



DÍOSPÓIREACHTAÍ PARLAIMINTE
PARLIAMENTARY DEBATES

DÁIL ÉIREANN

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

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DÁIL ÉIREANN

Dé Máirt, 13 Samhain 2012

Tuesday, 13 November 2012

Chuaigh an Leas-Cheann Comhairle i gceannas ar 2 p.m.

Paidir.

Prayer.

Ceisteanna - Questions

Priority Questions

Child Benefit Rates

100. **Deputy Willie O’Dea** asked the Minister for Social Protection when she will publish the report of the advisory group on tax and social welfare; the conclusions of the report on child benefit rates; her future plans for child benefit rates; if the child benefit rate will be protected; and if she will make a statement on the matter. [49974/12]

Minister for Social Protection (Deputy Joan Burton): Creating jobs and tackling poverty are two of the key challenges that Ireland now faces and it is essential that our tax and social protection systems play their part in addressing these issues. To this end and in line with commitments contained in the programme for Government, I established last year the advisory group on tax and social welfare, with the aim of harnessing expert opinion and experience to examine a number of specific issues and make cost-effective proposals aimed at improving employment incentives and achieving better poverty outcomes, particularly in dealing with child poverty. Total social welfare expenditure on children is some €3 billion this year. The group’s overall method of working is based on producing modular reports on the priority areas identified in the terms of reference. The group commenced its work programme by prioritising family and child income supports and subsequently submitting its report to me. I am considering the findings of the group’s report which I intend to publish in due course. The report is, therefore, not yet in the public domain and I do not propose to comment on it or disclose the recommendations of the group at this time.

The Government is conscious that child benefit, as a universal payment, is an important source of income for all families with children, especially during a time of recession and high

unemployment. It is envisaged that any proposed change to the child benefit payment would be considered in the context of the annual budget and announced on budget day. Therefore, in line with normal practice, I do not intend to say anything about the Government's intentions at this time.

Deputy Willie O'Dea: I remind the Minister about some of the sentiments expressed by her and her party leader in opposition. For example, in February 2011, in the teeth of a general election campaign, the Tánaiste and Minister for Foreign Affairs and Trade, Deputy Eamon Gilmore, when asked what would be of central importance to the Labour Party in entering government, stated, "[Things] like not cutting child benefit any further. Enough is enough. Families can take no more." Exactly one year before he stated: "It is the only State recognition that there is of mothers because it is paid directly to mothers ... Does Labour see room for some cuts? No, we don't." On 19 February 2011 he stated: "Fine Gael need to drop their plans to cut child benefit, that's one, so let's start with that one."

In 2010 the Minister, Deputy Joan Burton, stated: "There's a lot of big houses all around the country where, inside those houses, there's actually very little money because people are at the pin of their collar paying their mortgages and the child benefit is a critical income support to put food on the table."

An Leas-Cheann Comhairle: A question, please.

Deputy Willie O'Dea: At the launch of the Labour Party policy on 23 February 2011 it was stated child benefit was often the lifeline which helped to keep food on the table and the house warm and that any further cut would create a genuine crisis.

Despite these clear, definitive and unambiguous words, the basis on which many voted for the Minister's party in the general election, in last year's budget she imposed cuts. As she is aware, some of the cuts extend over a two year period and some have yet to take effect. People will move into 2013 with a cut already due as a result of the provisions included in last year's budget. I ask this question in response to a significant campaign and a considerable number of requests I have received from constituents and further afield. Does the Minister intend to impose more cuts on top of those already imposed?

Deputy Joan Burton: The Deputy will be aware that when he was a member of the Government-----

Deputy Willie O'Dea: We are talking about today and tomorrow, not yesterday.

Deputy Joan Burton: -----one of the first actions of the Government of which he was a member in the context of the crisis it brought onto the country when it introduced the fatal bank guarantee was to cut child benefit.

Deputy Willie O'Dea: "Enough is enough" is what the Tánaiste, Deputy Eamon Gilmore, stated.

Deputy Joan Burton: As I stated, child benefit is an important support, particularly for parents. It is paid to the caring parent. There is strong recognition in Ireland that it is an important payment to families because we do not recognise children in the tax system in terms of tax allowances. Child benefit accounts for a sum of €2 billion. Family income supplement accounts for another €200 million, while qualified child allowances amount to €700 million. The back

to school clothing and footwear allowances amount to €63 million. That is a total spend of €3 billion on child and family income supports. The purpose of the review group is to determine how we can best use that funding to maintain support for families and how we can target it in a way that produces better outcomes for children who may be at risk of poverty. I am conscious, because of what Deputy O’Dea’s party did to this country, that there are many families for whom child benefit is an important part of family income.

