Senator Paul Gavan will have something to say.

**An Leas-Chathaoirleach:** Unfortunately, we do not have recognised seating here yet, but we should have.

**Senator Rose Conway-Walsh:** I thought this was a day when we could not add any more to the confusion about whether it was a Fianna Fáil or a Fine Gael budget. I thank the Minister of State for taking the time to come to us. There are two things I would like to say about the budget. The first is that it will go down in history as the triple F budget - the Fianna Fáil budget, the Fine Gael budget and the dilemma of what to do with the other “F” - the famous “fiver”. It gives me no joy to say that.

I note the usual nonsense from Fianna Fáil and Fine Gael about the clearly costed alternative that Sinn Féin produced recently. We would make no apology for closing the tax avoidance schemes and asking those earning over €2,000 per week to pay a little extra on the amount over €2,000. They used the same language they have used for the past ten years, namely, that we have no grasp of economics. Our document detailed each and every figure for how much money we had to spend, outlining from where it would come and on what we would spend it in

the years ahead. I remind Fianna Fáil that it cost us to the tune of €64 billion. I have a 15-year-old son who will be 54 years of age before we are finished paying off the Fianna Fáil debt. That is a burden on him and all 15-year-olds in the country. We have paid almost €40 billion in the past five years in interest alone and we are squabbling here over €1.2 billion. We pay €7 billion in servicing the debt of Fianna Fáil economics every year; therefore, I will not take any lecture from Fianna Fáil about economics and budgets not being costed. I regard Fianna Fáil's criticism of our economics as a compliment and take great comfort that we, in Sinn Féin, differ so much from the party that drove the country to the ruin about which it would like people to forget.

The only figures in Fianna Fáil's alternative budget were the page numbers at the bottom of each page. Many Fianna Fáil representatives protested that it was not their job to produce an alternative budget given their unique position in supporting this minority Government. If that is the case, they urgently need to be honest and clear with the people. The budget announced a couple of hours ago was their budget. If, as they say, it does not reflect their ideology, they should vote against it if their ideology is worth anything. All of us choose to enter politics of our own free will. Those of us in parties choose which one to join. Politics is about choices. Peddling a lie that there is no other choice available is a trick as old as politics. The budget was presented as such. That Fianna Fáil may abstain in the vote is another get-out-of-jail card that has been floated. As a public representative for the past seven years, I can say I have had to deal with the truly awful situations people were in after it drove the economy into the ground and yet managed to hold on to power. I am certain that many, if not all, of the people in question now wish it had abstained from being in government before it closed hospital beds and savaged so many other areas that have still to be fully restored.

Many of the major issues about which I have been contacted have not been addressed today. Much is made of the small decrease in USC, but this means very little to those who have seen their car insurance premiums double, treble and quadruple in the past few years. The USC cuts will erode the tax base by €5.6 billion by 2021. That makes this measure very regressive for such a paltry gain. A worker struggling on €20,000 per year will get back €1.90 every week. The Nevin Economic Research Institute tweeted during the Minister for Finance's Budget Statement that it was a disastrous move and that there was no foundation for a recovery.

The issue of rents was not addressed and rent certainty was absent. It fell to Sinn Féin to introduce it to the Dáil and I look forward to the Bill being debated in the Seanad tomorrow. It will be an opportunity for Fianna Fáil to show the public that it is not the same as Fine Gael and to vote in favour of the Bill in accordance with its manifesto.

The Minister announced a €5 increase in the old age pension to take effect in five months' time. These are five long winter months in which the increase could have helped in paying for fuel, which is hardly covered by the fuel allowance of €20 odd per week. When I spoke to a pensioner from Castlebar earlier today, I asked her what she thought of the budget and what she was going to do with the €5. She said there was only one thing she could say, which was that it was disgusting. She said the Government did not think it worthwhile to give pensioners the Christmas bonus - 85% was given back - in the same way it did not think pensioners were worth one full hour of home help. It is either 15, 30 or 45 minutes.

There was also an opportunity to reverse some of the cuts that have cruelly impacted on the most vulnerable. The 15% cut in funding for children with special educational needs could have been reversed, but instead this will have to wait. I went to Limerick with a disabled child

to undergo physiotherapy two weeks ago, which involved an 80-mile round trip. The litmus test of the budget is whether that child and their family will be helped. What has happened today does not give me confidence that they will be helped.

The package for first-time buyers which will supposedly be worth €500 million will not see one extra house built. I am beginning to think that even after six months, the Government does not fully understand we have a housing crisis. As the problem is with supply, these measures will do nothing to relieve the imbalance between supply and demand.

Sinn Féin's budget would have seen a capital investment of €1.23 billion. That is the stark figure that should be compared with the weak and disappointing investment plan announced in the Fianna Fáil-Fine Gael budget today. The real test of the budget will be whether it will take the elderly and sick people off trolleys in hospitals. Will it give an extra child a seat on the school bus? Will it give young people anything more than €100 per week whereby they are told to get out and seek employment on €100 per week? Will it take them out of poverty? If this is the best that Fine Gael and Fianna Fáil combined can offer 100 years after the 1916 Rising, it is surely time for an alternative. This should have been a budget in which we clearly demonstrated that we cherished all children equally - north, south, east and west.

**Senator John Dolan:** I wish to share my time with Senator Grace O'Sullivan.

**An Leas-Chathaoirleach:** Is that agreed? Agreed.

**Senator John Dolan:** Budget 2017 has bypassed people with a disability and there is no drive out of the recession in it for them or their families. Recently I called on the Taoiseach to put in place a €300 million package to support people living with disabilities, chronic ill-health, special needs, etc., and their families. He indicated afterwards that it would not happen and it has not happened. I made the case that this modest but significant funding could be given best effect by being targeted at where it was most needed across rural and urban areas by children, young people, adults and older people. That has not come to pass simply because a deliberate decision has been made and executed in the budget.

The slide rule of populist support was run through every line and every page of the budget. There is no brave opening up of hope for the 600,000 people with a disability and the 200,000 carers in the State. I said to the Taoiseach last Thursday week that disability brought poverty. It deepens poverty, brings exclusion and marginalises. Where is the start of a fairer Ireland, which we are told is one of the themes running through the budget, for the people concerned and their families? The Government could have started down a different road today, but it deliberately chose not to do so. We should think of parents struggling to cope with disability and probably also trying to support their parents, or being thankful their parents are fit and able to be of support to them. These are the real squeezed middle in Ireland today.

There will be an extra 56,000 to 60,000 people with disabilities by this day next year. All the analysis and the talk tonight and tomorrow will be about the winners and the losers and who has more income than they had before the budget - the single parent with two children, the two people on modest incomes, the professional, etc. - but that will not be the case for those newly diagnosed or those who have disabilities. No matter what extra few bob will be in their pockets as a result of the budget, they will still be big losers because the services are not available.

There was some focus on disability, but will the 21,000 social housing units include appropriate accommodation for over 1,000 people with disabilities next year? Where is the €30

million fund to assist in making housing adaptations? Will the €497 million increase in health spending restore the €159 million that was taken out of disability health services and other areas during the recession? There is no funding to provide for the extra daily cost of living with a disability. What was sought was an investment of €20 per week. People of working age, older people and people with a disability are being given €5. How are we to be happy about this? Should we have been left behind when others got the extra fiver? The extra cost of disability is not recognised, although the preschool provision for children with disabilities will ensure they will not be excluded from now on, which is to be acknowledged.

I acknowledge the medical card coverage for children on domiciliary care allowance and the home care credit, yet the intent in the budget was to do something rather than take the real opportunity to make a focused impact with the funding available for those with disabilities. How is it that throughout Ireland so many struggling on a daily basis can still count for so little? Populism has trumped public benefit at the end of the day in the Budget Statement.

**Senator Grace O’Sullivan:** I support the words and sentiments of my colleague, Senator John Dolan, about the Government’s lack of real support for those with disabilities in budget 2017.

I am a naturally positive person. I do not intend budget day to change that and I am happy to welcome some of the better aspects of the budget. The fact that we are emerging from the dark days of major budget deficits and cuts is good, as is the announcement by the Minister for Finance, Deputy Michael Noonan, of a 3:1 ratio of increases in public spending to tax cuts. The worst of the recession has ended for many and the priority now is restoring public services that have been badly affected and damaged.

A sugar tax, even a needlessly delayed one, will contribute to improving the health of our youth and ending the madness of sugary processed foods being cheaper than fresh nutritious ones, as is the case in parts of the United States and elsewhere. A grant for single parents to return to education will give greater freedom of career choice to parents in the long run and families to live better lives with more opportunities. An increase in the earned tax credit for the self-employed is a small step in supporting micro and SME enterprises and self-employed sectors. The extra €28 million assigned to additional emergency homeless accommodation has been welcomed by the Peter McVerry Trust and I second that welcome.

