

DÁIL ÉIREANN

AN ROGHCHOISTE UM AIRGEADAS, CAITEACHAS POIBLÍ AGUS ATHCHÓIRIÚ, AGUS AN TAOISEACH

SELECT COMMITTEE ON FINANCE, PUBLIC EXPENDITURE AND RE- FORM, AND TAOISEACH

Déardaoin, 22 Feabhra 2018

Thursday, 22 February 2018

Tháinig an Roghchoiste le chéile ag 9.30 a.m.

The Select Committee met at 9.30 a.m.

Comhaltaí a bhí i láthair / Members present:

| | |
|---|--|
| Teachtaí Dála / Deputies | |
| Peter Burke, | |
| Joan Burton, | |
| Michael D’Arcy (Minister of State at the Department of Public Expenditure and Reform), | |
| John Deasy, | |
| Pearse Doherty, | |
| Paschal Donohoe (Minister for Finance and Public Expenditure and Reform), | |
| Michael McGrath, | |
| Paul Murphy, | |
| Jonathan O’Brien,+ | |
| Patrick O’Donovan (Minister of State at the Department of Public Expenditure and Reform). | |

+ In éagmais le haghaidh cuid den choiste / In the absence for part of the meeting of Deputy Pearse Doherty.

I láthair / In attendance: Deputy Alan Kelly.

Teachta / Deputy John McGuinness sa Chathaoir / in the Chair.

Estimates for Public Services 2018

Votes 11 - Public Expenditure and Reform (Revised)

Vote 12 - Superannuation and Retired Allowances (Revised)

Vote 14 - State Laboratory (Revised)

Vote 15 - Secret Service (Revised)

Vote 17 - Public Appointments Service (Revised)

Vote 18 - National Shared Services Office (Revised)

Vote 19 - Office of the Ombudsman (Revised)

Vote 39 - Office of Government Procurement (Revised)

Chairman: I welcome the Minister, the Minister of State and their officials to consider the Revised Estimates for the Department. I call on the Minister to make his opening statement.

Minister for Public Expenditure and Reform (Deputy Paschal Donohoe): The Minister of State, Deputy Patrick O'Donovan, and I are pleased to have the opportunity to appear before the select committee in connection with the 2018 Estimates for my Department's group of Votes. The group comprises a significant number of Votes as follows: the Department of Public Expenditure and Reform and several offices under its aegis, namely, the State Laboratory, the Public Appointments Service, the National Shared Services Office and the Office of the Ombudsman. It includes the Votes for superannuation and retired allowances and the secret service. The remaining Vote in the group, the Vote for the Office of Public Works, is handled separately by the sub-committee.

The committee has been supplied with a very detailed briefing document by my Department's officials on the various Votes. Further detailed material is contained in the Revised Estimates for Public Services 2018 which was prepared by my Department and published on 14 December 2017. It is worth noting that the total net allocation for the 2018 Department of

Public Expenditure and Reform group of Votes which comprises eight distinct Votes shows a very modest increase of 2% on the 2017 allocation. The 2018 overall net figure of €520.9 million compares to a figure of €510.2 million in 2017. A difference of €6.2 million is reflected in the superannuation Vote for 2018.

The structure of the Vote remains unchanged in 2018, with two strategic programmes focused on public expenditure and sectoral policy and public service management and reform. The requested resources for each programme, in terms of staffing and funding, are set out in Part III of the Estimate. In 2018 we are seeking a 6% increase in the gross spend under the Vote, bringing the total gross allocation to €59.531 million. The increase is required primarily for the second programme - public service management and reform - as my Department continues to roll out a comprehensive programme of reform. It is largely related to the provision for investment in a resilient and robust technical platform from which to deliver build-to-share applications as part of the remit of the Office of Government Chief Information Officer; the provision for the funding of the Civil Service learning and development shared services project; an additional provision for the design of an administrative system to support the implementation of the single public service pension scheme and the funding of the next phase of work of the Public Service Pay Commission.

On Programme B of the Vote, public service management and reform, members will recall that I had the opportunity to discuss the next phase with the committee during my appearance last week. Nevertheless, I once again draw members' attention to the main points of the new framework which I launched last December. There has been progress since the first reform programme was started in 2011 in areas which include procurement, shared services and Civil Service renewal, as well as public service reform, all of which continue to play a key role. The key pillars are, first, delivering for the public; second, innovating for the future; and, third, developing people and the organisation.

Work continues to implement the actions included in the Civil Service renewal programme. I published the third annual progress report last June which showed that much had been achieved under the programme of change since the plan had been initiated. While the renewal plan was envisaged as a three-year programme of work and is being delivered on a phased basis, I see Civil Service renewal as an ongoing process. We will continue to embed the changes across Departments and offices this year.

In addition to progress in implementing public service reform, we continue to pursue a wide-ranging reform programme aimed at delivering an open, accountable and ethical Government approach underpinned by a transparent and effective public service. Key areas of focus are the data sharing and governance Bill; the open data strategy; and a statutory review of the operation of the Protected Disclosures Act of 2014 which will be published in the first half of 2018.

I will turn briefly to the issue of public service pay. Last year when I briefed the committee, we were addressing the aftermath of the Labour Court's ruling on Garda pay and the undermining effect it had on the Lansdowne Road agreement. I outlined a two-phase process designed, first, to stabilise the Lansdowne Road agreement and then to negotiate a successor. We have had success in following this approach. The Government has negotiated the new agreement which is a significant achievement that will deliver the full dismantling of the financial emergency legislation in way that is affordable and that I believe is fair, but challenges remain. The Public Service Pay Commission is examining recruitment and retention issues in the health sector. Legacy issues associated with new entrant grades are also being examined and a report will

be submitted to the Oireachtas by March. Both issues are likely to prompt difficult discussions later in the year, but the current environment is largely stable.

As Minister with responsibility for the public service and public service reform, I am committed to ensuring we will continue to use digitisation to deliver more efficient and effective services. Our own surveys have shown that people want to use more public services online. We have seen a positive approach to using the digital services gateway and the public services card and MyGovID, demonstrating that the public understands the importance of having a reliable, authenticated and secure means of online verification. We will continue this work when making services available throughout the year. However, we also want to make sure no one who wants to transact business electronically will be left behind. In that regard, we hope to announce some assisted digital initiatives later in the year.

In 2018 my Department will lead the second phase of the three-year spending review process which will take place in advance of the 2019 Estimates process. It will build on the successful spending review in 2017 which culminated in the publication of more than 20 technical papers. While moderate expenditure growth is planned, there continues to be many public service demands. We must have a continual focus on the totality of spending to ensure public funds will have the maximum effect. The intention is that the spending review process will help to broaden the Government's options in the budgetary process and assist in funding new policy measures.

As members will be aware, last Friday my Department published the national development plan. The plan demonstrates the Government's commitment to meeting Ireland's infrastructural and investment needs. It reflects an appropriate balance between the need for additional investment, the sustainable capacity of the economy and the need to adhere to responsible spending.

I thank the Chairman for giving me the opportunity to present the Estimates. I will be pleased to answer questions members may have.

Chairman: I thank the Minister. Deputy Jonathan O'Brien is deputising for Deputy Pearse Doherty.

Deputy Jonathan O'Brien: I have two brief questions. On the PEACE and INTER-REG programmes, the Minister indicated that the possibility of providing support for the programmes post-2020 would be examined favourably. Much will depend on the outcome of the Brexit negotiations. Is the Department engaged in planning in this area? I presume a lead-in time is required in identifying programmes. Will the Minister elaborate on the issue?

While I do not expect an answer to my next question, I will ask it in any case. What exactly is the secret service?

Deputy Paschal Donohoe: I will begin with the easier question. I never expected to utter those words. On the question related to Brexit and cross-Border funding, I assure the Deputy that it is a major focus for me and my Department. I will comment on the current position and what we would like to achieve in the future. In the immediate aftermath of the referendum in the United Kingdom on leaving the European Union, my Department engaged with the British Treasury and I engaged extensively with the Special EU Programmes Body, SEUPB. Our first priority has been to secure existing programmes which are worth more than €500 million and will continue until 2020. In the aftermath of the referendum on Brexit, concerns were expressed that difficulties could arise in the roll-out of the next phase of the funding plan. We

have addressed these concerns.

We have committed 73% of the funding available under the PEACE programme and 79 projects valued at €176 million have been approved. With regard to the INTERREG programme, the second major funding stream, we have committed 78% of the funding available under it and approved 27 projects valued at €208 million. My short-term priority was to ensure existing commitments were realised. I am confident that the programmes in place until 2020 will be completed. Beyond 2020, I am committed to implementing programmes to succeed the current INTERREG and PEACE programmes. The Department is examining the legal basis for EU programmes that operate in Third Countries, in other words, those operating in non-EU countries in which the European Union has a strong interest. I am committed to developing a means of maintaining this work.

The December statement on the Brexit negotiations included the following:

Both parties will honour their commitments to the PEACE and INTERREG funding programmes under the current multi-annual financial framework. Possibilities for future support will be examined favourably.

To respond to the Deputy's question on the secret service, it has been the custom and practice for the Dáil to waive its right to ascertain the purposes for which this allocation is used. I hope that practice will continue. I must supply all related documentation to the Office of the Comptroller and Auditor General which audits the use of the money. I ask that the current arrangement continue and expect that it will.

Deputy Jonathan O'Brien: I welcome the Minister's comments on the continuation of the PEACE and INTERREG programmes until 2020. I have no doubt that he is committed to trying to secure funding for the programmes after 2020. In that regard, it is welcome that he is examining the legal basis for EU programmes involving third party countries. When will decisions be made on these matters? I presume they must be made before 2020, given that preparations need to be made for these programmes well in advance of their commencement as they cannot be implemented at the last minute. Yesterday the Committee on Budgetary Oversight met to discuss the equality budgeting process, which falls within the remit of the Department of Public Expenditure and Reform. I could not find any reference to equality budgeting in the Estimates. Where can I find the budget for the roll-out and continuation of the equality budgeting process?

Deputy Paschal Donohoe: On the work on successor programmes to PEACE and INTERREG and the maintenance of funding under these programmes, there are two signature points coming up. The first will be in May, when we expect a communication from the European Council on its proposals for the next Multi-Annual Financial Framework, MFF. This is important because most of the funding used to underpin the programmes comes from the EU budget which will be determined by the new Multi-Annual Financial Framework which will have to be negotiated. As to what we will do before and after that, my officials and I regularly engage with the Commission on what will be the precedent for implementing replacement programmes. I have visited areas where a number of the programmes are in operation. Some months ago, for example, I visited Derry where I observed the programmes in action. While I was aware of some of the projects being undertaken under the PEACE and INTERREG programmes in counties Cavan and Monaghan, my support for this work was reaffirmed when I witnessed the tangible effects of the investments in addressing many of the difficulties still experienced by communities.

Funding for the equality proofing initiative is located across a variety of expenditure lines in the Department. I do not have a single budget line for it because it happens under a number of Votes, namely, education and skills; business, enterprise and innovation; transport, tourism and sport; culture; health; and children and youth affairs. For each of those Votes within my Department, work is under way on equality budgeting, all of which has been acknowledged by me a number of times and by the Minister for Children and Youth Affairs, Deputy Zappone. This is also a commitment in the National Strategy for Women and Girls 2017-2020.

Deputy Joan Burton: I welcome the Minister, the Minister of State and their officials. I have complained to the Minister previously about the absence of women in the room when his Department has been present, so I am delighted to welcome two women to the top table this morning and to acknowledge that there are other female officials in the audience as well. There is a great deal of talent among women in the public service, but having that recognised fully in the Department of Finance has been difficult.

My second point affects both of our constituencies. We all know that there are large numbers of young people who are either in college or have finished it and who are from ethnic minorities or have come from countries around the world to live in my constituency, which is the Minister's home area, and in his constituency, which is in many ways my home area. I hope that the Department has a policy, through its influence on the recruitment process, to ensure that those young people, many of whom have done excellently in school and college, have a share of the opportunity to be recruited into the public service. Some 30% of the people in various parts of Dublin are not originally from Ireland. They or their parents came to live here. In this light, it is time that we saw the fantastic diversity that exists in Dublin reflected in recruitment policy. Just as it is odd not to see women present at the top table, it is equally odd not to see the diversity of Ireland. It would be a reflection of our success story.

I wish to ask about public service pay and section 39 organisations. I am concerned about the hospice movement. There are hospices in all of our major cities and right around the country, with several in Dublin. There is a major hospice in Cork. Since hospice staff members are employees of organisations governed by section 39 rules, they have been unable to access the increases that the Minister referred to in the context of the public pay restoration programme. That programme has been long overdue and I was a part of the Government that introduced it, but I am disappointed that it does not cover the people who work in section 39 organisations, including organisations that provide vital services to persons in the broader health sector like Rehab, the Irish Wheelchair Association and the Irish Hospice Association. Unless the Minister finds a solution, at the end of the two-year period, which will be soon, there will be a 3% negative differential between the pay of a nurse who works in a hospice and one who has stayed working in a hospital, perhaps one that is close by or even on the same campus. The same will hold true across sectors where there are health professionals, allied professions and others. They are waiting.