Deputy Willie O’Dea: The situation has not got any better in the last two years.

Deputy Joan Burton: That is also true of the other payments to children. It is wrong of Fianna Fáil to decide that it is not even possible, given the way Deputy O’Dea is exclaiming here, to review or examine the entire set of payments to children and families to see if we can spend money in a way that is more targeted while retaining a strong universal element. We are trying to determine whether we can spend the funds in a way that is targeted particularly towards poorer families with children, whether in or out of work, so that poverty outcomes for children are improved.

Deputy Willie O’Dea: The Minister stated that the spend is €3 billion, but it was also €3 billion two years ago - when one takes account of the change in the value of money - when Deputy Burton said that enough was enough and there should be no more child care cuts. The Minister spoke about what she said, but what she said does not have any meaning. I am reporting what she said, as opposed to what she did.

I am not opposed to targeting at all and neither am I opposed to making people who are earning colossal amounts of money pay tax, at the very minimum, on their child benefit. I wish to draw the Minister’s attention to the fact that the Irish League of Credit Unions recently conducted a survey which showed that there are 1.85 million people whose disposable income, after all of their bills have been paid, is less than €100 per month. The survey also showed that 40% of households had to borrow money last year to pay household bills and almost one quarter of those had to resort to moneylenders. People have been subjected to increases in the cost of school transport, carbon taxes and a whole raft of other costs, including an increase in the third level registration fee, which was not supposed to happen, according to a solemn pledge signed in full view of the nation on television. There are now 750,000 people living below the internationally recognised poverty line and approximately 250,000 of those are children. Low and middle income earners have had their taxes increased by way of a reduction of 6% in tax bands and a reduction of 10% in tax credits. They are literally at the pin of their collars. Again, I ask the Minister to give people some reassurance today regarding child benefit, upon which so many families are dependent.

In her initial reply, the Minister said she would publish this report “in due course”. What does that mean? Does it mean this year, next year or in five years’ time?

Deputy Joan Burton: I am just looking at Fianna Fáil’s record, which shows that in 2010 its spend in government on child benefit was €2.2 billion. In 2011, the figure was €2 billion, and this year-----

Deputy Willie O’Dea: I asked the Minister about tomorrow, not yesterday.

Deputy Joan Burton: I ask Deputy O’Dea to allow me to give him the figures-----

Deputy Willie O’Dea: The Minister’s figures are as false as her statements in opposition.

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Deputy Joan Burton: -----because he is a bit free and easy with information which is potentially misleading.

Deputy Willie O'Dea: She said there was no room for further cuts.

Deputy Joan Burton: The spend by Fianna Fáil in 2011 was €2.076 billion and the estimated spend-----

Deputy Willie O'Dea: The Minister was going to change all that.

Deputy Joan Burton: The estimated spend-----

Deputy Willie O'Dea: The Minister was going to change all that. What about her promises?

Deputy Joan Burton: The Deputy should not be getting agitated. If we are going to have a debate-----

Deputy Willie O'Dea: What about her unambiguous words? She was going to change all of it. Hers is the party the people voted for.

An Leas-Cheann Comhairle: I ask Deputy O'Dea to allow the Minister to speak.

Deputy Willie O'Dea: They voted for the Minister on the basis that she was going to change all of that.

An Leas-Cheann Comhairle: Order, please.

Deputy Joan Burton: I urge the Deputy to try to calm himself.

Deputy Willie O'Dea: I am very calm.

Deputy Joan Burton: His blood pressure must be sky high. He should try to calm down.

Deputy Willie O'Dea: I am very, very calm. The Minister does not like having her own words quoted back at her.

Deputy Joan Burton: This year under the Labour Party-----

Deputy Willie O'Dea: Lie after lie after lie.

Deputy Joan Burton: The Deputy should calm himself.

An Leas-Cheann Comhairle: Could I be a calming influence?

Deputy Joan Burton: The Deputy will scare the children of the country if they are looking in.

Deputy Willie O'Dea: They will be scared when child benefit is cut again.