There are also serious gaps in the budget. We have heard much about the concerns of the usual interest groups, as Senator John Dolan stated, but little of those of the people bearing some of the highest burdens in our society, including not only the 18 to 20-year-old cohort but also those in their 30s who contribute so heavily to the economy and the tax base. As a group facing spiralling rents, huge housing costs and expensive commutes, they have received no coherent well thought out assistance.

A case in point is the grant for first-time buyers purchasing newly constructed properties. This has been roundly condemned by all those commenting on the housing sector as a boon for developers that will be instantly absorbed by the increased housing prices it will foster. Ireland’s young people are not fooled. They know that this scheme will not deliver an affordable path to home ownership for them. Meanwhile, there is nothing for rents left paying significant amounts. Have we learned nothing from the housing boom and bust cycles? The Government’s duty must be to do what it can to increase supply and control costs, not blow another bubble through price subsidies. We need to consider how to increase the available housing stock in

areas where people want to live through the construction of social housing by local authorities and the release and activation of existing unutilised and under-utilised properties and land through appropriate taxation and other policies. We also need a real spatial and regional development strategy that would help us to move away from the overwhelming primacy of Dublin in national economic life. We need to facilitate those who do not wish to leave their homes through adequate economic and sustainable transport development outside the capital.

Young parents in the main are not well served by a proposed child care system that seems to ignore the valid and valuable choice taken by stay-at-home parents. The Green Party leader, Deputy Eamon Ryan, will focus on this issue later in his speech on the budget.

Young people are most significantly failed by the budget in its absence of a strategy to create the significant change we require in the economy and our way of life if we are to mitigate and adapt to a future of human induced climate change. Despite some green baubles such as the extension of the subsidy schemes for electric vehicles and home energy efficiency and the green low-carbon agri-environmental scheme, there is nothing to improve active transport such as walking and cycling, to reduce the cost of public transport or to improve safety on the roads, despite the spate of recent deaths. There is wholly inadequate provision for flood prevention, while there are no changes to the empty box-ticking system of consultation.

Altogether, the budget shows a lack of vision, imagination and ambition and change is required if Ireland is to seize the opportunity to decarbonise the economy and guarantee a healthy life for the people of Ireland, young and old. This is not reflected in budget 2017.

**Senator Maria Byrne:** I welcome the Minister of State, Deputy Eoghan Murphy, and thank him for his words of wisdom. It was great to listen to the Budget Statement earlier.

The first announcement I would like welcome is the forecast that GDP will grow by 4.2% in 2016 and 3.5% in 2017 and the fact that we have over 2 million people in employment. Being parochial, we have had five job announcements on the past five Mondays in Limerick and close to 600 jobs announced in that time.

*6 o'clock*

As I am my party's spokesperson on education and skills, I will confine my remarks mainly to the area of education. In creating these jobs employers referred to the high skills and the high level of education people had in the area. Accessibility to Shannon Airport also encouraged the businesses to locate within the city centre. Investment in the education system is the way to go for our future. The €458 million increase in the budget for education is the highest ever and to be welcomed. It will lead to the creation of 2,515 additional posts in education - 900 resource teachers and 115 additional special needs assistants, SNAs. These are measures for which Members across all parties have called for many years and are to be welcomed.

There will be an extra €160 million over three years to target initiatives to provide skills support and access to higher education. For those who do not want a third level education, there is greater emphasis on skills development through SOLAS courses and so on. To be parochial, we have a very good range of skills courses on offer in Limerick through the education and training boards and the former FÁS, now SOLAS.

On Brexit, funding is being put aside to attract researchers. This is very important because many companies coming here to create employment are looking for highly skilled researchers.

I welcome the restoration of the full maintenance grant for 1,100 postgraduate students on low incomes and the expansion of the apprenticeship programme. We took the emphasis off apprenticeships for a long time and it is welcome that they are now being brought to the fore and encouraged.

There is provision to implement the new international education strategy and increase the value of the sector by €500 million per year. That will bring 37,000 additional students here from abroad by 2020. There will be a new comprehensive and ambitious multi-year funding package for the education sector from 2018.

Another important point is that we are reducing the unemployment figures. We have brought forward a new annual €500 cost of education allowance. It will be made available to back-to-education allowance participants. It will encourage participants with children to go back to education. They will also receive the famous increase of €5 a week, as it was described, but that €5 will go a long way for people on any benefit.

From September, young jobseekers will also receive a back-to-education full payment of €193. That is to be commended because it is currently €160.

Over 50,000 children will benefit from the school meals programme in the coming year. One hundred guidance counsellor posts will be restored. When we tie education to job creation, guidance teachers are very important.

The fact that sports capital grants will be announced shortly is welcome. The 85% Christmas bonus was knocked by speakers on the other side of the House. I would point out that the bonus will benefit 1.2 million people in receipt of long-term social welfare payments.

Many areas have been covered in the debate, but I refer to the VAT rate for charities, which will be examined. Currently, charities cannot claim back VAT. I am aware that the Minister is committed to reviewing the position, but it is an issue that is vitally important to many charities across the country.

**Senator Gerald Nash:** I am pleased to have the opportunity to speak about the budget. It is unique. It is the first and, possibly, the last of its kind. It is, in reality, the first ever Fine Gael-Fianna Fáil joint budget and Fianna Fáil should do the decent thing and vote in favour of the measures it managed to negotiate.

It is said the country's annual budget is the primary opportunity for a Government to set out its political agenda. It allows the Government of the day to give character, as it were, to its ambitions and provide for important financial measures. However, there is very little by way of a central narrative to the budget. What was presented to us today was a hurriedly cobbled together patchwork of pet projects designed to buy off some vested interests, for the time being at least. It is a budget that was hammered together by a party that is in office but not in power, supported by an outfit that lusts for power but is incapable of taking responsibility, at least until it becomes top dog, and with the pointless passengers from the Independent Alliance in the back seat who do not seem to have much of a clue about how to manage the power they have. The Minister for Transport, Tourism and Sport, Deputy Shane Ross, appears to believe his Department that is that much of a doddle there is no new transport funding whatsoever. He must be entirely satisfied with how things are going.

Hard choices and decisions have been put off. In a budget in which everybody will get

something small for fear of alienating one group or another, we run the risk of doing little of any real value to our society as a whole. There is no shortage of quick fixes, but there is a lack of a real and coherent vision. As we all know, any vision for a better, fairer society must be paid for because it costs money.

For my part and that of my party, I am sending the message we believe was sent to us by the electorate in February and that was sent to everybody else that we are firmly of the view that the demands for continued investment in public services, housing, education and health services and welfare systems are far more compelling than the need to deliver the equivalent of the cost of a cup of coffee to someone on the average industrial wage in terms of USC cuts.

The Labour Party is proud of the role it played with Fine Gael in restoring the country's economic fortunes, fixing the economy, getting people back to work and starting again that process of reinvesting in public services. We know that there is still some way to go to sustain our economic recovery and put it on a sound footing, but nowhere is the struggle to make ends meet for working families more challenging than in the area of affordable child care. The Minister for Children and Youth Affairs, Deputy Katherine Zappone, a politician for whom I have the utmost respect, today announced a new approach to supporting families with children in child care. There are some aspects of the scheme which are laudable, but there are also elements that surprise and concern me. My party has proposed, in its alternative budget, that a genuinely universal scheme for all children under the age of 12 years be introduced, capping the cost to parents at €4.25 an hour for up to 40 hours per week. Importantly, we also proposed that we build on the paternity leave system we introduced recently by adding an extra two weeks of shared leave.

Not only is there no sign of that type of initiative from the Government, the Minister, Deputy Katherine Zappone, does not provide for the payment of a living wage, or anything near it, to those who work with children. We know that about 60% of all those who work in the child care sector, some of whom are incredibly well qualified, are paid well below what might be considered to be a living wage of €11.50 an hour. That issue has to be addressed now and I am surprised that the Minister has not done so. If we value our children, we must properly value those who work with them, but perhaps we should not be surprised. After all, this is a Government that has awarded a paltry 10 cent increase in the minimum wage, which is due to come to take effect on 1 January. We have 70,000 people working on the national minimum wage and their hard work pays them very little. This increase is next to worthless as it will be eroded by inflation in 2017. Someone working 30 hours a week in a national minimum wage job will receive less of an increase than someone on jobseeker's benefit. I thought the Fine Gael Party wanted to make work pay. Today we are no closer to the Government amending the governing legislation for the Low Pay Commission to allow this Administration to reach its own target of €10.50 for the national minimum wage during its term.

The budget represents yet another missed opportunity. The Government's commitment to the low-paid lies in tatters. I am pleased to see that social welfare increases will be provided for. It would, however, have been possible for the Government to go all the way and restore the additional Christmas payment in full. There is an underspend of approximately €360 million across Departments and a €129 million underspend in the form of savings on national debt interest repayments. These resources from the 2016 allocation would be well spent in fully restoring the payment Fianna Fáil abolished when it was last in government. My party would propose an additional €375 million for the creaking health budget. That would be €70 million more than the Government plans to spend next year. This would enable prescription charges to

come down to a maximum of €10 per month - €1 per item capped at €10 per month, not just a reduction of a fiver in the cap to €20 for pensioners over the age of 70 years. The Minister for Transport, Tourism and Sport, Deputy Shane Ross, has been reported as saying this is a victory for older people. If that is the case, I shudder to think what a defeat would look like in his eyes. The extra resources we would deploy which we have costed would lead to an additional €20 million being allocated for home-care packages. The €10 million extra allocation that the Government appears to be targeting in that direction will not even clear the current backlog.