There were moves to establish a process, but the Department has stated that it is unsure about who took the cuts. Almost every nurse or doctor in those institutions took the cuts in a spirit of helping the country in its darkest hour when the finances had collapsed. Now they find that they are being told that they cannot have the cuts reinstated. It will pose a major difficulty to recruitment and retention. There is a worldwide shortage of health professionals, teachers and so on. They are getting plenty of offers from a range of countries around the world, some of which are aggressively recruiting them. If there is a hard crash-out Brexit by the UK, the UK will recruit aggressively for almost all categories of public service staff. Currently, those

are being recruited from the wider European Union.

Has the Minister a solution to this unfair situation? People in vital, publicly funded health and other services are not getting pay restoration. In a relatively short time, they will have a 3% minus differential compared with other people working in the hospital next door.

Deputy Paschal Donohoe: Before I answer the Deputy's question directly, I will say a brief word about the earlier point that she put to me, as it is important to me. She raised the question with me previously, but I was not in a position to answer it fully then. She asked about where we were in terms of diversity in our appointees, particularly through the Public Appointments Service, PAS. In 2017, the proportion of female appointees through PAS was 52% of all appointments. Since discussing the matter with the Deputy, I recently spoke at an event at the Institute of Directors in Ireland where I said that this was a pace of change that I wanted to see continue. From what I see in my Departments, we are making progress on a number of levels - by levels, I mean tiers within Departments - but when we reach certain strata, the degree of progress is not what I want. I want to ensure that we continue making progress on this year after year.

Regarding what we are doing to respond to the new Ireland that is growing up in our primary and secondary schools, the PAS is working with NGOs that represent the range of nationalities to which the Deputy referred. Within that, we are particularly focused on the country's Polish, Lithuanian, Romanian, Latvian and Brazilian communities. To promote public service job opportunities across Ireland, we are moving into a space where the PAS will be targeting the awareness of jobs in those communities via social media. We will also ensure that the same work is done to focus on our Traveller, LGBTI and disabilities communities and Irish language groups. This important piece of work will continue within the PAS.

At a practical level, we have redesigned the various websites that our citizens may use to become aware of job opportunities to incorporate new technology to support candidates who have disabilities or use English as a foreign language. The main reason for doing this is that the citizens who depend on these services are changing in front of our eyes. As families grow up and kids leave school, we need public services that reflect the make-up of modern Ireland. The community that the Deputy and I live in reflects how we can do that well. We are going to keep at it.

To answer the Deputy's question on section 39 organisations directly, we are further advanced in dealing with this matter than we were earlier in the year. We have put together a process, which has been acknowledged by the representatives of employees in the section 39 organisations, to better understand and penetrate what has happened. Even from the initial work we have done, it is showing different things happened in different organisations. I acknowledge that it is the case that wage differentials are developing in some organisations. We will have to reflect on what that means. It is not the case for all organisations, however, and different organisations responded in different ways.

We are now on the third round of wage change in the public service. The previous two rounds of public service wage change happened in a way that did not cause the difficulties the Deputies raised now. We will need to get a better picture of what has happened in the section 39 organisations in their entirety. I hope we will make progress in getting to that understanding in the coming weeks.

Deputy Joan Burton: I thank the Minister for his answer on diverse communities. It is

positive that information should be given to people from these communities who are interested in coming into the public service. I did not hear the Minister refer to African or Asian non-governmental organisations, NGOs. Obviously, there is a large African population in Ireland, as well as significant populations from different countries in Asia.

The previous Government moved the quota for employing people with a disability in the public service from 4% to 6%. How much progress has been made in that regard? I welcome overall the Minister's comments on that.

I have not read the recently published national plan in great detail, so I am open to correction. My understanding is that the Department has essentially removed the 10% cap, agreed by the previous Government, on public private partnerships, PPPs. The reliance on PPPs arose in the context of the country not being able to borrow money. People are aware that many PPPs are ultimately more expensive than direct State borrowing, particularly when interest rates are low. We have also moved into a different stage of the economy. Will the Minister confirm that the cap on investment in PPPs for the national plan has been removed? If so, why? What is the Minister's targeted percentage for PPP finance?

I tabled a series of parliamentary questions to all Departments on the amounts committed to PPPs. I am still waiting for an answer on discount rates and interest rates. Working out the financial cost of a PPP is extremely difficult. The two companies which feature largely in PPPs are Capita and Carillion. The latter is in a state of collapse. From reading a recent commentary in the *Financial Times* as to how Capita runs its own business, it is far from organised and is run in an appalling way. In the context of the Carillion collapse and Capita's enormous difficulties, why would the Minister outsource internal audit services in a variety of Departments to Capita? Why do that when one could use public service recruitment for the Comptroller and Auditor General's office? The contracts are not large. Why do particular services such as internal audit need to be outsourced? I would have thought many people would be willing to work in the public service. Is it the case that there is now a difficulty with recruiting people into the public service?

There is a slick putting together of the information and maps in the national development plan. Kilkenny, Carlow and Wexford, however, are not on the main map for national development. That surprised me and I am sure it surprised the Chairman even more. Kerry is also not on the main map. The south east and south west are significant places. The maps are glitzy and look fantastic. I welcome that Waterford is included. Why are the other counties in the south east blacked out, as well as Kerry? Will the Minister give us a more detailed explanation as to why that is the case?

I was the Minister for Social Protection when the public services card was initiated. One of the reasons for developing the card was to provide a decent, respectful and humane service to people like pensioners who use public transport. In recent times, there has been much criticism of the public services card. However, for pensioners who use public transport, they can get on the bus with an identity card which they can use like a Leap card and with dignity and privacy. In terms of public service delivery, that is a big gain.

When dealing with many people in retirement or in their 80s or 90s, one has to allow flexibility. If they have a difficulty with some kind of a request from some unknown bureaucracy, they may find it difficult to respond. Departments must be quite flexible in acknowledging that, as we do this transition, it is necessary to recognise people's human rights, individuality and where they are at.

Deputy Paschal Donohoe: Recruitment from Asian and African communities is already in train. The answer I gave to the Deputy referred to new groups we are now targeting. That is new work under way in recent times on top of the work we have regarding Asian and African communities.

There is a 3% target in place across all Departments for the employment of citizens with disabilities. My Department has exceeded that target.

I have recommended in the national development plan that the current limit of 10% on the exposure of annual Exchequer allocations for PPPs should be replaced. I will be publishing further policy on this in the coming months. I adopt a very careful attitude to the use of PPPs. I operate on a case-by-case basis. Any Department proposing to use PPPs to fund infrastructure has to be able to demonstrate to me and the National Development Finance Agency, NDFA, that doing so would result in better value than having the Exchequer borrow the money directly. Therefore, the context in which PPPs are now being used has changed by comparison with a number of years ago. There are clear criteria that Departments have to meet. I will be supporting and implementing PPPs only on a case-by-case basis.

With regard to what the Deputy said about the outsourcing of audit services, I am not familiar with the specific service referred to but I will obtain more information on it. I would imagine from having dealt with such matters in the past that an audit service of the kind in question would proceed to public procurement only if it related to an area of specialised auditing that was felt could best be done by an outside company or body, or if we did not have the capacity to do the work. From my experience of dealing with this across a variety of Departments, I am aware that all Departments, including mine, and the Office of the Comptroller and Auditor General have very significant audit facilities in place.

I will have to get a copy of the particular map the Deputy is referring to. Maps I have seen, particularly in respect of transport projects that are identified, refer to both the south east and south west.

With regard to the public services card, I take the Deputy's point. It is true that the use of the card to help senior citizens to gain access to their free travel entitlements has been a real success. As I said on a number of occasions, I expect that as the card is rolled out for new services, Departments will exercise the right amount of flexibility in making it work for individual citizens. Later in the year, we will be announcing a number of assist initiatives to try to help in this regard. I do not want the rolling out of the card to create a new digital divide.

Deputy John Deasy: I have a couple of points. The legal fees for the Standards in Public Office Commission, SIPO, have increased. The increase this year will be in the order of 50%. Is there a common thread in the cases being taken? Is that why there is an increase of 50%? Is it a consequence of the implementation of new lobbying regulations?

Deputy Paschal Donohoe: The amounts provided for in the subhead relate to fees incurred by the Office of the Information Commissioner and the Office of the Commissioner for Environmental Information for professional legal advice and representation. Expenditure and legal fees vary from year to year. With regard to the reason for the change to which the Deputy referred, there were five court appeals concluded in 2017. At the beginning of 2018, there were 11 active cases before the High Court. With regard to the ongoing cases, I am not aware of any common thread.

Deputy John Deasy: Eleven versus five. The Minister is anticipating an increase in legal fees, and that explains the matter. I have a question on lobbying activities. The brief indicates a figure of 9,000 lobbying returns per annum. How does the Minister determine whether individuals or groups report their lobbying activities accurately or correctly? How does SIPO determine that? What is its process?

Deputy Paschal Donohoe: It is done on a self-identify basis.

Deputy John Deasy: On a voluntary basis.

Deputy Paschal Donohoe: That is correct.

Deputy John Deasy: What are the checks, or are there any?

Deputy Paschal Donohoe: This kind of matter would be dealt with if SIPO believed there were activity under way that was not being reported. In 2017, it launched three investigations in this regard. It is currently up to the commission to conduct its own inquiry and assess complaints. I have given the Deputy the information on what has been caused in this regard. There are seven investigations under way, and a further 39 are under way in regard to non-compliance with provisions on tax compliance. Therefore, it is a matter that is handled by the commission.

Deputy John Deasy: Deputy Burton mentioned the national development plan. Helpfully, she mentioned Waterford.

Deputy Joan Burton: I am delighted.

Deputy John Deasy: I thank the Deputy. I have a question on the process from here on. I raise this because there is some confusion over it and the €2 billion fund that has been earmarked or ring-fenced for the major urban areas, plus some other urban areas identified in the national development plan. I do not believe it is an exaggeration to say that it was expected in Waterford - I can speak only about my own constituency - that there would be a specific allocation announced last week for particular projects in the city. There was genuine disappointment when this did not occur. Since last week, people have been asking what the process is. This question has been asked by the city and county manager and other officials in terms of how we are to deal with this from now on. Perhaps the Minister could elaborate on the process we can expect from now on. The levels of anticipation and expectation were very high. It was expected that the figures would be specific to Waterford under the national development plan. When they were not, there was some surprise.

Deputy Paschal Donohoe: If I had made allocations for particular urban development projects under the national development plan, I would have been asked about the process that led to the making of those decisions. Regarding what we are going to do to take its place, I will be agreeing with the Department of Housing, Planning and Local Government the access criteria for the fund. It is a very significant fund. The access criteria will be completely predicated on the policy objectives of the national planning framework. My objective is to have the work concluded with the Department of Housing, Planning and Local Government in the next six to eight weeks and to have the fund open for applications by or during the summer.

Deputy John Deasy: This is not in any way a criticism but the Minister will understand the nuance here.

Deputy Paschal Donohoe: I do.

Deputy John Deasy: Let me refer to the circumstances that would obtain if we were just dealing in isolation with Government entities, such as local authorities dealing with the Minister's Department. People understand how Government works. In some cases, it works more slowly than one would like. In this case, we are dealing with investors who in some cases might have expected more clarity on the figures involved. I take the Minister's point on why he and his Department proceeded as they did, but some effort needs to be made in some cases to reassure the investors that what is coming down the line is real and that the figures bandied about and discussed, and expected in some cases, can be followed through on by the Department. Certainty is important at this point. It is necessary for the Department to relate the figures to the individuals and groups involved.

Deputy Paschal Donohoe: That is a fair point. I accept what the Deputy is saying and I appreciate his acknowledging what would have happened if I had done the opposite as well. If I had said in the plan that a particular city or project was going to get X, I would be asked here why another city did not get Y. I have a great deal of experience now with the roll-out of the local infrastructure housing activation fund which was a bid-based process and is in the process of allocating approximately €200 million across the country in a way that requires co-funding. That structure has allowed us to meet the governance requirements of how we grant aid significant amounts of public money. The way I will deal with the concern, and I understand why it is being raised, is by meeting the timelines I have identified there. I have been asked about two issues, whether by a local authority or a private investor working with a local authority. One is whether there is a budget line available to do projects that investors or local authorities are not in a position to do by themselves. As I said last Friday, there will be. On the second issue, I will outline publicly what the criteria will be. We will aim to open applications for that fund as soon as the summer because we need to be able to demonstrate how this is going to work to enable some projects to move forward.

Deputy John Deasy: I appreciate the Minister's response. Perhaps the chief executive of Waterford City and County Council could contact the Minister's office to start to discuss the process, at least, and outline what the council can expect with regard to what the Minister just said, specifically as it relates to Waterford. That would be helpful.