Deputy Joan Burton: The Deputy should try to calm himself. This year under the Labour Party, expenditure on child benefit has increased.

Deputy Willie O'Dea: Are they getting more?

Deputy Joan Burton: The total is now €2.078 billion.

Deputy Willie O’Dea: The Government cut child benefit.

Deputy Joan Burton: They are the statistics. Fianna Fáil and the Deputy, in particular, have always been afraid of statistics.

Deputy Willie O’Dea: Who does the Minister think she is fooling?

Deputy Joan Burton: That is a significant level of expenditure. Supports for families and children amount to more than €3 billion. Expenditure on child benefit has actually increased slightly and the Deputy should be big enough to acknowledge this. On the work of the review group-----

Deputy Willie O’Dea: We have not seen the report.

Deputy Joan Burton: -----it is good policy to examine how money is spent on children and determine whether we can target it in a way that produces better outcomes for children and families, particularly those at risk of poverty, whether at work in low income jobs or entirely dependent on social protection.

Deputy Willie O’Dea: When is the Minister going to publish the report? It is the people’s report; they paid for it. Is that her concept of transparency?

Rent Supplement Scheme Expenditure

101. **Deputy Aengus Ó Snodaigh** asked the Minister for Social Protection her views on the findings of the Focus Ireland report, *Out of Reach: The impact of changes in Rent Supplement, that persons are homeless as a consequence of the cuts to the rent supplement scheme*; her response to the findings; and the steps she will take on foot of the report. [49977/12]

Deputy Joan Burton: Approximately 89,000 persons are in receipt of rent supplement, for which the Government has provided €436 million in 2012. The aim of rent supplement is to provide short-term income assistance, rather than to act as an alternative to the other social housing schemes operated by the Exchequer. Officials in the Department are reviewing the findings and recommendations made in the Focus Ireland report, *Out of Reach: The impact of changes in Rent Supplement*, published last week and I will discuss the report with them. It should be stated the research was based on a small-scale sample of ten households, of which nine experienced homelessness at some point. This group cannot be considered as representative of the majority of the approximate 89,000 recipients of rent supplement. The report indicates that 27 landlords or property agents were interviewed by telephone.

Revised rent limits are applicable to new rent supplement tenancies from January 2012 and existing tenancies on review. These limits were set after an analysis of the most up-to-date market data available. Special provisions are in place, whereby rent limits can be exceeded in order to assist persons who are homeless or at risk of homelessness. Approximately 42,000 rent supplement claims have been awarded in 2012, which shows that accommodation can be secured within the new limits. Departmental officials are continuing to provide support and advice for customers in addressing their accommodation and other needs. They also continue to examine the impact of the rent limits on those who claim rent supplement. The next review

of rent limits will take place before June 2013.

Deputy Aengus Ó Snodaigh: The Minister was dismissive of the report by Focus Ireland. It is a snapshot in time because Focus Ireland does not have the budget to carry out a more extensive study. However, it is not the only organisation which has come to this conclusion. I do not know if the Minister is aware of Threshold's work with a significant number of tenants in the private rented sector who are in receipt of social welfare. Threshold has stated in its pre-budget submission that despite assertions to the contrary, it knows that rent supplement cuts have led to people being made homeless. In her reply to a parliamentary question I tabled on 23 October the Minister stated there would be no increase in homelessness because of these changes.

Focus Ireland works directly with the homeless and those at risk of homelessness. The Minister has a copy of the organisation's report in front of her. It confirms the assertions made by Threshold, what I have found in my constituency and what many others to whom I have talked say, that there is evidence the changes have contributed to a number of individuals becoming homeless and made it more difficult for people moving out of homelessness to secure appropriate accommodation. Somebody is telling porkies. Is it Threshold, Focus Ireland or the Minister? Somebody is ending up homeless owing to the changes made by the Minister last year.

Deputy Joan Burton: The report compiled by Focus Point, an organisation of which I have long been a supporter, is important. What I said was that the sample number of cases, ten, out of a total of 89,000, was part of the organisation's caseload for the current period and very small. They were particular cases in which Focus Point had dealt with individuals with problems. None of the individuals included in the study was unable to access accommodation ultimately. However, having looked at the cases included in the sample, I was surprised that two of the individuals were aged only 20 or under 20 years. As the report did not go into their family histories, I am unaware of the particular problems. However, I am concerned that young people of that age have left home. I would like to see the emphasis in public policy on young people of that age being encouraged to remain at home with their families. In addition, two of the cases concerned families, the members of which had described themselves as Travellers whom they felt suffered discrimination. This, therefore, was not an issue of homelessness but another issue.