I am stunned that the Government has halted the work started by the Labour Party in the previous Administration supported at the time by Fine Gael to further reduce class sizes. This is a mistake and under-pressure teachers will be affronted by this failure. Reducing the pupil-teacher ratio in primary schools by one point would cost approximately €6 million. I cannot find anything in the Estimates to suggest it is going to come down. I could go on about the poorly designed and damaging tax measures targeted at first-time buyers which, as we all know, will end up in the pockets of property developers and the shameful fact that overseas development aid does not appear to have been increased at all. We could not find any reference to it, but I stand to be corrected, if that is not the case.

With pension increases to kick in in March, not on 1 January, I advise that we all pop down to Paddy Power and put any spare fiver we have on an election in March or April because the budget offers “something for everyone in the audience” but no clear and coherent vision for what this society and economy should look like.

**Senator Brian Ó Domhnaill:** There has been a wide-ranging debate in this Chamber and the Lower House in the aftermath of the budget. As so-called experts outside these Houses get their teeth into reality of the budget, some time will have to pass before its full effect can be categorised. According to the pre-budget statement of the Irish Fiscal Advisory Council, the budget is expansionary, with a €1.2 billion increase in spending. That is in addition to the spending in the Department of Health and other expenditure approved mid-year, bringing the overall amount to between €2.4 billion and €2.6 billion over the budgeted for allocation for 2016 versus 2017. The Irish Fiscal Advisory Council erred on the side of caution, given the international threats facing the country in the aftermath of Brexit and other international uncertainties such as interest rates, the overpricing of equity markets and so on.

I welcome some aspects of the budget. However, all of the budgets introduced in the aftermath of the financial crash have been similar to those that preceded it. In other words, the lines of spending have been increased, with no overall outlook for the economy in respect of how money is spent and taken in. Buried deep within the budget documents is a €30 million cut to the value-for-money expenditure unit in the Department of Housing, Planning, Community and Local Government, a move that does not make me feel optimistic. We are cutting money where we should be allocating it if we are to behave with fiscal responsibility. That Department will have a greatly increased budget next year, but the part of it relating to value-for-money unit is being cut. That is wrong.

There have been allocations in the budget to try to please many and the Government has a responsibility to govern. Those who criticise can do so, but those who criticise today are the same people who stood back and made no credible attempt to form an Administration when there was a requirement to do so. The criticism in both Houses is tongue-in-cheek in nature, particularly when one considers the fact that there was previously a solemn obligation on all Deputies to either cobble together some Government or go to the country again, something I do

not think the electorate really wanted. The Government has an allocation of money over which to preside. We all disagree and have varying opinions. There are missed opportunities in the budget, particularly in respect of Brexit. The financial services sector in the United Kingdom is worth €65 billion in tax income to the British economy. That is 10% of all tax revenue in the United Kingdom. Some of the companies involved in that sector want to relocate, but there are no incentives built into the budget to try to bring some of them here. Where will they go? Other EU countries will be considering that issue.

I have a problem with the manner in which the housing loan scheme is structured. Built into it is an incentive for people to bury themselves in debt because they have to take out a mortgage of 80% of the price of a property or greater in order to get the loan. That is wrong and no Government should bring forward a scheme that incentivises debt, but that is what this loan scheme is doing. It is a failed attempt. We had an alternative proposal, built on the British model, over a four-year period to incentivise saving and for the Government to top it up. The scheme has many drawbacks and I urge the Minister of State to see to it that it is drastically overhauled prior to the passing of the Finance Bill 2016. The scheme will do nothing but drive up prices and bolster the property investors. It will not work.

**Senator Victor Boyhan:** The budget pie has been cut so thinly that no one is going to get fat on it. The Seanad does not have the power to introduce Money Bills. I am somewhat perplexed by the complexity of this. For the past few weeks we have been told about the Government's engagement with Fianna Fáil to work through a budget. We heard earlier on "Morning Ireland" that there was ongoing consultation. The choreography looked great; therefore, I am somewhat surprised. A woman stopped me as I was crossing the street to discuss several issues and asked what good was a fiver for an old age pensioner and what was anyone doing about the local property tax and the hundreds of euro that a widow had to pay because the previous Administration had introduced that tax, which is remaining in place under the Government. Where is the issue of local government reform? What is the cost? Let us put away the fancy figures and talk some simple language. What does the budget do for carers, new entrants to An Garda Síochána, new primary teachers and new nurses? There are ongoing pay disputes with many of these groups. What will happen? Let us talk basics. How many shillings are going to be in people's pockets at the end of the week? I am not too sure who the citizens should be annoyed with, the Government or the main Opposition party. I understand the politics. On radio today somebody talked about stability. This is not about stability for the economy, the nation or the people. It is about political stability for the politicians to secure themselves in their seats and offices for a little longer. If one calls that success, it will be successful.

I turn to the main Opposition party and ask what it will do. To abstain is to acquiesce. If it wanted reform, it had its opportunity and it should have done something about it. Its Members come here and go to the other House and bellyache about a missed opportunity. I do not want to hear the words "missed opportunity". They have had loads of opportunities. The Government and the main Opposition party are in it together. By abstaining, they acquiesce. They should amend, do something. I understand the politics and the distance that must be kept in order that the main Opposition party can never be contaminated. It must always be right and ready. The strategists on the fourth floor in Leinster House 2000 might have another plan or vision. This is about reality and politics. We have to leave here and return to our constituents and talk to people about the real effect of the budget and the people who are hurting. I have a neighbour who sits on a wall every week waiting for her pension and who does not have a bean other than her pension. Who cares about her? What is being done for her? It is very important.

On a positive note, I thank the Government for its proposal to provide €1.2 billion for the Department of Housing, Planning, Community and Local Government and the vision of Rebuilding Ireland. I single out the Minister, Deputy Simon Coveney, who has demonstrated his commitment, vigour and enthusiasm to deliver. There is no question about it and if we are honest, we can agree. However, while the plans are great, he must deliver and we must see the money. The increase in the tax free allowance for room rental from €12,000 to €14,000 is to be welcomed.

The pension issue is a joke. It is the little things that matter. Last week during the Commencement debate I challenged the Fine Gael deputy leader and the former Minister for Health, Senator James Reilly, who was in the Chamber when he said he would be extremely disappointed if the Minister did not come into the House next week - that is today - and restore the telephone rental allowance for old age pensioners. It has not been restored. What does this say about the chairman of Fine Gael who stood up in the Seanad and said he would be disappointed if it did not happen and that he expected it perhaps over two years? He has not delivered. It is terrible. A simple measure that could have been taken was to deliver the telephone rental allowance to old age pensioners, but he has not done it. It is a mean, lousy thing, like the €5, like restoring the Christmas bonus at the rate of only 85%. These are little things, but they mean a lot when one is vulnerable and lives on the edge. It is up to us as politicians to hold the Government to account and, week in week out, demand that it deliver on its programme for Government and in the budget.

I thank the Minister of State for taking the time to come here and listen to us.

**Senator Jerry Buttimer:** I welcome the Minister of State and thank him. I welcome the opportunity to engage in a real debate on the budget. To listen to some of the Senators who spoke one would reckon we were in the land of Charles Dickens. As I said on the Order of Business, this is the first of three budgets to be introduced by the Government. Let us put it in the context of where we have come from. We can all eloquently humanise and personalise the stories of our neighbours, family members and friends in terms of disability and health care services, but let us put it in context. Today the country has a budget in which we can give money to people, whether it is investment in public services, home care packages, home help hours or, as Senator John Dolan discussed, increasing disability programmes whereby we can allow all people to have a quality of life, or in the provision of child care services and preschool education. I made the point to the Members opposite that they were for nothing and against everything. Their party is the party of high tax. I have had their budget read and analysed by friends who are accountants.

I will repeat what I said on the Order of Business today because it is worth saying. This is about ensuring the quality of life of all citizens is improved. It is about ensuring the lives of people will be a little better and, I hope, better in spades, whether through the provision of special needs assistants in schools, the recruitment of more gardaí and nurses, the building of more schools or the provision of capital investment in infrastructure in many of our constituencies. As a social democrat, I have come to the conclusion that Sinn Féin has gone to the left of left. While I have good time for Senator Paul Gavan, he should go to Cuba and stay there and build up the health service and economy, and return to us and say he has done it in Cuba. Sinn Féin did not do it in the North of Ireland and it does not do it here. Its members are going to budget meetings in councils across the country and voting "Nil". They come here every day with spending proposals bigger than County Hall in Cork. It would want to have the budget of the World Bank to keep it going.