Deputy Paschal Donohoe: We have named five particular projects that initially we believe will deliver against the national planning framework. We have identified a project in Waterford as potentially meeting those criteria. The same is true for Cork, Limerick and Galway. We have already met the chief executives of all the local authorities. That happened at the end of last week and my Department will extend an invitation to meet anybody who has questions about the work that is under way because I want to see this fund realise certain projects.

Deputy John Deasy: I will paint the picture for the Minister very quickly. The chief executive in Waterford was quoted this week as saying that the council was not jumping up and down with regard to the announcements made last week. That leads to an air of uncertainty. Politically and investor-wise it is worrying when one hears something like that after what we have gone through with the process. Some clarity in respect of the Department and the local authority would be useful. I did not like what was said and it would be useful if clarity is brought to the process at this juncture. I appreciate the Minister's response.

Deputy Pearse Doherty: My colleague raised a number of issues but I wish to focus on a separate matter. It is an issue the Minister raised in his opening statement when he said he wanted open, accountable and ethical Government underpinned by a transparent and effective public system. Everybody in the committee subscribes to that aspiration. The Minister has

direct responsibility for holding up 27 legislative measures that have been passed by the Dáil or both Houses of the Oireachtas. Some of them were passed by the Dáil with the Government's support. However, it is clear at this stage that there is now a Government policy not to provide money messages to legislative measures, including measures before this committee. One measure, for example, is legislation I sponsored. It was drafted by the Law Reform Commission, which knocks on the head the Taoiseach's argument that these are drafted overnight. It is legislation the Government supports and which the Minister's predecessor in the junior capacity of that Department asked me not to bring before the committee until the summer of last year because of the Department's workload. I agreed to do that on the basis that it would proceed. The legislation is still not allowed to proceed because no money message has been provided.

I will outline what this legislation provides for, and this is just one example from 27 legislative measures awaiting money messages. The Consumer Insurance Contracts Bill provides for an update of our insurance laws. Those laws were drafted on the basis of court rulings in Britain arising from the 1630s and 1640s in terms of merchant shipping. The Bill ensures that when one's house is struck by lightning and burns to the ground the insurance company cannot refuse to pay out as a result of it declaring that one's burglar alarm, which had nothing to do with the lightning strike on the house, was faulty or was not the type that was identified in the insurance contract. The legislation is very sensible. It is about balancing the scales of justice for the consumer as opposed to the large insurance company. It also puts an onus on the insurance company to ask for information instead of being able to nullify insurance contracts because the consumer did not know what information should have been given freely and voluntarily without being requested.

There are many other measures. The Dáil has just passed what is known by the public as the jail the bankers Bill. It will allow bankers to face up to five years in jail if they lie to the Central Bank. That legislation was drafted by the legal division of the Office of the Parliamentary Counsel. It was written by legal professionals on my instruction and guidance, yet it will not get a money message. Why is the Minister's Department holding up allowing these Bills to be scrutinised on Committee Stage, which the democratic wish of the Dáil?

I wish to make another point. There would be a logical argument if some of these legislative measures caused a charge on the public purse, but the measures I mentioned do not cause a charge. They change the law but the Department does not have to create a new budget line to implement them. They are not about changing tax bands or introducing new motorways or the like. They are about changing the laws to ensure better rights for consumers. It is not a draw on the public purse. It might be a draw on the purse of the insurance companies as perhaps they might not make as much profit. Will the Minister explain why we are in this position two years later? There is also a question which the committee has discussed in private session. Why should this committee continue to facilitate Government legislation when the Minister is refusing to accept any legislation from the Opposition despite those measures being agreed by the Dáil, sometimes unanimously?

Deputy Paschal Donohoe: That is not an Estimates matter.

Deputy Pearse Doherty: It is a matter for an effective public system.

Deputy Paschal Donohoe: It is not an Estimates matter and I am here today to deal with the Estimates, which the Deputy will undoubtedly raise with me. If a commitment was given to the Deputy that the Government will facilitate a particular legislative measure I will follow up on that commitment and refer back to the Deputy by the end of next week on where that stands.

Regarding the Bill that passed Second Stage in the Dáil last week, the Minister of State, Deputy D'Arcy, when replying to the debate on my behalf said that there were a number of areas in the Bill which we agreed should be implemented. We believe there are ways, particularly when we receive the feedback from the Central Bank on banking culture in the summer, that are likely to converge with what is included in the Deputy's Bill.

On the question about why the committee facilitates passing legislation from the Government, the answer to that varies on a case-by-case basis. I do not have a majority in the committee and if the committee decides to facilitate Government legislation it is because the committee believes the policy objectives included in the Bill are worth making happen.

Deputy Pearse Doherty: As a member of this committee for many years, I have never blocked a legislative measure from the Government being taken on Committee Stage despite my opposition to the content of legislation. That is what the Government is doing. I am not arguing against the Minister's right or the right of his party members to vote against items of legislation before this committee. However, to prevent it being discussed at committee is something we in the Opposition, or at least I and members of my party, have never done. We have never argued a piece of legislation should not be scheduled for this committee.

This is not about the arrangement. We did have an arrangement with the Minister of State at the time, now Minister, Deputy Murphy.

Deputy Paschal Donohoe: Deputy Murphy.

Deputy Pearse Doherty: Deputy Murphy, that is correct. However, it is not about an individual piece of legislation. It is relevant to this. The reason I say it is relevant is because the Minister, Deputy Donohoe, in his opening statement, talked about political reform, accountability and ethical Government. He has introduced this topic. There is an issue here because the Taoiseach in the Dáil yesterday said that unless parties sign up to the capacity review of the Office of the Parliamentary Legal Adviser, OPLA, of the Houses of the Oireachtas, the Dunning report, then the money messages will not be forthcoming. He is taking a blanket approach in relation to this.

He is not looking at legislation on a one-to-one basis. We have two years now of legislation before the committee, and it is not just this committee, because the Minister and his Department make the calls in respect of all of the other items of legislation. Some of those items are very important, well drafted and should be in law. I am probably one of the lucky ones. I have had legislation pass both Houses of the Oireachtas and be signed into law by the President.

I would argue that if I were to present the same Bill now, it would have been blocked by a money message. We got in at the very start before the Government decided to use this as a way to frustrate the democratic wishes of the Dáil. Can the Minister, Deputy Donohoe, give us any hope there will be a change in attitude from the Government and indeed from the Minister himself? He is the line Minister in the Department which is responsible for deciding if money messages are presented or not in respect of outstanding items of legislation. Are we supposed to just plod on through with legislation that has been passed by members, sometimes with the Minister's own support, but that is going to be killed off on Committee Stage because we cannot get the money message to take it to the next stage? I refer to debate and scrutiny. If members at that time want to vote it down, so be it. That is democracy. We are here as legislators. Our primary role is to legislate. That is what we try to do. In some cases we have been successful in that. However, the Minister is frustrating the ability of the majority of people in this House,

which is the Opposition, to actually do their job as legislators.

Deputy Paschal Donohoe: As I said-----

Chairman: To put things into context, it is the view of the committee, in general, as expressed by Deputy Doherty, that frustration and anger is growing about these money message Bills. I know it has been discussed at political level within parties. That anger and frustration is there in the context of the work we do. It is not just a personal opinion of Deputy Doherty. It is one that has been expressed by the members of this committee.

Deputy Paschal Donohoe: As I said, and I stand by what I said, this is a matter of policy. It is not an Estimates matter. It does not involve the use of taxpayers' money for this year in the way all the other matters being raised with me do. If there are there are concerns about individual items of legislation or indeed many pieces of legislation being held on Committee Stage, we will look at each of them in turn and revert back to the committee with an answer.

Deputy Pearse Doherty: There are a number of pieces of legislation before this committee that have been prevented from proceeding to Committee Stage that we want to bring Committee Stage because of the money message. As a starting point, the Minister could review those items of legislation and give us a detailed response as to why he has decided not to allow those to proceed. We hear so much about "new politics" yet this is old style politics. This is abusing power. Only the Government can issue a money message. It is frustrating the will of the Dáil. At the end of the day, we are either democrats or we are not. If those elected to represent the people of this State decide they want an item of law to progress to the next stage, then it is incumbent on the Government to facilitate that.

Deputy Paschal Donohoe: Part of being democrats, of course, is recognising the roles assigned to different organs of Government and to Parliament. A specific and unique power that sits only with Government is the ability to grant money messages on clear criteria. A Government deciding to issue or not to issue a money message is doing so in a way that reflects the status we have in the Constitution and to do so it not anti-democratic. It is to fulfil a duty we have. As was said a moment ago, and I will repeat it again, in respect of the specific item of legislation the Deputy raised with me, which predates my time in this Department, I will come back to him on that next week. In respect of what the Chair has said, if there are a number of items of legislation, beyond what Deputy Doherty has said, the committee feels are not being progressed in the way they should be, I will respond to each of them if the committee identifies them to me.

Deputy Pearse Doherty: I appreciate that. Will the Minister make available departmental officials who make the calls in relation to money messages so committee members, who wish to engage, can get a better understanding of the strict criteria used to determine whether a money message is required or not? It is deeply confusing. Sometimes we try to introduce legislation that we cannot even present on the floor of the Dáil because it would have a charge on the public purse. Sometimes we are allowed. Sometimes it passes on Second Stage and then we find on Committee Stage there is a money message required. There seems to be a lack of consistency. To better inform us all of the criteria used, it would be greatly appreciated if the Minister would make some of his officials available to whichever members of this committee wanted to engage with them.

Deputy Paschal Donohoe: I always make, and always have made, officials from my Department available to answer any questions colleagues have. Indeed, officials from both my

Departments appear in front of this committee nearly as regularly as I do to answer questions on policy. On this particular matter, it is a decision made by me and then by Government. It is not made by officials. I will supply the criteria that underpinned that decision. However, decision-making sits at ministerial and Cabinet level alone. It is best dialogue on this is confined to me. However, if there is not clarity regarding what those criteria are, if members do not have that clarity, I will supply what the criteria are. From a process point of view, the Deputy has named one Bill. I will come back to him on that next week. If the Chair will share with me other Bills that he or the committee are concerned about, I will respond. As part of the communication I will articulate what the criteria are against which a money message is or is not granted.

Deputy Alan Kelly: I will be brief. I have four different areas to ask some questions on.

Deputy Paschal Donohoe: When people say they are going to be brief, it is normally a sign the questions may be brief but the answers will not be.

Deputy Alan Kelly: That is true.

Deputy Paschal Donohoe: I am going to say that at the start.

Deputy Alan Kelly: The Minister knows me better than I thought he did. I refer to the Office of Government Procurement. I am a member of the Committee of Public Accounts. I am jumping between committees. The Comptroller and Auditor General does various reports and we are finalising one today. An example is the report where we found there were serious flaws in respect of €3.8 billion going to section 38 companies and how procurement was carried out. It is a huge amount of money. It is 38% of funding of the HSE.

We are also hearing issues coming to the fore in respect of Garda contracts relating to IT. Again, we are talking about huge amounts of money. One contract that was not tendered was for €26.5 million. What is the consequence or the impact in respect of how Government procurement changes as a result of the reports that are generated and the items identified through this process?

Deputy Paschal Donohoe: I will answer that specific question. Some of the general procurement matters will be dealt with by the Minister of State, Deputy O'Donovan. On Deputy Kelly's last question, each report that comes from this committee on a matter of concern, such as the example he gave, comes to me. The key points of that report are given to me. My Department generally has to respond to each issue that is raised by the Committee of Public Accounts.

Deputy Alan Kelly: I know that.

Deputy Paschal Donohoe: All of that is published by my Department.

Deputy Alan Kelly: I am trying to find out whether there has been any real change in the process that is resulting in huge amounts of money not being procured. It seems to me that there has been no such change.

Minister of State at the Department of Public Expenditure and Reform (Deputy Patrick O'Donovan): I will speak about the overall implementation of what we do when we get reports from the Comptroller and Auditor General. As part of the ongoing development of the framework process under which procurement works, the Office of Government Procurement takes account of all the reports of the Comptroller and Auditor General. I have served on the Committee of Public Accounts. I know that procurement and governance is a perennial issue.

My Department works with the officials in the Office of Government Procurement and communicates on a regular basis with line Departments. It is up to the Accounting Officers to work with the Office of Government Procurement. We are engaged in an evolving process. Every time a report comes out, we would love not to have issues with procurement and governance, but we have such issues, unfortunately. The Office of Government Procurement is taking all of those issues on board and making the necessary changes as it sees fit.

Deputy Alan Kelly: Our report found that large amounts of funding, comprising 38% of the total Vote, are being given to bodies that come under the remit of the HSE. What changes have been recommended or put in place to ensure this does not continue? Obviously, the report has been done for some time.

Deputy Patrick O'Donovan: In the specific case of the HSE, it has not yet submitted its report to the Office of Government Procurement. We hope that will happen sooner rather than later. When the report is submitted, we will review it and make any necessary recommendations.

Deputy Alan Kelly: What checks and balances are in place to ensure the report is brought forward speedily? If a serious period of time goes by, another year will pass with the possibility of similar amounts of money being treated in the same way in that year.