All I am saying is that the sample chosen only amounted to ten cases. The Department has settled 42,000 housing rent cases under the new arrangements this year. The new rent levels are designed to ensure rents reflect what is considered to be an appropriate level to meet the circumstances of the family or individual involved. It is important I ensure the Department which holds a share of approximately 30% of the private rental market does not drive up rents. Some people in work, students and older people are renting and paying their own rent. If the Department, as a large participant in the rental market, drives up rents, it will have consequences for people who are working, families paying for students going to college and older people paying their own rent. Given the fallen values in the property market, the reductions sought in rent supplement which are extremely modest constitute an appropriate action. The collapse in values in the property market ought to be reflected in lower rents.

Deputy Aengus Ó Snodaigh: The Minister is in denial of the reality in the property market and the rental market, in particular, in this city, Cork and Galway, as seen in the *Daft.ie* rental report for the second quarter of this year. Has the Minister been made aware of the fact that rents are rising in these areas? Is she living in denial of the reality for young people? In many cases,

young people end up out of their homes for various reasons. It is a bad sign that a Labour Party Minister, in particular, is suggesting such persons should return to abusive homes or homes they have left for other reasons and that they cannot rely on State aid or intervention.

Deputy Joan Burton: During the years I have known people who, unfortunately, have become homeless. I know it is important to have policies that support young people as much as possible to stay in their own homes or with relatives if they are unable to stay with their parents for some reason. A structure that essentially allows young people who have left their homes to drift and move around - they may be on social welfare and living in bed and breakfast accommodation - is not the best outcome. I support a fail-safe mechanism which looks after young people who have left their homes for some reason, perhaps in the circumstances described by the Deputy. That mechanism is also supported by the State. As a matter of public policy, we should try to ensure as few people as possible experience the particular circumstances of leaving home. During the years Focus Point has been very aware of the need for long-term solutions to housing problems in order that people can have a place of their own. I reiterate that 42,000 rent supplement amounts have been negotiated in the cities described by the Deputy. While I accept that some difficulties are being experienced, I emphasise that the vast majority of rental cases are being settled and that people paying tax and PRSI are getting better value when their taxes are being spent. That is better than spending the moneys to increase the rents received by landlords, which is what Sinn Féin seems to be suggesting.

Deputy Aengus Ó Snodaigh: The Minister knows very well that we want to do the exact opposite.

Deputy Joan Burton: It wants to drive up rents.

Deputy Aengus Ó Snodaigh: We have had this argument before. We have said the State should negotiate directly.

Social Welfare Appeals Delays

102. **Deputy Seamus Healy** asked the Minister for Social Protection her plans to reform the social welfare appeals system in view of the recent FLAC report; her further plans to address delays in the issuing of decisions and the reductions in oral hearings; her views on the importance of consistency, transparency and proper access to legal advice and representation for applicants; and if she will make a statement on the matter. [50056/12]

Deputy Joan Burton: The social welfare appeals office is a separate executive office with its own premises and staff. It operates independently of the Department and the Minister. The appeals process has a statutory basis in secondary legislation. As appeals officers are quasi-judicial, they are required to be free and unrestricted in discharging their functions. The high level of appeals allowed - 42% in 2011 - is evidence of the independence of the process. Significant resources are being assigned to improve initial decision-making and thereby reduce the number of appeals. A formal two week deciding officer training course was designed and launched in November 2011 for staff working in the areas of jobseekers' claims and decisions. The course includes scheme conditions, legislation, best practice procedures and areas such as natural justice, good decision-making and proper customer service standards. Initial work has started to develop further training for deciding officers in other scheme areas relating to decision-making, reviewing decisions and appeals submissions.

As Deputies are aware, the rapid and sustained increase in the number of appeals since 2009 has placed extraordinary pressure on the social welfare appeals office. Significant resources and efforts have been put into reducing backlogs and improving processing times for appellants. For example, 15 additional appeals officers have been assigned, retired experienced officers were retained for 18 months ending in December 2011, business processes have been improved and a new operating model has been implemented. As a result of these measures, there has been a significant increase in the number of finalised appeals, from an average of 13,500 some years ago to 34,027 in 2011. Processing times were reduced by 10.2 weeks overall in the nine months to September 2012. The oral hearing time is down by 12.5 weeks, while the summary decision time is up by 2.3 weeks.