**Senator Paul Gavan:** Our budget was costed by the Senator's Department.

**Senator Jerry Buttimer:** It is called voodoo economics.

**Senator Máire Devine:** No, it is not. The Senator will not get away with that anymore.

**Senator Rose Conway-Walsh:** Is that as opposed to leprechaun economics?

**Senator Jerry Buttimer:** At the same time, we have a Minister for Social Protection announcing a budget with an increase for everyone. People complain that the Christmas bonus is only at the rate of 85%. It was gone until the Government came back. We restored the Christmas bonus. We increased the minimum wage; we did not cut it. More people are at work, some 2 million. I think it was Senator Trevor Ó Clochartaigh who mentioned Apple in Cork. He should come to my city of Cork. I will bring him with me. He should talk to the men and women who work in Apple who will tell him about the Apple tax rate and the jobs they are in.

**Senator Trevor Ó Clochartaigh:** They are not the people who owe us €13 billion.

**Senator Jerry Buttimer:** The Senator will get his answer.

**Senator Trevor Ó Clochartaigh:** It is about companies paying fair taxation.

**Senator Jerry Buttimer:** He should come down and talk to the people who, today, will benefit from the sports capital programme being reintroduced. He should come and talk to the hard-pressed men and women who work in the child care sector. They welcome the budget.

**Senator Trevor Ó Clochartaigh:** There are no wage increases for them.

**Senator Jerry Buttimer:** Let us have a debate about USC - there will be an increase in take-home pay - which Sinn Féin probably opposes.

**Senator Trevor Ó Clochartaigh:** What about the increase in the Taoiseach's pay?

**Senator Jerry Buttimer:** The Taoiseach's pay is not being increased.

**Senator Trevor Ó Clochartaigh:** It is, of course, by €40,000 over two years.

**Senator Jerry Buttimer:** Let us have a real debate. If the Senator had his way, we would be back in the 1950s waving people off at the dock in Cobh. Today we are welcoming them home and telling them they can come back and work in the country. I am proud that Ireland is asking my past pupils, for whom I had to write references when they were leaving between 2007 and 2011, to come back. I take pride in seeing them come home. The budget is not the perfect solution. It is the beginning of the restoration and improvement of the quality of lives of people. The only party that wanted to go into government was Fine Gael. The rest of the parties stated, "No, thank you." It is easy to shout from the sideline. One makes decisions in government where it counts. The Senator's colleagues in the North, whether one likes it, do that and take the hard decisions.

**Senator Trevor Ó Clochartaigh:** Absolutely, on behalf of the people.

**Senator Jerry Buttimer:** Man up and do the same down here.

**An Cathaoirleach:** Senators should allow speakers to contribute, without interruption. They can make contradictions in their own subsequent contributions.

**Senator Paul Gavan:** I welcome the Minister of State. To be fair, today is significant in the history of the State as we have just witnessed the first Fine Gael-Fianna Fáil coalition budget. It is a landmark moment in which the right-wing parties finally come together in a formal coalition of neoliberal politics. The Minister of State is quite a legend in neoliberal politics and the trade union movement is always fascinated by his comments. It is good that Senator Brian Ó Domhnaill is here as just two weeks ago he advocated the privatisation of all public bus services in the State. We can see a natural match between the two right-wing parties. They are two peas in a very right-wing pod, the Irish conservative party in all but name. Like their Tory Party brothers and sisters across the water, their priorities are the landlord class and the wealthy elite. The political divide between the left and the right in this state has never been more salient than today. No longer will those two parties be able to hide behind the safety net of Civil War politics when they go before the electorate. From today, the politics of the State are very clear; it amounts to right-wing and conservative politics on the part of Fianna Fáil and Fine Gael versus a left, progressive and republican alternative.

I understand Deputy Micheál Martin called Fine Gael a very right-wing party at the weekend but the media got the wrong end of the stick. He was not complaining about Fine Gael but rather he was eulogising it. That is why his party is supporting this right-wing budget. One may sit down and play with figures, tinkering with the system here and there, but at the end of the day, the system under a Fine Gael or Fianna Fáil Government remains the same. It is unstable, prone to cycles of boom and bust and has a nasty tendency to produce ever-increasing levels of inequality in our society. The process collapsed eight years ago and Governments have spent the past eight years trying to fix it rather than debating how to change it. Today the Government has again invested in the very same principles and broken system.

The facts are staring us in the face. According to research from the Think-tank for Action on Social Change, TASC, based on Government figures, 29% of the population live in deprivation, double the 2008 rate. Over one third of children experience deprivation, double the 2007 rate, while 58% of lone parents suffer deprivation, again double the 2007 rate. I was touched by Senator Brian Ó Domhnaill expressing concern for lone parents, but he must have forgotten that his Government slashed payments for lone parents in its last term in office. Some 35,000 young people emigrated from the country last year, a higher number than we saw in 2010. We have 800 fewer hospital beds today than in 2008. Things are not getting better for many people; instead, they are getting worse. It is pretty clear this has something to do with the economic choices on which the Government keeps betting.

We have the lowest levels of capital investment in the history of the State at just 2% of gross domestic product, GDP. In its alternative budget Sinn Féin committed to a major capital investment programme of €1.23 billion, delivering 7,000 new homes, building schools and hospitals, providing flood relief and improving water infrastructure. Ireland has the lowest levels of the 28 countries in the European Union of both government expenditure and revenue as a percentage of GDP. It is 35.1%, lower than the 2015 level of 38.6%. I am amazed to hear people say it is a great idea to bring our debt-to-GDP ratio back down to 45% when the EU requirement is only 60%. Such people are actively advocating a monetarist straitjacket for the next decade. We need to change how we view government investments and public expenditure. It is not a cost to the State but rather an investment on which one will see a return. Sinn Féin is committed to investing €630 million in health services, €278 million in the education system, €252 million in child care services and €503 million in social protection payments.

The child care proposals are, frankly, not good enough. We need universal provision and, as

usual, Fine Gael had nothing to say about the wages of child care workers. There is nothing to address the issue in its proposal. Average pay in the sector is €10.26 per hour and many workers are on the minimum wage. That has an impact on quality. How can we have quality child care when there is high turnover because people cannot afford to work in the sector? They get more money making sandwiches for lunch in Centra than working as a child care worker. The Government has done nothing about this. It should speak with people in SIPTU who represent child care professionals and listen to what their coalition has to say. It has not done so.

This is a regressive budget, a landlord's budget, a building developer's budget and a budget for those who drove the economy off a cliff. In other words, it is in the best tradition of Fianna Fáil.

**Senator Brian Ó Domhnaill:** Sinn Féin is waiting for Santa Claus. The policies will not deliver what its members propose.

**Senator Máire Devine:** Is that what the Senator is waiting for?

**Senator Brian Ó Domhnaill:** I will gladly debate the point.

**An Cathaoirleach:** Please allow Senator Michael McDowell to speak, without interruption.

**Senator Michael McDowell:** I want to make a few points and do not want to become involved too much in the cross-aisle banter taking place.

References have been made to increases in Deputies' salaries, which is not part of the budget, but some seem to be forgetting that they are already arranging their internal party arrangements to relax the average industrial wage rule and grant themselves increases privately. Some Members of the House should remember this. That is all I want to say on that matter as I do not want to be more acrimonious.

There are two points to make about our current position. With Brexit we must be cautious as we live in a period of uncertainty when foreign direct investment is not a given and the rate of foreign direct investment is decelerated by the current uncertainties.

I will speak about the self-employed and their treatment at the hands of successive Governments. A self-employed person earning over €100,000 is now paying at the marginal tax rate of 40%, PRSI at 4% and universal social charge at 11%, amounting to a 55% rate. We should understand what that means. If people are charging VAT at 23%, it means that for every additional euro a person receives, the Government is taking 64 cent and a person ends up with 36 cent in his or her pocket. That is a very important point. I am not talking about a wealthy bar-rister but perhaps a person running a business who is thinking of expanding. He or she will ask the very simple question about whether he or she should take further risk by going to a bank and borrowing money. If they think there is a market for the service they provide and invest further, they know that the State will take the most from their potential success; it will take two thirds of the extra income generated by the investment and they will be left with 34, 35 or 36 cent in the euro. Marginal rates matter in that regard. That applies generally but to Sinn Féin I argue that dynamism in the economy is dealt with at the margins. It is about people applying to work overtime or somebody thinking about expanding a shop or taking on extra work or business. They make the growth change in the economy. We do not live in a static Marxist world. The incentivised side of the economy is very important.