Deputy Patrick O'Donovan: I will set out the reporting timeframe. The reports for the previous calendar year have to be in by 20 March. Approximately a month is left until those reports will be in. If we have to come back and look at them again, that will not be a problem.

Deputy Alan Kelly: When specific issues which are not generated by the Office of the Comptroller and Auditor General are brought to the attention of the Department, are they investigated? I refer to the €26.5 million IT contract for An Garda Síochána, for example.

Deputy Patrick O'Donovan: Anything that is brought to the attention of the Department will be referred on to the Office of Government Procurement, which is the agency that ultimately deals with this, for investigation.

Deputy Alan Kelly: Is the Minister of State happy that it investigates everything thoroughly and everything is dealt with?

Deputy Patrick O'Donovan: I am happy that the Office of Government Procurement will do anything I ask it to do.

Deputy Alan Kelly: I suppose time will tell. I have a couple of other specific questions. I was not going to mention the Vote of the Office of the Comptroller and Auditor General, but I will do so as a side issue. My personal view is that there needs to be a conversation about the capacity and resources of that office because it needs help with its humongous volume of work. My colleague who has now left referred to the national development plan or planning framework - whatever the Government is now calling it - which will run up to 2040. As it is not on a statutory basis, as far as I am concerned it is not even legal. Anyway, that is beside the point. I want to ask about how decisions on various components of the capital plan were made. I will focus on a particular area - the various roads projects - to make it easier. I understand that large changes were made to this plan, which is based on evidence, in recent weeks. What was involved in the process of engagement with the Department of Transport, Tourism and Sport and Transport Infrastructure Ireland in this regard?

Deputy Paschal Donohoe: When the work intensified after last year's budget, my Department contacted all the other Departments to ask them to come back to it with projects that they felt made sense from a policy perspective. In the case of transport, for example, there was a focus on projects that dealt with challenges like road safety or met the Department's preliminary criteria for projects to go to appraisal or to the pre-planning stage. That was done by the Department of Transport, Tourism and Sport.

Deputy Alan Kelly: Okay. Fair enough. Officials from that Department appeared before the Committee of Public Accounts a couple of months ago. Officials from Transport Infrastructure Ireland appeared before the Joint Committee on Transport, Tourism and Sport a few weeks ago. I attended that meeting and I have been in correspondence with the officials as well. I will meet them soon. I will explain the issue. Obviously, there is an evidence base here. Did the prioritisation of any of the projects change between the publication of the draft plan and the production of the final plan?

Deputy Paschal Donohoe: As a former Minister of State in the Department of Transport, Tourism and Sport, Deputy Kelly was involved in issues like this, for example when the greenway strategies were being drawn up. We had to-----

Deputy Alan Kelly: Not on this scale.

Deputy Paschal Donohoe: No, the Deputy was involved in that process. He is aware of the need for evidence when decisions are being made. He is familiar with the use of evidence in how we make decisions on these matters. There was no draft version of the national capital plan. The only draft version that went out to public consultation related to the national planning framework. No version of the national capital plan was made available for public consultation because it is partially a budgetary document.

Deputy Alan Kelly: So there were no last-minute changes in recent weeks, for example with regard to the prioritisation of roads projects across the country.

Deputy Paschal Donohoe: Every part of the document changed across recent weeks.

Deputy Alan Kelly: It is obvious where this is going. This was launched last Friday, 16 February 2018. I presume all the evidence - the methodology and the weighting systems, etc. - will be produced when I meet those involved in the next week or so. The methodology used in respect of all the projects has been provided to the Committee of Public Accounts. I presume it will be shown that the methodologies and weightings used to prioritise projects were sustained and stayed the same in chronological order up to the date of publication last Friday.

Deputy Paschal Donohoe: When officials from the Department of Transport, Tourism and Sport and Transport Infrastructure Ireland come before the relevant committees to talk about the project criteria, they will be able to supply those details. From recollection, very little change was made to the recommendations that came forward from the Department.

Deputy Alan Kelly: I presume the correspondence between the Minister's Department and the Department of Transport, Tourism and Sport will reflect that. We will see. Time will tell. It is locked in time so we will find out. I have a final question. Did anyone in the Department take note of the interactions with Benefacts at the joint committee last week?

Deputy Paschal Donohoe: I am aware of the hearing that ensued.

Deputy Alan Kelly: Did any of the questions that were answered cause concern for the Minister?

Deputy Paschal Donohoe: Before I deal with that, I would like to say that when all the information on the dialogue between myself and the Department of Transport, Tourism and Sport is published, I am confident that it will be in accordance with what I have just said. Deputy Kelly is a former Minister of State in that Department. I had the great pleasure of taking over from him.

Deputy Alan Kelly: I know what the Minister is hinting at.

Deputy Paschal Donohoe: I saw the work the Deputy was involved in as Minister.

Deputy Alan Kelly: Thanks.

Deputy Paschal Donohoe: I have no doubt that the Deputy will appreciate the work I was involved in doing.

Deputy Alan Kelly: Absolutely. Why does the Minister think I am asking the question?

Deputy Paschal Donohoe: The Deputy then asked whether the matters that were raised at last week's meeting of the joint committee are of concern to me. They are not of concern to me but they are always of interest to me. When members of an Oireachtas committee raise any kind of query about organisations for which I have responsibility, it is of interest to me.

Deputy Alan Kelly: I will briefly mention some of the issues that were raised last week. The chief executive officer was appointed without open competition. Questions were asked about whether the tenders and contracts that were awarded met public procurement requirements. Benefacts is not covered by the 2016 code of governance. I will not take up the time of the committee by mentioning the other queries that were raised. They are all on the record. The Chairman of the joint committee is waiting for responses to questions asked at last week's meeting. Is it the case that the Minister has no issues with the various matters that were raised, such as how Benefacts spends money, how people are appointed, how it is audited, how the audit works, its code of governance and its funding? Are there no issues whatsoever?

Deputy Paschal Donohoe: As I said, they are always of interest. I know that the Deputy has a particular interest in this decision and the origins of the organisation as it happened under the auspices of the last Government, of which the Deputy and I were members.

Deputy Alan Kelly: That is correct.

Deputy Paschal Donohoe: It happened under the auspices of the then Minister, Deputy Brendan Howlin.

Deputy Alan Kelly: That is right.

Deputy Paschal Donohoe: I know that all of the matters referred to were dealt with by the committee. I understand Benefacts will come back on some matters. I will monitor what it states. I am confident that the requirements in place for how the organisation is meant to operate are being met. The work is very valuable in helping us to understand the use of taxpayers' money.

Deputy Alan Kelly: I note that the Minister has said he has no concerns about Benefacts.

Deputy Paschal Donohoe: I have said I support the work it is doing and that I am confident it meets the legal and policy requirements to which it is meant to adhere.

Deputy Alan Kelly: Again, the Minister has not said he has any concern; therefore, he has no concerns about the project.

Deputy Paschal Donohoe: As is always the case, if I am made aware of any fact or evidence that changes my view on a matter, I will, of course, change my view. Based on the evidence available to me and the facts shared on the operation of the organisation, I am satisfied that it meets the requirements it is meant to meet. I know that a number of questions and matters were raised related to the operation. I am sure and I expect that Benefacts will respond with answers. I will monitor what it states, as I monitor the response of any organisation that receives taxpayers' funding.

Deputy Alan Kelly: I encourage the Minister to do so.

Chairman: In his opening remarks the Minister referenced the sum of €59.531 million and the fact that some of the increase was due to the Office of the Government Chief Information Officer. Will he outline what that means?

I agree with Deputy Joan Burton with respect to section 39 services. In my constituency SOS and the St. Patrick's Centre which are undergoing a management review are awaiting sanction for different structures. The section 39 argument and the case being made are valid. Between now and the time a decision will be made in that regard, the Minister should encourage the Health Service Executive, HSE, which has responsibility in this area to ensure it will make the necessary decisions in an appropriate timeframe. I asked the Minister before about the Garda financial reporting systems and the HSE reporting systems. They are trying to achieve a single system and although it is not in these Estimates, it is within the remit of the Department to approve the systems.

Deputy Paschal Donohoe: The Chairman has put three points to me. There is a common thread which is driving the general increase in the Vote and there are three specific matters related to the Office of the Government Chief Information Officer. There has been an increase in the number of staff in the Department and we are now paying for the full year effects of recruitment that took place in 2017. There are also, of course, changes in wage levels owing to implementation of the public service stability agreement. There are three specific projects which are driving the larger increase in the Vote. There is a build-to-share project that is on the way; we are developing the infrastructure to deal with particular matters such as the use of cloud services, for example, which we will then make available to all other Departments. We also have costs related to the roll-out of the public services card and additional costs associated with the use of the digital services gateway.

The Chairman's second question was related to section 39 organisations. I hear his support for Deputy Joan Burton's comments. I will work with the HSE to ensure that piece of work is completed in the timings we have indicated. As I said, from the initial work we have done, we can already see the complexity of the matter. Information technology costs for the HSE and An Garda Síochána are matters for their individual Votes rather than mine.

Chairman: Does it not require the Minister's approval? It is a large procurement.

Deputy Paschal Donohoe: There are two ways in which it will do so. If they go ahead with a significant ICT procurement process, the Office of Government Procurement will either

be involved or it will be part of a framework agreement. If none of these is the case and if they go ahead with significant capital expenditure, it will require the consent of my team within the Department.

Chairman: The Minister of State is responsible for the general procurement process. Does it also include the local government system?

Deputy Patrick O'Donovan: Currently, we are pushing out the boundaries of to where the Office of Government Procurement will look, in working with the relevant sectors, including the small and medium enterprise, SME, sector and other employers. The local government sector is a partner to the Office of Government Procurement, but it is not really within our remit.

Chairman: Is the Minister of State conscious of the complaints made by the SME sector about its level of access to the procurement process and the difficulties with turnover for some procurement contracts which affect the ability to tender?

Deputy Patrick O'Donovan: We are aware of them. For example, there is a commitment in the programme for Government to support the ongoing work of the SME leadership group, which I chair, that covers the issue of procurement. It is representative of all business and sectoral interests, including the Department and other bodies, in dealing with changes that can be made to how procurement contracts can be publicised and people can gain awareness of them. It also seeks to ensure the maximum number of companies and small businesses have the opportunity to pitch for Government contracts. The success rate is quite high, with over 50% of the money spent by the State through the Office of Government Procurement spent in the SME sector. Over 90% of the money is spent in the State.

Chairman: Are submissions taken in the group?

Deputy Patrick O'Donovan: Yes, absolutely.

Chairman: How often does it meet?

Deputy Patrick O'Donovan: Our next meeting is due to be held in March. If anybody wishes to make a submission directly to me, it will be discussed.

Chairman: Has there been direct contact with small business representative bodies?

Deputy Patrick O'Donovan: Yes, they are members of the group. They represent their own organisations and memberships. After Christmas we started to engage with businesses early in the morning, for want of a better phrase, across the country.

Chairman: You all get up early in the morning.

Deputy Patrick O'Donovan: Yes, absolutely. The Chairman and committee members are more than welcome to attend some of the briefings organised by the Office of Government Procurement to make people aware of the services, mentoring and assistance provided by it.

Chairman: Local government is completely separate and there is no engagement between it and the Department. I ask this question because of the number of building contractors and so on who complain about trying to gain access to local government contracts for the construction of homes.

Deputy Patrick O'Donovan: The executive is made up of representatives from the areas

of health, education, defence and local government. There are criteria within which the procurement process for local government works; it works in the same way as it works in the area of defence. We initiate the frameworks and work in consultation. If supports are required from the local authority sector or other areas represented on the executive, we provide them.

Chairman: Is there a strong partnership between it and the Department?

Deputy Patrick O'Donovan: Absolutely. The Chairman may have heard me say at the Committee of Public Accounts that I would love to deepen the role of the Office of Government Procurement even further. The savings we have accrued since it was established are substantial, but given the overall amount of money spent by the State, there is greater scope for it.

Chairman: My interest is in protecting jobs in smaller businesses that find it hard to collaborate with competitors in order to gain contracts. They are excluded from some local government and more lucrative national government contracts.

Deputy Patrick O'Donovan: There have been a number of Private Members' Bills in this area and I have engaged with the Opposition, with the Office of Government Procurement and representatives of small and medium enterprises, to point out some of the pitfalls in or unintended consequences of some of these pieces of legislation. While we want to create a greater level of awareness, there is almost a reluctance within the SME sector to start tinkering around the edges for the sake of it because there is transparency and accessibility now that may not have been the case heretofore.

Deputy Michael McGrath: I would like to raise what one might call two parochial issues. I am not normally parochial at committee meetings but I have to take the opportunity. Deputy Deasy referred to the urban regeneration and development fund. The Minister said in the Dáil earlier this week that it will be 2019 before actual allocations will be made. That is the €2 billion fund. There is a lot of optimism in Cork city that the docklands area, which, as the Minister is aware, has huge potential for regeneration, will benefit, and it is specifically included in the national development plan. The Minister might outline that process and the type of works or projects for which the fund can provide finance. In the case of Cork, it may well be bridges, for example, in order to open up access to the docklands. If possible, the Minister might provide more information on that.