I will echo another point mentioned by Senator Victor Boyhan about the local property tax. If nothing changes, in two years all properties will have to be revalued. I will highlight a point I made recently in a newspaper article. For a sum of €400,000 or €500,000, within the purview of the first-time purchaser's assistance package announced today, one would get something very small and nothing grand in south Dublin, Dún Laoghaire and north Dublin. For the same amount, on *www.myhome.ie* recently I noticed a 3,500 sq. ft. luxurious restored Victorian mansion on five acres for sale in County Laois. The family in a €500,000 house in Dublin may have a mortgage of 80% or, in some cases if they were unfortunate enough to borrow at the wrong time, a mortgage of 100%. The family living in the mansion in County Laois may have no mortgage at all. One family may be a lot wealthier than the other and my point is that many are walking towards a financial cliff. They are not wealthy people but pensioners and the like who are living in houses that they do not want to sell or get out of in Senator Victor Boyhan's neck of the woods in Dún Laoghaire. They are not the wealthy class. They are not the people who are living in 3,000 sq. ft. houses on five acres in County Laois. They are ordinary people who are facing a financial cliff. All I am saying is the alarm bells are now ringing for them. Unless the local property tax is reformed, there will be a very serious attack on their well-being and their capacity to support themselves and live a reasonably frugal existence.

**Senator Michelle Mulherin:** I very much welcome the budget and the €1.3 billion available to spend. As a Member of the Oireachtas for the past six years, it was very clear to me that we had to make very tough decisions and cuts year after year as we tried to regain our economic and fiscal sovereignty. The decisions that had to be made were by no means popular. We have reversed that situation in a very short time and all of the stakeholders, particularly the people of Ireland who have gone on this journey with the Government, must acknowledge our success.

A lot of the comments so far have been meaningless, mean and pointless. One begins at the point where we have so much to spend. We only have that amount to spend because Government policies have been about creating wealth and stimulating the economy. Without the tax take and income to the Exchequer, we will not have money to spend on public services.

I note Sinn Féin's mantra that it has costed its alternative budget. It may have costed it, but it is talking about imposing €1 billion of new taxes in an economy that is exposed to Brexit. How reasonable is that?

**Senator Trevor Ó Clochartaigh:** Only on the people who can afford to pay it.

**Senator Michelle Mulherin:** Its plan to increase employers' PRSI is literally a tax on jobs.

**Senator Paul Gavan:** That is only for those being paid more than €100,000.

**Senator Michelle Mulherin:** I note that notwithstanding all of the parading along the Border-----

*(Interruptions).*

**An Cathaoirleach:** Please allow Senator Michelle Mulherin to speak. Senators who had their five minutes in which to contribute want to butt in again. They should allow the Senator to speak and if they want to rebut her arguments, they should do so in a calm way. It is not the normal procedure in this House, unlike at a council meeting, to constantly interrupt speakers. We are running out of time and a Senator on the Opposition side of the House will not be allowed to speak. If Senators keep interrupting, they are simply delaying the process.

**Senator Michelle Mulherin:** We all know that Brexit poses a huge danger to the economy and our exports, particularly with the fall in the value of sterling. However, Sinn Féin has no plan in its alternative budget to incentivise, encourage or support businesses in that context. Instead, the party is looking at the gains in the economy, the money available to spend and how to spend it. It would spend ten times more if it could and we would be back to square one. It is pure populism and there is no rhyme nor reason to it.

This is a sensible budget and I would not belittle any of its measures. There are a lot of demands for increases in expenditure, but any such increase must be sustainable. We cannot make long-term public expenditure commitments based on capital taxes as we did in the past. We have issues in the areas of health, education and housing, as well as those related to Brexit and the list goes on. There are so many demands.

I very much welcome the announcements on social welfare payments which will increase by €5. There has been a lot of grandstanding by Fianna Fáil about this, but if that party had its way, we would not have seen those with disabilities, carers and other vulnerable groups who rely on social welfare receiving their €5. Fianna Fáil was grandstanding on the issue of when the €5 increase would be introduced. There must be equality and fairness across the board and the budget recognises the need to give something back to people. Nobody here is claiming that the budget is the be all and end all. This is a process and we must stick with it because we know that there are difficulties ahead, Brexit being one.

I ask the Cathaoirleach to indulge me, given that I was-----

**An Cathaoirleach:** If I indulge the Senator, the two other speakers-----

**Senator Michelle Mulherin:** I am just making the point that I was interrupted.

**An Cathaoirleach:** I have allowed for that.

**Senator Michelle Mulherin:** I will be as quick as possible.

**An Cathaoirleach:** I will allow the Senator one minute in which to conclude.

**Senator Michelle Mulherin:** Thank you.

I very much welcome the provisions for the farming and agrifood sectors and rural Ireland generally. One of the biggest challenges facing us is the fact that people are leaving rural Ireland, leaving the land and moving to cities. This is not just a problem for Ireland but also in Europe and the rest of the world. People are leaving rural areas which is resulting in the creation of super cities, with pressure on housing, schools and so forth. We have an opportunity to develop a model which will make living in rural Ireland sustainable. We must support sustainable development in rural Ireland in areas such as tourism, the agrifood sector and so forth. I welcome the increase in the rural development programme and, in particular, the payments to farmers by way of the €25 million sheep scheme and the €211 million increase for the green low-carbon agri-environment scheme, GLAS. I also welcome the low-cost loans that will be made available to farmers. There are a number of other supports which will particularly affect people from the area where I am based where there are a lot of marginal farms. There are approximately 8,500 farmers in receipt of farm assist payments and the cuts to that scheme have been reversed. I also welcome the increases under the rural social scheme. All of these measures will have a very significant impact. I know that we will have further debates on this

matter, but the future of and the vision for rural Ireland are issues on which we must press on. We must get real results or people will continue to leave rural Ireland.

**Senator Trevor Ó Clochartaigh:** On a point of order, I would like to ask the Acting Leader to extend the time available for this debate in order that all Senators who are present and wish to make a contribution can do so and that the Minister of State will have ample time in which to respond.

**An Cathaoirleach:** That is not a point of order. Furthermore, it is a matter for the Leader rather than the Acting Leader.

**Senator Trevor Ó Clochartaigh:** On a point of order, I ask for the Leader to be called back to the House in order that-----

**An Cathaoirleach:** We are simply delaying now. Senator Fintan Warfield is next. According to the rules, I must call the Minister of State to respond by 6.55 p.m.

**Senator Trevor Ó Clochartaigh:** On a point of order, we have done this on many occasions when time has been added for debate. There are-----

**An Cathaoirleach:** It is a matter for the Leader and if someone can get a message to him, so be it. I am constrained unless he comes back in. I am happy to stay here until 9 p.m. It does not matter to me, but I cannot make the decision. I am only the Chairman.

**Senator Fintan Warfield:** As a young person, I listened with interest to the issues that concern people in my age group, one in six of whom have left Ireland and many more of whom remain on social welfare payments. With the changes to the jobseeker's allowance rate the Government continued a policy of age discrimination, which is a shameful indictment of its attitude to young people. Young people aged between 18 and 24 years will see an increase of €2.70. Cheers. It will go a long way for those aged between 18 and 24 years. It will increase their payment to €102. Separately, 25 year olds will receive an increase of €3.80. Their payment will increase from €144 to €147. Why, as the economy recovers, are young jobseekers still facing discrimination on the basis of age? Rather than nominal increases, all citizens seeking jobs deserve the standard jobseeker's allowance rate. Instead, young jobseekers continue to struggle to make ends meet, with insufficient support to meet living expenses and no support in seeking work. If the Government places such a value on young jobseekers, what message does this send to the private sector and those who employ young people? Young people under the age of 26 years should be entitled to an equal payment.

Cultural activists have, since the beginning of the Government's term, tried to make their voices heard as they called for decency, fairness and acknowledgement from policy makers. These are the voices of artists struggling to make ends meet, most of whom earn less than €10,000 per year. Artists, like the majority in our society, deserve a break. They want the cost of living to be reduced. They are crippled by water charges, the property tax, child care costs and a broken health system. Sinn Féin has called for called and budgeted for increased investment in public services, fair taxation and a reduction in the cost of living. No citizen can go about his or her day without availing of public services. No citizen can go about his or her day without experiencing and engaging with the arts. The arts have a transformative effect on the individual and society and I often wonder why the Government does not acknowledge that effect. Is it because it knows that artists critique society and social norms? Is it because it knows that a resourced artist threatens the establishment? Does it know that the arts have an

incredible ability to empower citizens to mobilise for progressive change? Perhaps it is none of the above. Perhaps the Government will not acknowledge the power of the arts because those making policy have never experienced the transformative effect for themselves. It is common sense to invest in public services, society and our cultural landscape because when we do invest in the arts, we benefit the economy, tourism sector and the health of society and communities.

Hidden at the back of today's budget book, in budget 2017, are cuts of €30 million to the programme area of arts, culture and film. That amounts to cultural vandalism. No citizen can go about his or her day without experiencing the arts. Instead, Fianna Fáil and Fine Gael have moved to shrink the tax base ignorant of the need for a fair economy and just society, one in which public investment delivers for Ireland's future. Despite the need for capital investment, budget 2017 significantly reduces capital spend by more than €34 million when programme areas of the arts, culture and film, as well the Irish language, the Gaeltacht and islands are combined. That reduction in capital spend could have been used to support growth and animation in the film industry. The funding could have addressed regional imbalance among cultural institutions, thus truly recognising their mandate as national. It could have supported works and preservations at museums, galleries, libraries and institutions. It could have offered artists the security of tenure in urban areas via State support for spaces.

Budget 2017 proves that its authors in Fine Gael treat the arts community with contempt and disdain and are oblivious to the benefits that investment in the arts can bring to society, the economy and our tourism offering.

**Senator Máire Devine:** The Leader of the House blamed Sinn Féin for claiming that we live in Dickensian conditions in this country. He needs to open his eyes because there are such conditions for many such as the homeless and people awaiting housing. People with a disability have been given an insulting extra €5 per week, even though there are greater mobility costs for them. Senator John Dolan is more able than me to talk about the costs associated with disability and gaining access. The Irish Wheelchair Association made an impressive presentation and told us that it cost an extra €200 per week for people with mobility issues to live their lives.

Sinn Féin asked for USC to be retained. The Government has portrayed us as basket cases when it comes to economics. I put it to the Government members that it is they who are the basket cases as they have allowed USC to be whittled away.

Sinn Féin has prudently costed the property tax. There is nothing in the budget either about the abolition of the dreaded water charges and Fianna Fáil has suddenly realised it can use the issue to best advantage. The water charges issue has not gone away and will return in March 2017. The Government can deal with the issue in its own way at that time, but people will protest on the streets.

Every single housing agency has come out against the help-to-buy scheme. It will only enrich the builders and speculators. We are returning to an era of boom and having a false economy. Have we not learned our lessons? Are we not clever enough to learn from mistakes? Is the Government trying to be populist, as Senator Michelle Mulherin has called Sinn Féin, keeping everybody sweet and neat and saying we can go on as we always have done?

Sinn Féin and I are about change and revolution. We have a different way of viewing society, nurturing society and nurturing the social clause. Sinn Féin wants to nurture the idea that people gave in the general election just gone. Yes, we want more public services. We are

not really into it for our own gain. We want to see the country ticking over happily pursuing happiness, as stated in the Proclamation. That is Sinn Féin's strategy. I will not take any more insults from the Government claiming Sinn Féin has basket case economics. We have costed our proposals, but the Government has not even opened our document as it has no interest in doing so. It is the same old thing with Fine Gael, Fianna Fáil and sometimes the Labour Party. We see the same faces time and again on budget day who give us the same old drivel and tell us to be grateful.

**An Cathaoirleach:** I call the Minister of State. There were two Senators here, one Independent and one from Fianna Fáil, who realised they would not get to join the debate and so withdrew. If I let in one Senator, I will have to let in others.

**Senator Trevor Ó Clochartaigh:** On a point of order, I would like to note that it is very unfair that all Senators were not allowed to speak on a very important day. I mean no disrespect to the Minister of State.

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

**Senator Trevor Ó Clochartaigh:** It is the most important debate of the year and unfair that Senators are excluded, no matter from where they come.

**An Cathaoirleach:** If I allow Senators to contribute in one debate, I will have to allow it in others.

**Senator Kieran O'Donnell:** A few minutes will do.

**An Cathaoirleach:** What about the two Senators who have left because I told them they would not get in?

**Senator Kieran O'Donnell:** I shall leave it to the Cathaoirleach's superior wisdom.

**An Cathaoirleach:** I can give Senator Trevor Ó Clochartaigh two or three minutes. There were two Senators here, one from the Fianna Fáil side and Senator Lynn Ruane, who left because they felt that with the number of Senators present, they would not get an opportunity to speak. I cannot have five speaking slots for Sinn Féin, two for another group and one for another. I will let the Senator in for two or three minutes, but I do not to be accused tomorrow of being overly flexible.

**Senator Trevor Ó Clochartaigh:** Tá mé an-bhuíoch díot, a Chathaoirligh, faoi dhá nóiméad a thabhairt dom.

The tax and spend measures in the budget are continuing the same failed housing policies that have been mentioned before. The first-time buyer's scheme will drive up prices. Subsidies for private landlords are almost the same as funding for real social housing, with as much being spent on it. There is nothing meaningful in the budget for homeless families, families on housing waiting lists, those paying excessive rents or those unable to purchase family homes. Sinn Féin's alternative budget showed an absolute difference.

Ós rud é go bhfuil mé i mo urlabhraí ar chúrsaí Gaeilge agus Gaeltachta, teastaíonn uaim a rá go bhfuil sé náireach go bhfuil gearradh siar de 9% déanta ar bhuiséad na Gaeilge agus na Gaeltachta. Tá sé náireach freisin go bhfuil Fianna Fáil, a bhí ag rá go raibh sé ag tacú le pobal na Gaeilge, sásta glacadh le buiséad ina bhfuil ciorrú den chineál seo á dhéanamh. Ar

an mbunús sin amháin, ba cheart go mbeadh an Seanadóir Ó Domhnaill ag vótáil i gcoinne an bhuiséid seo. Tá neart le rá aige ar an raidió faoi chúrsaí Gaeilge agus Gaeltachta. Cá bhfuil an €7 milliún a bhí geallta don pholasaí oideachas Gaeltachta? Nuair a bhí muid i Sinn Féin ag cur ár gcuid moltaí chun cinn roimh an mbuiséad, mholamar go mbeadh €1.5 milliún breise ar fáil do phleanáil teanga, €5 milliún breise ar fáil mar chaipitil d'Údarás na Gaeltachta, €4.5 milliún ar fáil mar chreidmheas cánach agus €7.58 milliún ar fáil d'Fhoras na Gaeilge.

It is ironic to see handwringing by former barristers and people who have done very well for themselves.

**Senator Michael McDowell:** I am a former barrister.

**Senator Máire Devine:** And practising barristers.

**Senator Kieran O'Donnell:** I did not think it was former.

**Senator Trevor Ó Clochartaigh:** It was Senator Michael McDowell who used the phrase “wealthy barristers”. Given that there are those who are very much trying to make ends meet on the minimum wage, on zero hour contracts or in precarious jobs such as teachers who may have precarious contracts, gardaí and so forth, it is ironic to hear others doing the ochón ochón for those who earn quite well. Elements where we ask people to pay more only apply to those who earn more than €100,000 per annum. We ask them to pay only 7 cent extra per euro on anything earned above €100,000, which is very fair. Sinn Féin is willing to tax the wealthy. We are willing to increase the tax base, but we want to do so in a way that is fair to people who have less than others.

There has been talk of bringing people home from abroad. We are bringing people home from abroad who cannot afford car insurance, get their children into schools and have issues in accessing many things.

On issues affecting older people, the minuscule increases have been lauded. Sinn Féin would have spent €410 million, reinstated the transitional State pension, increased the fuel allowance payment period by three weeks, reintroduced the bereavement grant at €600, put €1 million more into the warmer homes scheme and increased the number of home care packages by 10%. The delayed increase of €5 in the pension rings hollow when one considers the increases amounting to €14,650 that the Taoiseach will receive over two years and the increase of €12,735 that Ministers will get. These sums are more than what some people earn in a year. It is a disgrace that these moneys are not being used for the betterment of those who need it most in society.

*7 o'clock*

**Minister of State at the Department of Finance (Deputy Eoghan Murphy):** I thank Senators for giving me the opportunity to speak in this important debate about the budget. I have a number of notes and hope to get to every point raised by each Member. I will do my best to leave my party political hat at the door, but it may be difficult at times to do so. I will leave my neoliberal hat at the door. I always thought I wore a Lakean neo-Wilsonian hat. That is what I used to parade around in back in my student days.

I want to speak first to the ratio of spending to tax reductions and the 2:1 ratio in the confidence and supply arrangement with Fianna Fáil. The arrangement was important in putting a

government in place and not falling into the risks facing other countries in Europe which now face not being able to form a government. It has moved now to a 3:1 ratio. It is important to look to A Programme for a Partnership Government, the 156-page document, and the commitments arrived at between Fine Gael and Independent Ministers. They looked to moving to a budget with a 3:1 ratio, which is from where this comes. That is an important source for the change in direction since the formation of the Government.

There was a comment on capital gains tax only being available up to €1 million. The reduction to 10% is important in terms of a step change in making Ireland as attractive a location as possible for the relevant types of investment when we look at the comparisons in the United Kingdom.

The measure for first-time buyers is not a pure demand-side measure when we consider the details because it can only be leveraged against new builds. That should incentivise supply. I was interested to hear contradictory remarks in the Chamber about it doing nothing to increase supply but also lining the pockets of developers. I am unsure how that adds up. Reference was made to the cost of new builds within the M50. This applies to new builds up to a price of €600,000. However, the tax rebate is capped at €20,000 and applies at a rate of 5% up to €400,000. It will allow people to leverage their own additional income when buying a new build as a first-time buyer. We should remember they are leveraging their own income against the rebate. It will not work against those who are looking to buy new builds either outside the M50 or within it.