Deputy Paschal Donohoe: In the next six to eight weeks, we will be laying out the criteria for how the four different funds will work. The criteria will be based on the experience I had in managing the local housing infrastructure activation fund. My objective is that the fund will be open for applications across the summer and that the criteria will be based on the approach used in the context of the national planning framework. For example, regarding urban projects, it will be about how it can promote living space and commercial use in city centre settings.

On the kind of projects for which it can be used, it could be used for bridges but also, more generally, to co-fund infrastructure or land acquisition that is needed to enable particular projects to happen. I am aware of a number of larger projects across the country that require local authority financial support. Our local authorities are not currently in a position to directly provide that support. There have been many calls for a budget line to try to make that happen, and that is what I am now doing.

Deputy Michael McGrath: To clarify, it will be for public investment and infrastructure. The fund is €2 billion through the lifetime of the plan up to 2027. When will moneys start to be

made available? Will the Minister have money in the budget line for 2019 and 2020, and will it be one fifth or one tenth of the €2 billion? How will this be rolled out in practice?

Deputy Paschal Donohoe: There will be a budget line available in budget 2019 for use next year. Therefore, my objective is that funding will be available next year. Exactly when that funding will become available next year will depend on the quality of the projects. We will outline what the availability of funding will be per year but, across the next three years, it is my objective that there would be enough funding available for all four funds for them to make a credible and verifiable start in their work next year.

Deputy Michael McGrath: There is not any indicative figure yet for 2019 or 2020. That is yet to be-----

Deputy Paschal Donohoe: We have indicative figures available for all of the funds overall. I do not have to hand what it is per fund because some of those decisions will have to be made by Cabinet and will form part of budget 2019. However, it is my intention that they will start in a credible way for next year. If I have indicated in last week's national capital plan what it is per budget, per fund line, I will come back to the Deputy on the matter but my recollection is that I gave a figure for all of the funds in their entirety.

Deputy Michael McGrath: That is correct. The proposals will come from public bodies. In regard to Cork, Cork City Council will be the body proposing a project for this fund and then the Minister will make the decision in Cabinet.

Deputy Paschal Donohoe: I have been asked about this matter by a number of Deputies. My thinking to date is that it will be primarily led by the local authorities because in my experience they are best placed to know the projects that will meet the criteria we have laid down in the national planning framework. I have not fully decided that yet. The local authorities will be able to access it, but I want to consider that further. For example, if there are projects that do not require local authority funding and the local authority is not involved in, say, a project that may already have planning permission and that might meet the criteria of the national planning framework, could there be a role for other bodies, for example, educational bodies, universities and so on? I have not made a decision on that yet, but local authorities definitely will be able to access it.

Deputy Michael McGrath: I have three issues. The second issue is the Cork event centre, which is included in the national development plan. Is that matter on the Minister's desk? There is a request for additional funding. There is a good deal of frustration locally and a real lack of clarity as to the status of this project, which is being brought forward by Live Nation and BAM. Significant public funding has been committed but additional funding is required to make this happen. The Minister will be aware of an infamous sod-turning on the eve of the general election two years ago and nothing happened subsequently. People want to know if the event centre in Cork will happen, if the Government is committed to it and whether the Minister is about to make a decision to sanction the extra funding to make that project happen.

Deputy Paschal Donohoe: The Government is committed to the project. That centre will happen. There is an application with the Department of Culture, Heritage and the Gaeltacht and I expect it will be winging its way to me soon.

Deputy Michael McGrath: The Minister is giving a commitment that the project will happen.

Deputy Paschal Donohoe: It is included in the national development plan. The Tánaiste and the Taoiseach have said they are committed to making sure that project happens, and that is my position too.

Deputy Michael McGrath: Making it happen means providing extra funding. That is not with the Minister yet, but he is-----

Deputy Paschal Donohoe: I expect it will be coming to me soon.

Deputy Michael McGrath: And that funding will be sanctioned.

Deputy Paschal Donohoe: I have to get the application first.

Deputy Michael McGrath: The Minister has given a commitment the project will happen, so-----

(Interruptions).

Deputy Michael McGrath: The Tánaiste has announced it about 100 times. I am trying to make sure it actually happens.

Deputy Paschal Donohoe: I am committed to the project and when the Department of Culture, Heritage and the Gaeltacht comes to me with its analysis of a new funding need that I know has been identified, I will deal with the issue. I have said to the Deputy that I am confident I will be receiving that soon.

(Interruptions).

Deputy Michael McGrath: The third issue is an even more local one. I do not expect the Minister to be aware of it but I want him to become aware of it. It is included in the national development plan and it is a matter of public expenditure. On page 49 of the national development plan, it is stated, "The following regional and local roads will be progressed over the course of the National Development Plan ... Carrigaline Western Distributor Road". When I was on the county council over a decade ago, we passed the Part 8 planning for that particular project. In 2010, the project was about to collapse completely. I intervened directly with the then Minister for Transport, Noel Dempsey, to ensure that funding would be provided to complete the compulsory purchase order, CPO, process. Mr. Dempsey gave a commitment to provide the funding. The Department provided 50% of the funding. The council came up with the rest. The land has now been secured. Later this year, the detailed design of that particular project will be completed. Planning is in place. The CPO has been completed. Detailed design will be done later this year. Carrigaline is a town of approximately 17,000 people. It is choking with traffic. There is a residential development under way across the road from where I live. Three hundred houses with planning permission are being built. Ultimately, there will be approximately 800 houses. The Tánaiste lives in the town. He will be well aware of this issue. I was glad to see the project included in the national development plan, but I got a parliamentary reply from the Minister for Transport, Tourism and Sport, Deputy Ross, in which he states, "My Department is, however, liaising with Cork County Council with a view to positioning the project for development in the post 2021 period." It is all very fine for this to be in the national development plan, but the Minister for Transport, Tourism and Sport is saying, "Come back to me in 2022 or beyond". He is saying post-2021. That is not good enough. That project

is shovel ready. I do not expect a direct answer from the Minister. The project is included in the national development plan. I am asking him to examine it, discuss it with the Minister for Transport, Tourism and Sport and deliver it.

Deputy Paschal Donohoe: The Deputy was good enough to say at the start of his question that-----

Deputy Michael McGrath: It will apparently cost approximately €7 million to deliver this road.

Deputy Paschal Donohoe: -----he did not expect me to be aware of the project and that he wished to make me aware of it. I cannot give an answer on every project in every Department, but I am aware of this one, as it has been raised with me by the Deputy and the Tánaiste, Deputy Simon Coveney. I will work with the Minister, Deputy Shane Ross, on it.

Deputy Michael McGrath: I specifically ask that the timeframe outlined by the Minister, Deputy Shane Ross, be changed. Detailed design of the project will be completed in the coming months. It is not a laughing matter. I live in the town.

Deputy Paschal Donohoe: The Deputy was smiling.

Deputy Michael McGrath: I must raise the issue to engender some progress. The project would have died in 2010 if I had not intervened. The funding was provided; compulsory purchase orders, CPOs, were completed, and there was planning. Detailed design of the project is under way and will be completed in the coming months, but the Minister, Deputy Shane Ross, is telling me to come back in 2022, while the Tánaiste is delivering leaflets in the area stating the project has been included in the national development plan and will be delivered. However, delivery in 2022 is not good enough. I ask the Minister to come back to me with a commitment in that regard.

Deputy Paschal Donohoe: I am not smiling about the project because I am familiar with the need for it and the effect in the Deputy's town and parish. I am smiling because if I were to give an indication on any particular project, two things would happen, the first of which is that Deputy Pearse Doherty would then ask about projects in County Donegal and Deputy Jonathan O'Brien would ask about a school or some other project.

Deputy Jonathan O'Brien: The ring road.

Deputy Paschal Donohoe: A ring road.

Deputy Pearse Doherty: Perhaps the talks did not go well last night and we might be closer to an election.

Deputy Paschal Donohoe: Deputy Michael McGrath knows what would happen.

Deputy Michael McGrath: The point is that as the project has been included in the plan, this is not a speculative inquiry. It has been included in the development plan for delivery. Therefore, I am entitled to ask about it.

Deputy Paschal Donohoe: I never said the Deputy was not entitled to ask about the plan. He is entitled to raise the issue with me, but he knows how such decisions are made. He understands it is not my role to become involved in decisions my colleagues make on individual projects. As I stated, if I were to comment on an individual project, every other Deputy present

would begin to ask me about other projects and ask me to intervene. The Department of Transport, Tourism and Sport would ensure the Minister, Deputy Shane Ross, would be in contact with me the moment I walked out of this committee to ask why I was getting involved in decisions they were making. I would then be open to being drawn down the path down Deputy Alan Kelly tried to draw me down earlier in the hearing. I am aware of the project and that there is a strong need for it, which is why it has been included in the national development plan. I will talk to the Minister, Deputy Shane Ross, and the Department of Transport, Tourism and Sport to see how the project can be progressed because I know that it is needed.

Deputy Michael McGrath: Will the Minister come back to me on the matter?

Deputy Paschal Donohoe: Yes.

Message to Dáil

Chairman: In accordance with Standing Order 90, the following message will be sent to the Dáil:

The Select Committee on Finance, Public Expenditure and Reform, and Taoiseach has completed its consideration of the following Revised Estimates for public services for the year ending 31 December 2018: Vote 11 - Public Expenditure and Reform; Vote 12 - Superannuation and Retired Allowances; Vote 14 - State Laboratory; Vote 15 - Secret Service; Vote 17 - Public Appointments Service; Vote 18 - National Shared Services Office; Vote 19 - Office of the Ombudsman and Vote 39 - Office of Government Procurement.

Sitting suspended at 11.25 a.m. and resumed at 11.40 a.m.

Vote 7 - Office of the Minister for Finance (Revised)

Vote 8 - Office of the Comptroller and Auditor General (Revised)

Vote 9 - Office of the Revenue Commissioners (Revised)

Vote 10 - Tax Appeals Commission (Revised)

Chairman: I call the Minister.

Minister for Finance (Deputy Paschal Donohoe): I am pleased to have the opportunity to discuss with the committee the 2018 Estimates for the Department of Finance and other Votes within the finance group covering the Office of the Comptroller and Auditor General, the Revenue Commissioners and the Tax Appeals Commission.

I will focus on my own Department first. The EU and international division deals with the

development and implementation of strategies at European Union and euro area level, and internationally on economic, fiscal and financial policy formulation and the cross-departmental co-ordination of EU policy. It manages the EU budgetary process and EU economic governance. It also builds relationships through Ireland's diplomatic network and ensures that both I and the Department are fully apprised of EU and international developments.

A dedicated Brexit unit within the EU and international division was established in July 2016 to manage Brexit work across the Department. This includes co-ordination of the Department's contribution to the overall Government response to Brexit, including input to the EU-level negotiation process and domestic preparations to ensure that our country and economy is Brexit ready, and liaison with the Central Bank of Ireland, the National Treasury Management Agency, NTMA, and other agencies as appropriate.

Several proposals for the deepening of economic and monetary union, EMU, will be discussed at the European meetings in 2018. These relate to delivery of banking union and capital markets union, convergence in a more integrated economic and fiscal union and promotion of structural reform.

The EU and international division also manages our relationship with the International Monetary Fund, IMF, the European Central Bank, ECB, and the European Commission in the context for our former programme of financial support. The division has responsibility for the management of membership of, and policy development relating to, the European Stability Mechanism, ESM. The European Commission is due to bring forward its proposals on the post-2020 multi-annual financial framework in May. This will be a key challenge and priority for the Department.

During 2017 the funds, insurance, markets and pensions division made a positive contribution towards Council agreement on a range of dossiers, including the anti-money laundering directive and European market infrastructure. The revised prospectus regulation and the fifth anti-money laundering directive were concluded in 2017.

In the area of anti-money laundering and countering the financing of terrorism, CFT, we had a favourable assessment in the Financial Action Task Force, FATF, mutual evaluation in 2016-2017. The report, published in September 2017, acknowledges the strength of our CFT systems, but includes a series of recommendations.

The first report of the cost of insurance working group was published in January 2017. Work commenced on the cost of employer and public liability insurance, culminating on the publication of the report in January 2018.

The international financial institutions division manages Ireland's relationship with a number of international financial institutions. These include the IMF, the World Bank Group, the European Investment Bank, EIB, the European Bank for Reconstruction and Development, the Asian Development Bank and the Council of Europe Development Bank. Our membership of these institutions provides Ireland with a voice at important fora on global economic and international development issues. Most recently Ireland became a member of the Asian Infrastructure Investment Bank. The year 2017 also represented the largest ever annual financing by the European Investment Bank in Ireland. More than €1 billion of new financing was signed last year with new investments around the country.