The budget has been Brexit-proofed in every sector of the economy. Let us consider the contingency planning that has gone on for a year or more. Everything the Government is doing across each sector of the economy is being done with Brexit in mind. There are specific measures, including increased funding for our diplomatic presence in different jurisdictions overseas and new posts for Enterprise Ireland and IDA Ireland. Others relate to agriculture and measures for small and medium-sized enterprises and higher education. These are all designed with Brexit at the forefront because it is such a great challenge for the Government, as it will be for future governments in the coming ten or 20 years.

We have seen new investment in third level education for the first time since the crisis. The allocation of €36 million is a significant investment. It is welcome, but we recognise that we need to go further. There is a problem with the funding model for third level and if we do not get it right, we will have far bigger problems down the line. The Minister for Public Expenditure and Reform, Deputy Paschal Donohoe, referred to the commitment to increased investment in the third level sector, as well as looking at the funding structure and coming with proposals later in the lifetime of the Government. Resources to provide for additional teachers have been allocated in the budget, as well as 900 extra resource teachers. This is important in ensuring we meet the needs of students.

The capital spend represents an increase of 26% over the allocation in 2016, which is important. Of course, we are coming from a low base in capital spending because capital spending was cut so dramatically when the crisis took hold. However, we are now trying to build it back as resources allow. Of course, every additional allocation of money spent on capital takes away from current spending and the investments people want in pensions, education and health care services. We have to find a balance. When we are considering budgetary choices and what we call the fiscal space and the European rules, we have to make choices. One is balanced off against another. If we call for an increase in capital spending, we have to propose where we can

decrease current spending. A review of the capital plan is scheduled for next year. This relates to the plan announced last year. This is important because new resources are being put towards capital spending. We need to ensure they are being addressed in the appropriate areas. I agree that the EU rules should give greater flexibility when it comes to capital spending, public private partnerships and potential changes from EUROSTAT that might have a negative impact on our ability to leverage public funding and secure increased private investment in capital infrastructure projects.

Reference was made to the universal social charge cuts. This is important and people will welcome a lower tax burden when we see how the tax burden was increased for those fortunate enough to be able to remain in work through the crisis. Up to 300,000 people were unemployed and there was a vast cut in the tax base. Extraordinary taxation was put on people who were working. The economy is recovering and more people are going back to work. The figure is now over 2 million, which is where we were before the crisis. This means that we have scope to reduce the tax burden. We need to consider the difficult circumstances low and middle-income earners are facing. They include people with young families, lone parents and young students who are working. The USC cuts will help them to retain more of the money they earn from the hard work they do. That is why reducing the tax burden on low and middle-income earners is so important.

The price of cigarettes has gone up by 50 cent. Personally, I would have gone up a little more because of the extraordinary impact of smoking not only on the health and lives of people but also on the economic cost to the State and every taxpayer.

We cannot do everything in the budget. We have to provide for increases and make changes, particularly in areas such as social welfare where we can on a step-by-step basis. Of course, we would have liked to increase the old-age pension by more than €5, but what would that have meant in increasing other social welfare weekly payments? We are trying to be fair. We are trying to bring fairness to as many people as possible because everyone suffered in the crisis. We cannot do everything in one budget, but we believe that in this budget we have made important changes for enough people and signalled that the changes will continue in the future.

Health spending will increase by more than 7% than the amount spent in 2016, an increase of more than €1 billion. That is incredibly significant. The important point is that this money should be spent in the right way. The Minister for Public Expenditure and Reform referred to a review next year of all spending, not only of the increases announced each year but of how we put the sum of €58 billion to work for social good in the economy. That is really important and there is an important role for the health committee to play in targeting that spending to ensure it is being spent appropriately.

We have to work the Lansdowne Road agreement which is important for industrial peace. The people who sign up to the agreement are bound by and are working to it. Having said that, a commission will be established and undertake important work in mapping out the future for what public sector pay and industrial relations will look like in the years ahead.

The gradual reduction in DIRT is important. We are moving the rate down to 33%, the same as the rate for capital gains tax. That is moving in the right direction. However, we should recognise that because rates are so low in the banks, depositors do not get a great return on whatever savings they have. The Government will do what it can to relieve the burden of taxation in that regard.

Rebuilding Ireland is an important plan and represents a strong commitment on the part of the Government. The plan needs time in certain areas to allow it to work. There are other more short-term measures such as the €200 million previously announced, of which €50 million is included in the budget, to release potential land banks and investment in infrastructure. That is incredibly important in parts of Dublin when it comes to building new bridges across the River Liffey and other land bank projects. It is also important in building wastewater treatment plants and roads and other things we can do to ensure our land, a finite resource, particularly in urban areas, will be used in the appropriate way.

Funding is being put in place to recruit new gardaí. This is being matched with funding to bring in civilian staff to do administrative work in Garda stations. There will be several hundred posts. This is important to ensure gardaí who are so well trained and know how to keep the peace will be able to work on the front line rather than being overburdened with administrative work.

The Defence Forces were also mentioned in the context of funding. They do incredible work. It says something important about the Government and the priorities of the Oireachtas that, with the scarce resources we have for defence, we chose to deploy them in the Mediterranean to save the lives of people who were desperate to flee harrowing circumstances in their countries. That says something good and it is good that we are maintaining that commitment in the Mediterranean and overseas.

The new measures under the heading of housing address a number of issues, including homelessness. The figures include €28 million for the provision of emergency accommodation and a 220% increase in funding for housing assistance payments. We have measures in place for students under the room-to-rent scheme. There are measures for first-time buyers and to provide new builds. There are measures to renovate existing stock. Mortgage interest relief measures are being extended. All of these will work together, I hope, to try to unlock the choke point in housing supply. That is vital not only to deal with the homelessness crisis and people participating in or those trying to get onto social housing schemes but also for young couples and first-time buyers who are trying to buy for the first time to get some stability in their home lives as they build them. It also is relevant for those who are looking to downsize who have been caught in a negative equity trap. Others may have growing families and need to move to different accommodation. We need to allow all of those measures to work and allow a proper market to function. We hope the schemes will work in tandem with the good work being done by the Minister for Housing, Planning, Community and Local Government, Deputy Simon Coveney.

One of the important aspects in agriculture that will be of immediate significance to those involved in the sector is the ability to step out from income averaging over five years. They need to be able to step out this year, if necessary, because of the difficulties encountered and the difficulties coming down the line in respect of the impact of Brexit and how it will hit the agrifood sector.

Sterling and currency fluctuations are of concern and there are further changes to come in the relationship between sterling and the euro. Some companies have hedged. Some companies hedge naturally because they import, but others are not in that position. We are trying to look after exporting companies in the budget. There is a scheme in place, in respect of foreign earned income, to help them to diversify into foreign markets. I recently had the opportunity to do that in Asia with 12 Enterprise Ireland client companies doing excellent work there and look-

ing to build new relationships on existing ones. That scheme will help. In its contingency planning Enterprise Ireland has also flagged the potential need for some fund which could step in to deal with currency exchanges. The contingency planning we are doing for Brexit is a constant. It did not stop when the decision was announced. It was based on the work we had done in the previous 12 months and we are constantly reviewing it. There is a mechanism through the Taoiseach's Cabinet sub-committee for us to report back on different developments and changes we believe may need to happen based on the feedback we are getting from the various markets.

A new spend transparency website, under the Department of Public Expenditure and Reform and e-Government for which I have responsibility, was launched today. It gives as much detail as possible in real time not just to Oireachtas Members but also members of the public. When one checks the website for trends over several years, one will see that the amount of money going to unemployment support measures has decreased, while the amount going to income and back-to-work support measures has increased. The Government uses public moneys to invest in people who are trying to get back into work. That is the most productive way to do it. It is more beneficial for those individuals also. The website is *whereyourmoneygoes.gov.ie*.

The 45% debt-to-GDP ratio is an important target. It is important that we state now how we can look to the future and protect the economy into the next five to ten years. It is important we reduce our exposure to the foreign bond market which can be unpredictable and the need to borrow or service debt in so far as being able to prioritise investment in the economy in the years ahead.

An amendment to the section 110 provision has been published by the Minister for Finance. Consultation is ongoing and further details will be worked out in the course of the debate on the Finance Bill. On a separate note, increased resources will be given to Revenue to enable it to collect taxes efficiently. We are also looking at areas where Revenue can tackle tax avoidance. The Minister has also flagged potential changes to legislation as a result of the leak of the Panama papers. From it, we hope to collect quite a significant amount of increased taxation into next year and the year after.

In so far as how we tax people in the economy, I do not believe it is fair that a Government would take more than half of what someone earns in a given week. That acts as a disincentive to work and productivity in the economy. For those earning €50,000 or more in the economy who are paying 81% of all universal social charges and income tax, is it fair to ask them to pay even more? I do not think so and it would be counterproductive in the economy. When one looks at how we structured the economy, we focused on getting people back to work. Through doing this, we have brought in extra revenue to the Exchequer and have been able to reduce taxation for those working. In turn, this has allowed increased investment in companies and job creation, as well as increased productivity in the economy. This is the means by which one gets extra taxation, namely, increasing activity. The more one taxes something, the less one will get from it. There is a point at which it becomes completely counterproductive. When we look at certain proposals from certain parts of this House, that is exactly what we would be walking into. The model we have used in the past five years has worked. There are now over 2 million people in work and we are in a position where we will eliminate the deficit by 2018, bring debt-to-GDP ratios to a sustainable level and have money to increase investment in our society. I do not know why we would risk that model which is working. When one looks at less than 1% growth levels around the world and despite Brexit, Irish growth rates are forecasted to be 4.2% this year, 3.5% next year and 3.25% the year after that. This model is working for us. I do not know why we would throw it out and risk it for some mystic, quasi-academic model which has

not been proved anywhere.

Car insurance premiums are a concern. The working group of which I am in charge will have proposals in the next couple of weeks for the Minister to help combat increased premiums which are eroding the gains some are seeing in their income tax. We must ensure we come up with sensible recommendations which are going to solve the problem as we see it. I will have these recommendations for the Minister in several weeks and would be more than happy to discuss them in this Chamber.

Disability services are an incredibly important part of what we do as a society and how we invest in the social good. Millions of euro are spent in this area every year. Some contributors gave the impression that nothing was being done and that taxes were not being put to good use. Of course, they are. In the budget we have seen an increase in the home carer's credit which is important, while dental and optical benefits have been extended. Significant investment is being made in the disability sector. The increase of €5 is something. We cannot go further in this budget but in others we will. The extension of the medical card to children and the domiciliary care allowance are important measures we are including in the social welfare spend.

There is a 35% increase in spending on early learning intervention measures. How we view young people is important and we make an economic investment in our future by focusing on the early learning years. Great work has been done in this regard in my constituency. It is an important way in which we can structure our resources in terms of government funding. The new structures for child care will be announced by the Minister for Children and Youth Affairs, Deputy Katherine Zappone, in the Dáil later, if they have not been already announced. They will help low and middle income working parents who have such high child care costs.

A key part of Brexit-proofing is education. In terms of the international financial services strategy which I lead in the Department, we have made upskilling, education and apprenticeships a key pillar of our strategy to increase the size of the sector by 30%. It will be in the creation of high-end jobs such as data analytics. We will achieve this by working through the National College of Ireland, the Central Bank and the industry. It is an important part of our commitment to education to ensure we are helping Irish graduates, as well as others at any point in their life cycle, to find good and new jobs. It will allow them to move out of one particular job they may not have liked and move into something completely different. The apprenticeship schemes allow for four days in the workplace and one day in the college. It comes with a meaningful salary, with a minimum figure of €35,000 under the first pillar and €50,000 under the second. It is an opportunity to make a meaningful contribution, learn and upskill, as well as an opportunity for new companies to come to Ireland because we have the educated staff they require. That then benefits the wider economy through the creation of indirect jobs.

Foreign direct investment has led to the creation of 187,000 jobs in the economy. Depending on the different multipliers and which sector one looks at, it has been worked out that as many as three indirect jobs in ancillary services such as real estate or catering are created as a result of the creation of each direct job. All companies benefit from foreign direct investment. We must ensure we are investing in education in order that this can continue.

The sports capital grant for next year is welcome. Members know how a small investment in sports capital grants will have a disproportionate positive impact for communities and people's health and welfare. I am glad that the programme will return next year. I hope it will be announced early to ensure we can have some investments made in advance of the summer

season.

The issue of VAT and charities is important. It is good that the Government is committed to examining it further as it requires further investigation. I hope we can do something about it.

There is new funding for transport in the budget through public service obligation funding, capital for road stock maintenance, the allocation of funding to finish the Luas and for certain road schemes referred to by the Ministers earlier in the Dáil.

The introduction of paternity leave is important. The we are combining a universal and a means-tested element is important because we want to ensure the limited resources we have go to the people who need them the most. People on lower and middle incomes who are having difficulties can also get help. The Minister for Children and Youth Affairs, Deputy Katherine Zappone, will speak about the issue, if she has not already done so. I do not want to pre-empt her remarks on the finer details.

The commitment to the low-paid can be very much seen in the universal social charge reductions, the changes to the thresholds and how they apply to the second and third band. There is also another increase in the minimum wage. Although it might only work to counter an increase in inflation, it is still important. It must be recognised that the increases in minimum wage do not always necessarily benefit those on it. Sometimes people on higher wages experience more of a benefit in real terms compared to those on the minimum wage. We have to be careful when we talk about the minimum wage and not confuse it with the living wage, to which the Government is working towards.

Is this an expansionary budget? It is important - this applies when we look at Brexit also - that we find a balance in being prudent in how we structure our resources, rainy day funds and other checks and balances in spending. However, it is necessary to make investments to protect the economy from some of the threats from Brexit. We need to find a balance between the two concerns. This is a prudent budget that balances the need for investment to grow the capacity of the economy and meet people's needs in areas such as education and housing with the requirement to be cautious enough to protect us from any downturns or negative tailwinds in the international economy.

There is a range of incentives in place for international financial services. In addition, we have several natural incentives in that regard. For example, this is another common law jurisdiction for companies moving from the United Kingdom. We will, moreover, be the only English-speaking nation left in the European Union after the United Kingdom leaves. Our corporation tax rate has been very effective in securing jobs for the economy. Investments we have made in education have likewise helped to attract employment to the State. Other incentives include a programme to encourage high net worth individuals and companies to relocate here and bring staff with them and the knowledge development box to encourage research and development in the State. Many financial services companies are engaged in research and development projects related to payments and financial technology, fintech. We are looking to relocate that resource to this country. There is a great deal of commercial space becoming available online to accommodate these developments. The provision of regional incentives, including in Letterkenny, Kilkenny, Tralee and Drogheda, have helped to build the very strong financial services offering around the country. We have good incentives, clusters and hubs. We will build on the back of that, using the IFS 2020 strategy and other measures coming down the line.

The local property tax has been frozen in terms of increases and the recalculating of the base rate which was due to happen this year. That gives us time to reform the tax and it is important that we do so. It was introduced at a particular time in our economic history, a time when we needed to raise a certain amount of revenue. We have an opportunity now to reform it and that work will be guided by reports that have already been produced and further work that will be done by the Oireachtas.

The budget demonstrates our ongoing commitment to assisting the low-paid. Reference was made to what the last Government did or did not do in this regard. In fact, one of that Government's first actions, in its first budget in 2011, was to increase the minimum wage. We also took 700,000 people out of the universal social charge net and introduced caps for workers earning more than €70,000 to ensure they would not benefit disproportionately from tax changes introduced. The evidence does not support claims that certain budgets in the past favoured the wealthy. If we are to have budgeting that is evidence-based, we must maintain some respect for what actually happened in the past in terms of budget changes.

The self-employed will see benefits from the budget. SMEs are the job creators and retainers of the national economy and play an important part in local economies throughout the country. Anything we can do to help the self-employed and bring them back to parity with PAYE workers is welcome. The provisions in the budget are just another step in a process that was initiated in previous budgets. We have further to go, but we are heading in the right direction.

I am not sure I understand the point about age discrimination against the young. Some €36 million is being invested at third level, the first time we have seen any significant investment in the sector since the crisis. Young jobseekers will be better off after the budget. The first-time buyer's incentive disproportionately favours young people. The minimum wage increase and USC reductions will help young people in lower paid jobs, be they students or otherwise.

The budget provides for a year-on-year increase of over €1 billion in investment in public services in 2017. We had a huge investment in the arts last year to do with the centenary commemorations. No single party should try to claim ownership of the arts. It is something which impacts on us all every day, regardless of whether we realise. My party has shown its commitment in that regard in every budget since 2011. The Minister for Arts, Heritage, Regional, Rural and Gaeltacht Affairs has done and continues to do a huge job. In the film sector the quality of films being produced and made in Ireland sends a message to people around the world. There are several exciting potential developments in that regard, in respect of which we may hear an announcement early next year.

I hope I have addressed all of the points raised. I very much welcome the opportunity to engage with Senators on this important budget. There is more to come in terms of the Finance Bill and other Bills which will provide greater detail of what we hope to do in the course of 2017. As I said, the Minister for Public Expenditure and Reform has indicated that a spending review will take place next year. While the budget provides for an increase in spending in 2017, there is a need to review the entire stock of the €58 billion and how it is spent to ensure we are spending it efficiently and effectively. We must be certain the taxes raised as a result of people's hard work are going towards the public good in a significant way as we in the Oireachtas see it.

**An Cathaoirleach:** I thank the Minister of State. When is it proposed to sit again?

**Senator Kieran O'Donnell:** At 10.30 a.m. tomorrow.

The Seanad adjourned at 7.25 p.m. until 10.30 a.m. on Wednesday, 12 October 2016.