The banking division is responsible for contributing to the development of a financial ser-

vices system capable of supporting economic growth and job creation. This involves policy areas such as the provision of credit, SME financing, consumer protection and addressing mortgage arrears. That division focuses on supporting the needs of the SME sector. Along with officials from that division, I have appeared before the committee to discuss matters such as the tracker mortgages. Decisions I have made recently in that and other areas include doubling the level of compensation that the Financial Services and Pensions Ombudsman may award to a consumer who has been adversely affected by the action of a financial services provider. I am now taking steps to appoint two new members to the Central Bank commission with a particular focus on consumer protection. That process is under way.

The shareholding and financial advisory division is responsible for the management of the State's investments in the banking sector. It is responsible for the management of our shareholding in the National Asset Management Agency, NAMA, and represents my interests regarding the oversight of the agency. A key highlight here was the successful IPO of AIB. That unit also works on many issues relating to credit unions

The tax division manages taxation and budgetary policy. It is responsible for analysing, drafting and preparing legislation, including the Finance Bill and the completion of the annual budget process. As I noted in my budget speech, a key part of its work programme in the coming year will be initiating a process to consider options for the amalgamation of USC and PRSI. I aim to have this work complete by the end of June. I recently announced a review of the local property tax, on which the committee has been briefed. The Finance Act 2017 provides for an exploration of other issues, such as the potential application of a tax on vacant residential property. I consider that the objective to be met by such a tax would be to increase the supply of homes.

The economic division is responsible for developing a strategy for the Irish economy across all sectors and the economic analysis of departmental policies.

The funding allocation sought for the finance group of Votes for 2018 totals €407 million, which compares with a 2017 Vote group total of €389 million. This is an increase of €17.9 million or 5%. The primary driver of this increase is the provision of a €15.7 million increase for the Office of the Revenue Commissioners. I will touch on that in a moment.

The gross allocation sought for the Department of Finance Vote in 2018 is €42 million, of which €10 million is provided for a fuel grant scheme for disabled drivers, a further €950,000 is provided to fund the office of the Financial Services and Pensions Ombudsman. Leaving these aside, my Department's allocation provides for the administrative and non-administrative costs of the Department. The vast majority of this, some 61%, is provided to cover salaries and allowances, with a further €5.3 million to cover facilities and non-pay costs. The remaining €6.9 million is provided to cover the legal, advisory and committee costs necessary to support my Department.

The allocation for Vote 8, the Office of the Comptroller and Auditor General, is applied towards a single audit and reporting programme. The Comptroller and Auditor General is independent of my Department and is a constitutional officer. The Comptroller and Auditor General is responsible for controlling the release of funds for public services as approved by Dáil Éireann, auditing public accounts, undertaking independent examinations and reporting the results of the work to Dáil Éireann.

The financial audit role covers 290 sets of accounts produced by public bodies. These bod-

ies have financial transactions that total over €200 billion. The allocation for this Vote is €7.927 million, which is an increase of 15%.

On Vote 9, the Office of the Revenue Commissioners has requested a budget allocation of €357 million. Three quarters of Revenue's budget relates to payroll. Revenue plays a vital role in our economy by collecting taxes and duties due to the State. These receipts underpin Government's capacity to fund vital services and facilities. In 2017, Revenue collected a record €50.7 billion. It continued to support taxpayers in meeting their tax and duty obligations. For example, 2.2 million payments were made through online Revenue services. A key priority for Revenue is PAYE modernisation, on which work is well advanced. The 2018 Estimates provide for an additional €3 million in capital and current funding for IT developments required for the administration and smooth transition to PAYE modernisation.

Non-compliance with tax and duty obligations is an ever-present challenge. In 2017, the Revenue yielded €575 million through its audit and compliance interventions. There were 24 criminal convictions, an increase of six on the previous year. I have allocated an additional €4 million in the 2018 Estimates for an additional 100 compliance staff. Tackling tax evasion is always high on Revenue's agenda. In 2017, 2,786 disclosures with a declared value of €84 million. Revenue has initiated a new inquiry to identify and pursue taxpayers engaged in offshore tax evasion and avoidance.

In other areas, Revenue continues to assist the Department of Finance in the formulation and implementation of tax policy. It will support my Department in the review of the Coffey report. In the context of Brexit, Revenue has been participating in the interdepartmental work co-ordinated by the Departments of the Taoiseach and Foreign Affairs and Trade.

On Vote 10, the Tax Appeals Commission, TAC, has a budget of €1.626 million in 2018, a 1% increase on the previous year. The significant increase in the 2018 Estimate is to provide for the TAC with the resources needed to advance its programme of modernisation and reform and to address its caseload in an efficient and effective manner, while also meeting its obligations and accountability as an independent Civil Service body. Specifically, during 2018, as a result of the Revised Estimate, the commission hopes to recruit more staff, including tax-qualified case managers. It will also move office during 2018 to premises which are fit for purpose, largely to allow for multiple hearings and meetings with appellants to take place in parallel. Further expenditure by the TAC is in the area of ICT as it addresses the significant level of appeal cases.

I thank members for their attention and I commend the Estimates to the committee.

Deputy Pearse Doherty: I thank the Minister. I only have a few minutes because I have to go to the Dáil. I would like to focus on the comments he made on the issue of mortgage arrears and the potential sale of 14,000 family homes and 4,000 rental accommodation units to a vulture fund by Permanent TSB. When did the bank inform him of its decision in that regard? Did the bank consult him on the decision? Bank representatives have informed the committee that they have entered into confidentiality clauses with potential buyers. Where stands the process? Did they consult the Minister? Does he accept that regulation is required to allow for administrative sanctions by the Central Bank if the buyer breaches the code of conduct on mortgage arrears or the Consumer Protection Code? Does he further accept that regulation in itself is not the issue? The issue is that the loans will be sold to entities that only have a short-term interest and more regulation will not provide additional protection to those borrowers than that which exists. These vulture funds, which are ruthless, have no intention of renewing agreements that

have been made or entering into accommodation such as split mortgages, arrears capitalisation or interest only payments and, therefore, it is likely that there will be mass evictions in some cases and repossessions in others.

Deputy Paschal Donohoe: I have not yet been consulted formally by Permanent TSB representatives regarding their intentions, though as the process moves forward, they are required to formally consult with, and inform, me regarding the magnitude of what is under way and to ask for my views on certain matters. The regulations we have in place have played an important role in dealing with mortgage arrears and in reducing the number of non-performing loans, NPLs, throughout the economy and within banks. However, I have indicated that I will examine the 2015 Act with a fresh eye, conscious of the change that is coming up.

With regard to the role of vulture funds, as the Deputy will be aware, the process is only in its early stages. I am limited at the moment in terms of what I can say because of the commercial sensitivity about some of this but I am aware of the human sensitivity in respect of how people will feel if they believe their homes will be affected by this. The regulations we have in place have played a role in preventing even greater difficulty in the recent past but I will examine them again.

Deputy Pearse Doherty: I tabled an amendment in 2015 to regulate these funds and I introduced legislation last year in this regard. I know what the 2015 Act does and does not do. What additional protection will the regulation of these funds give to any of the 14,000 homeowners or the 4,000 renters whose loans will be sold to a vulture fund? We all know that this is not the issue; the issue is selling long-term products to entities that have only a short-term interest. That is a serious issue and there is only one solution, which is not to sell these loans to vulture funds. I do not deny the issue in respect of Permanent TSB's balance sheet, which has to be dealt with, but we cannot throw these families and renters to the wolves. Regulation or not, the protections for them will not change.

Deputy Paschal Donohoe: The regulations that are in place have played a role in dealing with the great human and economic trauma that we have gone through over the past number of years and that is why there has been progress in respect of mortgage arrears. Anybody who loses a family home to repossession is one too many but we have avoided the worst projections that were made. The number of repossessions that have occurred is low relative to expectations and to the experience in other countries. I reiterate that I will engage in a fresh examination of the regulations. The legal protections people enjoy in respect of their loan will not change depending on who owns the loan.

Deputy Pearse Doherty: The Minister knows the answer to my question but he may not want to say it. What additional protections will be given to homeowners if their loans are sold to vulture funds by just regulating them?

Deputy Paschal Donohoe: That will depend on the nature of the additional regulation that we may bring in. If further legislation or regulatory change is needed, I will then have to justify to the Deputy what additional protection will be built in and delivered. I am looking at that actively at the moment because I am conscious of the worry and apprehension people feel about this matter. I want to do the right thing by all but an exceptional challenge that I face on the other side of the balance sheet is that 28% of the loans in third largest bank in the State, which has deposits of €17 billion and more than 2,000 staff, are impaired. It is vital in the upcoming period that a way be found to reduce the number of NPLs that bank and other banks have if we want a safe and secure banking system. Many people now find themselves in a difficult position

and I am trying to find a way for that work to happen without adding to the anxiety and worry they are experiencing.

Deputy Pearse Doherty: There is only one solution to this. Long-term products should never be sold to entities that only have a short-term interest. We also have a responsibility to protect homeowners.

Deputy Paschal Donohoe: The Deputy is aware of the challenge I find myself facing in that space because he has a deep appreciation of these matters. We all know the value of a strong, independent regulator with strong regulatory powers, given all that we have gone through, indicating clearly that the level of NPLs has to come down.

Deputy Michael McGrath: I wish to raise three issues. The first relates to Brexit. On the question of the relocation of financial services firms to Ireland arising from the UK's decision to leave the EU, has the Minister an estimate of the number of jobs that have been won so far, including jobs that have moved or that have been announced or pledged by firms? Are more announcements in the pipeline? Is he confident of more success in this regard? Generally, many would have expected a greater dividend for the State and not just for Dublin. The regions need to benefit as well from the spread of financial services following Brexit.

Minister of State at the Department of Finance (Deputy Michael D'Arcy): I will take that. The story has gotten out that we have not secured our fair share of jobs but I am satisfied that we have. There was much conversation. The best example I have of this is with Lloyds Bank, which chose not to come to Ireland. Lloyds Bank had 17 jobs. The other insurance companies, XL Catlin, Shaw Insurance Agency, Legal and General, Beazley Insurance, Beazley Re, Royal London, Eversure Insurance and others have committed to coming to Ireland from the insurance side but they are never mentioned. The only company that was mentioned was that Lloyds Bank did not come. I am satisfied that we are doing well with financial services. The conversation I had with the Central Bank of Ireland is that there are dozens, not ten or 20, but dozens of companies that are in a conversation with it. Many of these companies have some form of products and licensing so they are not starting at zero. They add to their licensing as required, depending on the services that they may bring here.

On the first part of the Deputy's question, I am satisfied that we are getting our fair share. On the second part of the question, as the Deputy knows, the first thing I did when I became Minister of State with responsibility for financial services was to visit the regions. I have travelled from Cork to Letterkenny and to just about everywhere in between. The largest announcements I have been to include ones at YapStone in Drogheda, Pramerica in Letterkenny, Northern Trust in Limerick and MetLife in Galway. The one of that scale in Dublin was Fidelity. We are focusing on the regions. Some 30% of the jobs in financial services are now outside of County Dublin and we are establishing really strong hubs around the country. I use Letterkenny as the best example, with interaction between two very large companies, Pramerica and Optimus, and Letterkenny Institute of Technology. Many people would not have believed that the skill sets and abilities were available in a small to medium-sized town. Letterkenny's population is approximately 20,000. The skill sets are there. If there is a deficit, the institute of technology steps in. It is very fluid and fleet of foot to try to ensure that there is not any failing with regard to skill sets or abilities.

Deputy Michael McGrath: Is there an estimate of the number of jobs that have been confirmed? I appreciate that it is not all about the number. The quality of jobs is important and there are many different strands to the financial services sector. Does the Minister of State have

an estimate of what has been confirmed at this point?

Deputy Michael D’Arcy: I do not have the 2017 number. Anything before 2017 would not have been the full year, with Brexit’s effect, because there were many conversations that would be required that started and did not finish, and licensing would not be concluded. As I said, we are pleased with where we are. It is important for people, which I am glad the Deputy outlined. It is no longer about the quantum of jobs but the standard and quality of the job. We should move up the value chain. An example of that is Kroll Bond Rating Agency, KBRA, which is the first rating agency to decide to base itself in Ireland. We now have rating agencies coming here too. We now have the largest exchange-traded funds, ETF, sector in Europe. The Deputy knows that aviation is quite strong. We intend to focus on other areas too. The big area I outlined in the 2018 action plan was sustainable and green finance. There is a deficit of expenditure in the area in Europe of approximately €180 billion per annum. That is the number we are short by to decarbonise Europe as we progress into the future.

Deputy Michael McGrath: I have two other issues. One is the matter of a Single Market for financial services across Europe. We recently had a vice president of the European Commission, Commissioner Valdis Dombrovskis, here and I raised this issue with him. As the Minister of State knows, Irish borrowers continue to pay well over the European average in interest rates, including both mortgage holders and commercial borrowers. While we have a Single Market for goods and services, we do not have a Single Market for financial services. If we had a true Single Market, Irish customers could borrow from German banks, French banks and Italian banks and could avail of much lower interest rates. The Commissioner indicated that the European Commission is working on the area. It should be a priority, given that Irish borrowers are paying much more than the eurozone average. Our Government should take a strong interest in this issue. We would all welcome more competition in the Irish banking market but it seems unlikely that that will happen. It is not seen as an attractive market and it is very small. The best way to help consumers at a European level is to bring about a fully functioning Single Market for financial services. Is that a priority for this Government and is it being actively raised, promoted and pushed at a European level?

Deputy Michael D’Arcy: It is a work in progress. Vice President Valdis Dombrovskis attended a European Financial Forum, EFF, a number of weeks ago. I think he was in here the following day. He outlined that it is something the Commission is progressing. It is a slow burner. Not everybody is in agreement - there is protectionism within the EU 27. We would like it to progress. We do not know where it will land. We have to be careful on the basis that while there are some benefits, there might be other disadvantages. We should ensure that we do what is best for the Irish jurisdiction, including domestic users.

Deputy Michael McGrath: I hear the Minister of State but the overall point is that we now have a single supervisory mechanism, SSM, so the largest banks are regulated on a pan-European basis. There is a common standard of regulation across Europe in respect of the larger banks, at least. There is really no reason, in a proper Single Market, Irish consumers should not be able to buy products from these banks. It is an issue that we should be particularly strong on because of the high rates here. We should be to the fore in pushing for that Single Market system to come into effect for financial services. I take the Minister of State’s point about potential downsides. We have had Setanta Insurance and hopefully no more such incidents will occur because of the passporting in and the fact that firms only have to be regulated here for conduct of business purposes. Where institutions are properly regulated at a European level by the SSM, there is no reason they should not be able to sell into Ireland. Currently, they cannot.

Deputy Michael D’Arcy: The Minister, Deputy Donohoe, will address the matter of the market but I have one point before that. I have a concern that one third of the financial services sector is unregulated. Trillions of euro of products and services are traded worldwide, unregulated. We - regulators and legislatures - are catching up with financial services. Cryptocurrencies are the best example of that. It is a space that is not that simple to regulate.

Deputy Michael McGrath: They are currently trading here. That is not the issue that I am referring to, but how banks regulated at a European level by the SSM cannot sell here or how a customer here cannot avail of their products. It is wrong. It is not a single market and it should be. We can sell beef, butter and milk. We can trade goods and services without barriers but we cannot buy financial services. We are paying way over the odds to our own banks. We should be leading the charge on this issue.

Deputy Paschal Donohoe: I want to speak on the banking union. It is an area which is ultimately the way in which the change Deputy Michael McGrath is referring to will be facilitated. I expect that, at the June or July European Council and the meeting of finance Ministers across that period, we will make greater progress in putting in place the policy framework needed for the realisation of the banking union, which will ultimately lead to banks being more active outside current jurisdictions. I will make two points in that context. A long-term consequence of the banking crisis that we went through is the increased nationalisation of banks. There has been a trend towards banks being refocused in their home market. As the Deputy knows, even in an Irish setting, large banks were required in many cases to divest their presence in international markets, as was the case for Irish banks. The prospects of that happening for Ireland in terms of new forms of established banks coming in are medium-term prospects. I believe we will see change before then in the area of FinTech, where we will have organisations, which are not retail banks as we know them, playing a more active role in Ireland in providing financial products that are competitive versus our existing banks.

The second point is that the imminence of banking union and the associated regulatory consequences will be apparent soon. The challenges we have with Permanent TSB and the level of non-performing loans are in that context. The bedrock to that now is the existence of a European-wide regulator for banks of a certain scale

Deputy Michael McGrath: That is my point.

Deputy Paschal Donohoe: All of the dimensions of this will become more and more apparent. My objective is that as we deal with the challenging consequences, which we are in the middle of doing, the benefits will become more apparent than they are at the moment. The first wave of offers will likely be from financial services and FinTech companies.

Deputy Michael McGrath: The final issue I wish to raise relates to Vote 10, relating to the Tax Appeals Commission. Currently, the Tax Appeals Commission is not fit for purpose. The Minister provided details to me in a reply to a parliamentary question. I have it before me on my telephone – I am on aeroplane mode, Chairman. More than €1.6 billion in outstanding tax is caught up in the appeals system. Over 3,600 appeals remain to be resolved. The issue is that the number is growing and the problem is getting worse. In 2017, over 1,700 new appeals came in and 252 were resolved or concluded. The net increase in 2017 alone of 1,500 appeals is staggering. If that trend continues through this year, we will be looking at over 5,000 appeals stuck in the Tax Appeals Commission.

There are two permanent commissioners, one temporary commissioner and approximately

12 staff members. There are over 1,000 appeals for each commissioner. Without significant intervention this problem is not going to be resolved. In fact, it will get far worse. The Irish Tax Institute has raised significant concerns over this issue with the Minister and the Department. The appeals system is an important part of our tax code and system, as the Minister is aware. It is now open to abuse. If a person wishes to kick an issue into the never-never, the best way to do it is to appeal to the Tax Appeals Commission.

The Minister is giving a 1% increase in the budget in Vote 10 for 2018. The Minister described this in his opening statement as a significant increase. It is 1%. That is not terribly significant, to say the least. What, specifically, will be done to beef up the resources of the commission in order that it can get a handle on what is coming in and start to make inroads into the level of cases?

I appreciate that it is a relatively new system. There may well be teething issues and so on. However, given the increase last year of over 1,500 cases, there is clearly a serious problem and it needs to be addressed.

Deputy Paschal Donohoe: There are three things I will be doing to deal with that matter, because we need to have a well-functioning and fit-for-purpose Tax Appeals Commission. The first relates to the level of resources I will make available. Let us consider the trend and where we are at the moment. In 2015, the allocation for the commission was €0.511 million. In 2016, the figure went to €0.844 million. The provisional out-turn for last year is €1.07 million and for 2018 it will go to €1.6 million. Over the past three years, we will have tripled the resources going into it.

We have more than doubled the staff in the commission. We now have 15 people working in the commission. I have a round of appointments and recruitment under way. We are looking to recruit more case managers to go into the organisation. I aim to conclude the recruitment process soon and put additional people into the organisation this year.

Finally, in response to some of the disquiet Deputy Michael McGrath has touched on, we had a public consultation. It was instigated in respect of the operation of the Tax Appeals Commission to hear the issues that the public and stakeholders have in that regard. My Department has received and considered it. We have now put in place a liaison group with the Tax Appeals Commission. The group had its most recent meeting on 18 January this year. We are engaging significantly with this issue. We are making more resources available to the commission and we will continue with a recruitment process to ensure that we have the right numbers of people and the right kind of people to facilitate closure of the backlog that Deputy McGrath referenced. I am committed to doing all I can to ensure that happens.

Deputy Michael McGrath: I welcome the Minister's comments and commitment to deal with the issue. It is not simply a case of clearing the backlog because the backlog is growing. The Minister referred to the budget being trebled in recent years. The commission received 251 new appeals in January this year, and the number of appeals closed was one. In one month alone this year, there was a net increase of 250 appeals. The problem is growing and getting worse.

A key part of our taxation code is to have a properly functioning appeals system. I can hear from the Minister's comments that this is very much on his radar. It is on the agenda and it is important that it is dealt with. I am keen to reaffirm that view with the Minister and to ask him to redouble the efforts being made. The problem is getting worse despite the efforts made by

the Department.

Deputy Paschal Donohoe: I am aware of the need to have a well-functioning Tax Appeals Commission to do two things. The first is to ensure that issues relating to the taxation status of individuals and companies are dealt with fairly. The second is to facilitate the functioning of the entire system. During the year, I will make as many resources available to that organisation as I can to deal with this. That is why we have another round of recruitment under way. My objective is that we will put together a panel of further case managers. The idea is to keep making them available to make progress on this issue.

Chairman: I will follow on from Deputy Pearse Doherty with some questions. This morning, media reports indicate that banking analysts are saying that to do anything with legislation or regulation relating to the sale of Permanent TSB loans would make it less attractive for the vultures. That gives us a sense of the type of market we are now into. In commentary this morning, Davy stockbrokers pointed to political opportunism and said that the loans totalling €2 billion were typically owned by people who will not pay and who do not want to pay and so on – the non-payers. The firm is saying that typically those involved are homeowners whose mortgages are in arrears and who refuse to engage. That is what is going on in the media and in the bubble of the bankers.

I wish to draw the attention of the Minister to the fact that Permanent TSB has 14,000 homes. AIB is lining up with some type of sale as well. We know from the exchanges with the other banks at this committee that they too are lining up and that there will be issues for homeowners. Permanent TSB said in its response to our initial informal approach that the bank would not be in a position to discuss the composition of the loan portfolios, criteria, levels of arrears information etc. Permanent TSB has confirmed that it and prospective bidders have signed non-disclosure agreements as part of the sales process. The point is that all of this information is in the public domain anyway, regardless of whether it is misinformation or is correct. We intend to issue a formal invitation to Permanent TSB to appear before the committee next Tuesday. We will discuss with the bank the make-up of these loans, the cohort of people who are in difficulties, the length of time they have been in difficulties, what they have done resolve these difficulties and so on. This will give a greater understanding to the public, the Government and the Opposition of exactly what is going on within Permanent TSB. Will the Minister encourage the State-owned banks to take up the invitations we are going to issue in the next short while to appear before the committee to deal with the fears people genuinely have in respect of their homes?

Deputy Paschal Donohoe: I have not heard any political opportunism in this matter. I would not agree with such an assessment. If others want to use that language to describe the debate that is under way, that is their business. The comments that Members of the Oireachtas are making are rooted in genuine anxiety that their constituents, loan owners and homeowners have. I am responding in that vein to the debate.

My short answer to the Chairman's second question is yes, I believe the banks should be in front of the committee to answer questions its members may have. I understand a number of banks may be producing results soon and, for legal reasons, they might not be able to comment publicly on matters in the period just before they publish their results. I believe the banks should accept the committee's invitation and should explain and provide answers to the various questions the committee has.

Chairman: That is clear. In respect of the other banks and what is generally happening with

the sale of SME loans, some of which involve good businesses attached to bad loans and so on, it is reported that agricultural land is now being examined by the banks relative to the loans they have issued to the farming community. In the context of reviewing the Consumer Protection (Regulation of Credit Servicing Firms) Act 2015, will the Minister consider insisting that the banks at least hold off on their sales until such time as the legislation is actually reviewed? When he is reviewing that legislation, particularly in respect of homeowners, will the Minister consider expanding the mortgage-to-rent scheme? Will he consider reconfiguring Abhaile in order that its remit is extended to mortgage resolution? Will he consider the credit union movement and the funds it has in this respect? Will he insist on the banks working through each and every loan they have so that we know that at the end of the process, should they have to go to a general sale, every single customer has had the opportunity to engage with the bank on the full suite of resolution mechanisms that are currently available? When I asked one of the banks at this committee if it engaged with customers on the basis of debt for equity, for example, it said no, it did not suit it to do so. They have not been engaged with customers.

The Taoiseach said in the Dáil that the regulation currently in place will extend to the vulture funds. In practice, that does not happen. In the tracker mortgage issue, we have seen the type of aggressive culture in which the banks are engaged. I can only say that it is 100 times worse for those who are engaged with vulture funds. I represent customers when they go to these funds. One customer, as is typical of quite a lot of cases, has tried to engage since last year and the fund has not responded to any of his information requests. It has not offered any engagement or resolution. Any offers that have been made in other cases come back with the same answer, that it is not good enough and it wants more money. If they are getting the benefit of property at a knock-down price, surely to God the citizen - the homeowner - also has to be considered.

Deputy Paschal Donohoe: The Chairman asked me if I can intervene in the timing of any loan book sale. The Single Supervisory Mechanism, which is completely independent of me, has issued a direction that the bank is following. I do not have the power available to me to intervene in the compliance with that regulation or its timing. We are talking about a bank that has non-performing loans. Going back to a comment I made earlier, I am very conscious of the worry that is encompassed in that figure of non-performing loans. However, we need a stable, secure and successful Permanent TSB in Ireland. On the one hand, we have a direction that has been issued from an independent central bank that is regulating this bank and whose regulation the bank is required to meet. There is a level of bad loans that is five times the eurozone average, despite the progress the bank has made. I am trying to ensure that we have the right legal framework in place to make sure this issue is resolved in the fairest way possible.

The Chairman asked if I would consider re-scoping and redesigning the work Abhaile is doing. That body flows from the Department of Justice and Equality. The caution I would have in making any change to its work is that I would need to ensure that it did not cut across or cause difficulty for the work of the Insolvency Service of Ireland, ISI.

On the mortgage-to-rent scheme, for this year alone I have made an additional €5 million available through the Estimates process, bringing it up to €22 million. To date, 308 families or citizens have stayed in their homes due to that scheme and a further 619 applications are currently being progressed. I keep it under review with the Minister for Housing, Planning and Local Government, Deputy Eoghan Murphy, to see if any changes are needed to make the scheme even more successful. The last review of the scheme took place in February 2017, which was not too long ago.

The Chairman asked about the credit union movement. It is open to any organisation to de-

cide if it wants to acquire any of these loans, if it feels doing so would benefit its balance sheet and fit in with its business model. I know the credit union movement has other things that it is looking to do, and to which it believes it can add value, with the savings of its members.

Of all of the banks with which I have engaged - those in which the taxpayer has a stake and those that are a key part of our banking sector - I and my Department have always communicated to them that they need to work through all arrears and debt difficulties with the citizens who have loans, and that they should make use of all of the options that are available. We have always given that message.

On the funds which are operating in the State and which have acquired loans in the past, the Deputy and other members of the committee have asked me whether I have met or engaged with them. The potential accusation has been that I have engaged with them directly. I have not met them. I have engaged with the banks which are registered here. However, as part of the work I will do and which I said I wanted to do in the passage of the Finance Bill, I will look at the regulations in place with a fresh eye.

Chairman: In the past few weeks and last night on “The Late Debate” a lady came forward whose house had been repossessed, the bank having pursued her relentlessly. The amount of money involved was €60,000. She gave her experience and on radio poured out her life story. Her case is similar to many I have heard and the bank continues to pursue her. I say this in the light of what Mr. Dombrovskis said when he appeared before the committee. He said a country-specific recommendation made by the Commission was that, as part of the solution, the banks should write off the debt in order to correct their books and move on. No one appears to be interested in dealing with the reality of these cases. I again ask the Minister in relation to the regulation whether he thinks his review of the 2015 Act and the pending crisis for homeowners will be concluded and in place before a PTSB sale. Is that his intention or is it something he will do in due course? We have a report which was completed and agreed to this morning on vulture funds and their refusal to participate by coming here. Even the regulated entities have refused to come to discuss the issue with us. We are laying the report before the Houses of the Oireachtas and asking for a debate on it. We are responding to public concern about the crisis. Will the Minister have the regulation in place before the sale of the PTSB loan book?

Deputy Paschal Donohoe: As I said in an earlier answer to the Chairman, I cannot influence how a bank responds on its timing because we are dealing with an independent regulator. What I can do is influence what I can directly control. If I believe there are changes which are needed which require legislative or regulatory change, my objective is to implement them as soon as possible. I will do it against the background of saying the current legal framework in place and the institutions which have been in place to manage this very difficult issue for many years within the country have played an important role. I cannot comment on any individual and it would not be appropriate for me to do so. Of course, we are all aware of citizens who have reached resolutions with their banks and agreements which have led to a significant decrease in mortgage arrears on non-performing loans. I have many colleagues, including Deputies Peter Burke and Bernard J. Durkan, who have been raising the matter with me and will look at further change if it is needed and how and when I can do it. Of course, I want to do it as soon as I can, but I do not want to lose sight of the fact that the framework we have had in place has enabled a resolution for many citizens of banking difficulties which, a number of years ago, had looked nearly insurmountable. Of course, when a family who have not been successful in finding a resolution talk about it in public, as the Chairman says, we get an insight into the anguish caused. I have dealt with this issue on countless occasions, both as Minister and within

my constituency. However, I acknowledge that what has been in place to date has played an important role in facilitating thousands of agreements.

Chairman: I respect that and will not continue on this line of questioning because the Minister is going to review the legislation and the regulations. The families affected - indeed all of us - have seen the result of the intervention of the banks on the night of the crisis. Exceptional circumstances dictated an exceptional response. That happened and the banks were saved. As our report shows, there were 125 meetings between the Department and the vulture funds between 2013 and 2016. It appears from that circumstance that the scales are tilted in favour of the institutions and the vulture funds in this case. What people are asking for is a little tilt in their favour and an acknowledgement of the crisis and social catastrophe that will emerge if there is no political response. It is very much a political response that is required.

My second question is about community banking. The committee will go to see the community bank in Germany to see how it operates. We have had them here at the committee and will facilitate a meeting among the stakeholders with an interest in community banking in Ireland. Can the Minister tell the committee when he and the Minister for Rural and Community Development, Deputy Michael Ring, will be finished with the report on community banking?

Deputy Paschal Donohoe: The Minister, Deputy Michael Ring, and I are working on the community banking report. It will probably be a couple of months before we come back to the committee on it as we still have work to do. I am aware of its interest in the matter. When the work is done and the report complete, we will bring it to the Cabinet and it will then be made available to the committee to debate it.

Chairman: I turn to investment. The Department invests in various projects and initiatives. Will the Minister look at departmental investment in iCare, the project run by Mr. David Hall to assist people in difficulty with the banks to continue with their mortgages through his independent organisation? It is funded by the banks and of benefit to homeowners in difficulty. It might be an investment the Government should consider.

Deputy Paschal Donohoe: I cannot guide ISIF, the organisation which manages our investments. It does so independently and I cannot tell it the projects in which it should get involved. I understand we already support iCare. Any further support we might give to any organisation must be subject to tendering and procurement rules and so on.

Chairman: Deputy Martin Kenny referred to the Office of the Comptroller and Auditor General which comes within the Estimate for the Minister's Department. In the context of reform and the funding of the office, has the Department, with the Department of Housing, Planning and Local Government, considered merging both audit operations to achieve greater efficiency, value for money, transparency and accountability? Is it the Minister's intention to at any stage give greater powers to the Committee of Public Accounts and the Comptroller and Auditor General to conduct more forensic examinations of the spending of public money?

Deputy Paschal Donohoe: What was the question on merging? I missed the start of it.

Chairman: It was about the local government audit function and the audits conducted by the Comptroller and Auditor General. Would it not be more efficient to have one department with responsibility for audits under the auspices of the Comptroller and Auditor General? It would help to make local government more accountable and transparent. Its audits are conducted in secret and there is not much public debate on them. Furthermore, the Committee of Public Ac-

counts is restricted as to its examinations of local government funding. From the point of view of efficiency, value for money and transparency would it not be better to have them all under the one umbrella? Will the Minister increase the powers of the Office of the Comptroller and Auditor General to audit section 38 companies, section 39 companies and other organisations?

Deputy Paschal Donohoe: Section 38 and section 39 organisations receive funding from the State but they are not run or owned by the State. I have not heard many section 38 or section 39 organisations stating that they want to be State-run organisations.

Chairman: I am not talking about State-run organisations. I am talking about allowing the Comptroller and Auditor General to pursue the spend of taxpayers' money, which is substantial. Deputy Kelly raised the issue this morning and drew the Minister's attention to the fact that the HSE has procurement issues relating to a considerable amount of money. Has the Minister consulted with the Comptroller and Auditor General to determine what he sees as an office fit for purpose for the future in audit terms?

Deputy Paschal Donohoe: The HSE is different from a section 38 or section 39 organisation. The role of the Comptroller and Auditor General is to audit and oversee State bodies and bodies associated with the State. The Comptroller and Auditor General has not told me that he or his office is looking for any additional powers or a change in remit. The HSE is subject to the scrutiny of the Comptroller and Auditor General and I sat in many meetings with the Chairman where the HSE was required to answer questions about its use of money.

Chairman: The Minister has no plans for reform, or to extend the powers of the Comptroller and Auditor General. People believe the Comptroller and Auditor General has the ability to carry out a forensic examination of accounts and always does so but he does not. He does not always have the ability to do it.

Deputy Paschal Donohoe: I did not say I did not have a plan for the reform and support of the Comptroller and Auditor General. The Chairman asked if I would support the merger of the Office of the Comptroller and Auditor General with the local authority audit organisation and I said I would be reluctant to do that because the Comptroller and Auditor General has a constitutional status, while the local government audit service feels it can best continue with its work in an independent way. The Comptroller and Auditor General has not said he wants additional power but that is not to say we do not have work under way to look at how the office can do its work better and how its work can be reformed. We are currently implementing a strategy up to 2020 which is looking to increase the number of special reports it does each year from four to ten. We are asking the office to undertake an annual good practice event every year and the office has said it wants to do that. We are looking at how the implementation of examination report recommendations can be followed up in a more public way. At the moment, I am required to respond to any report the office publishes with a commitment to what my Department will do in respect of the issues identified.

Chairman: There is not much change there. There is now a focus on budgets and if we were to concentrate on the hole in public finances and the waste of public money uncovered by the Comptroller and Auditor General year in, year out, it might prevent a considerable amount of waste and inefficiency. This would give the Minister more to allocate to Departments and projects.

Deputy Paschal Donohoe: We are about to go into the second year of a comprehensive spending review and there is a difference between waste, which we have to identify and reduce,

and a better use of taxpayers' money. There can be better ways of spending money and that is what the Department of Public Expenditure and Reform does. I have Vote teams which work with every Government Department, which cannot go ahead with particular projects without my Department's consent. One of the reasons I can have challenging relationships with other Departments is that my consent is required in certain cases. To date, the Comptroller and Auditor General has not approached me to ask for additional powers, nor have I received an approach from the Local Government Audit Service but if either of these things were to change I would, of course, engage with them. I think the work done by the Comptroller and Auditor General is of exceptional value.

Chairman: In passing the legislation on Irish Water recently, a commitment was given that Irish Water would be audited in the future by the Comptroller and Auditor General. Is progress being made on legislation for that purpose or is it just a matter of including Irish Water in the list of entities examined and audited by the Comptroller and Auditor General?

Deputy Paschal Donohoe: I do not have an answer to that. The Minister for Housing, Planning and Local Government, Deputy Eoghan Murphy, is dealing with the matter. I will get back to the Chairman in response to this question.

Chairman: My final question relates to insurance. We committed to quarterly meetings with the previous Minister of State, Deputy Eoghan Murphy, and the new Minister of State, Deputy D'Arcy and we have had some exchanges on the issue. I read headlines recently commending the fact that insurance premiums had come down but that is not really true across the sector. I still get complaints from taxi drivers and the Irish Road Haulage Association and one publican I met this week, who has a taxi licence, told me his insurance had gone from €5,000 to €17,250. I am querying this with the regulator but there is unease in the market, not just in cases of road insurance but with public liability and employers' liability insurance. Is the Minister satisfied with the progress that has been made or will the industry have to come up with more reform and more cuts?

Deputy Michael D'Arcy: The cost of insurance working group, a cross-departmental group, has a meeting every month and we raise all these issues. On average, motor insurance premia are down by 16% year on year. There has been an increase of 57% from the low point, but that was when there was a price war and the outcome of price wars never tends to be good. We are not going to see decreases of 57%. The employer liability and public liability reports were done, they went to Cabinet and they have been published. A lot of work has been done, some of it following the recommendations of the motor insurance report of 12 months earlier. The Personal Injuries Commission has been established and Mr. Justice Kearns has produced its first report. He is working on a second part, which will be very telling as it will cross-reference payments in the Irish system with those in our nearest neighbour, and maybe some other jurisdictions. It will compare what people get from similar claims in the UK to what they get in Ireland.

One line sticks out from the employer liability and public liability reports, which asserts that one cannot have low premia and high awards. We have high awards and that is what we are trying to deal with. We are trying to improve the insurance sector as a whole for everybody. I understand that in some areas, if there is only a single pub or shop, the insurance premiums can sometimes double or triple if a claim is made and that it can have such an impact that the shop or pub will close. There are a number of aspects to this. The general data protection regulation is to start in May. A recommendation on employers' land public liability insurance will be that, if somebody has a claim, he or she must present it within 28 days, the period for which somebody

can hold information. If there is a video camera recording an event or potential accident, somebody has to present the claim to the individual within the period, otherwise the data have to be deleted. A number of good things are happening. If the Deputy wants, I will be quite happy to come with my insurance team to present the information.

Chairman: It would be good if the Minister of State could arrange for that to happen.

Deputy Michael D’Arcy: It would be because much good work is being done and it is not being spoken about. This is a work in progress and it will take time as there are constitutional issues. We asked the Law Reform Commission to consider whether the Oireachtas was capable of capping awards. We hope to have its paper back to us as soon as possible.

Chairman: Can we take it that much has been done and that there is much more to do?

Deputy Michael D’Arcy: Much has been done and there is much more to do. We still have the really hard bits and pieces to do.

Deputy Paschal Donohoe: We are not allowed to use that phrase.

Chairman: I thank the Minister, the Ministers of State and the officials from the two Departments for their time and consideration of the Revised Estimates.

Deputy Michael D’Arcy: The Minister, Deputy Paschal Donohoe, said he had not met any of the vulture funds. As a matter of record, I have not met of them any either.

Chairman: Is the performance of the Minister’s two Ministers of State okay?

Deputy Paschal Donohoe: They are excellent.

Chairman: If the Minister wants any help, he should let me know.

Deputy Paschal Donohoe: That comment might cause reverberations.

Message to Dáil

Chairman: In accordance with Standing Order 90, the following message will be sent to the Dáil:

The Select Committee on Finance, Public Expenditure and Reform, and Taoiseach has completed its consideration of the following Revised Estimates for public services for the year ending 31 December 2018: Vote 7 - Office of the Minister for Finance; Vote 8 - Office of the Comptroller and Auditor General; Vote 9 - Office of the Revenue Commissioners; and Vote 10 - Tax Appeals Commission.

The select committee adjourned at 12.55 p.m. until 10 a.m. on Thursday, 29 March 2018.

22 February 2018