Additional information not given on the floor of the House

I am advised by the chief appeals officer that eight very experienced retired appeals officers were retained from July 2010 until December 2011. Their employment resulted in the front-loading of summary decisions during this period. As a result, during 2010, a total of 11,985 cases, or 69%, were decided on a summary basis as against 5,514, or 31%, which were given following an oral hearing. The corresponding figures for 2011 were 16,569, or 65%, and 8,821, or 35%. To the end of October 2012, some 10,602 cases or 57% had been decided on a summary basis, as against 7,992, or 43%, following an oral hearing. Consistency and transparency in decision-making are crucial for people in accessing their rights. This is addressed by the Department through training and information provided for deciding officers. It is the statutory responsibility of the chief appeals officer to convene meetings of appeals officers for the purposes of ensuring consistency. The Department provides some €10.735 million in funding for a number of agencies involved in providing advocacy and information services for people on their social welfare rights and how to process its systems.

Deputy Seamus Healy: I am not quite sure what the Minister is saying but she seems to be suggesting that, while there is a difficulty, it has been dealt with or is clearly on the way to being dealt with. I certainly do not see that on the ground; nor do the applicants. Currently, there are long waiting times of anything up to ten months for applicants for the various schemes. The review system that was put in place was dealing with cases in three to four weeks at one stage but is now taking 12 to 16 weeks. Appeals are taking around 12 months in many cases. There appears to be a situation in which the vast majority of appeals are being dealt with on a desktop basis and requests for oral hearings are not being granted.

The effect of this is huge stress on applicants and their families. In some cases, which I am sure other Members have come across, applicants and appellants have actually passed away during the course of the process.

Deputy Joan Burton: I thank the Deputy for raising the issue. To go through the statistics again, the number of cases finalised in 2009 was 13,500, but that increased to 34,000 in 2011.

Deputy Seamus Healy: How long are they taking?

Deputy Joan Burton: Just so the Deputy understands, there has been an enormous expansion in the number of appeals. The Deputy is probably aware that in 2009 the former Fianna Fáil Government reduced the illness benefit period, which had previously been unlimited, to two years. The consequence is that many people who were in that system are now reaching the limit of their illness benefit. This is one factor that has increased the number of appeals.

The actual reduction in times this year is because of new practices and the extra staff I appointed as soon as I became Minister. However, those extra staff have to be trained. We launched training for deciding officers shortly after I became Minister, so up to now there has been a reduction in processing times of ten weeks, and summary decisions are also now at a fairly high level.

There is one unique feature of the Irish system, which is that people can make multiple applications in regard to the same set of circumstances. We do not tell people that they must provide all the information immediately because we allow them to submit extra evidence. Very often, for example, we get a letter from a GP stating “I support this applicant’s request,” but that does not really constitute evidence for the deciding officer. The person might then go to someone like the Deputy and be advised that he or she needs a stronger statement that relates to medical evidence to back up the application, and perhaps to get other advice as well, and we allow that information to be resubmitted. This is one of the reasons appeals have been taking so long: many people who lodge an appeal do not initially provide all the information pertinent to their cases.

Deputy Seamus Healy: I raised two specific matters. The Minister is referring to the review procedure. When that was introduced it took three to four weeks to come to a decision, but it is now taking 12 to 16 weeks, so something is seriously wrong. The overall waiting period is absolutely unacceptable. The Minister responded to a question I asked some time ago on the matter of emergency applications. People have passed away during the course of this process. It should be possible to allow for emergency applications to be made, but that does not appear to be the case currently.

I brought to the Minister’s attention some time ago the case of an application for carer’s allowance in which the carer had changed. A sister or brother was no longer able to care for the person concerned and a new application was made, which again took 32 weeks to be decided on. I suggested that, while a means test for the carer is necessary, the entire process could have been shortened by acceptance of the original medical evidence.

Deputy Joan Burton: I recall the Deputy’s interest in that particular case. Unfortunately, the purpose of the carer’s allowance is to provide income support for a named individual who is a full-time carer. Although I understand the point made by the Deputy, it is not technically possible to swap the allowance when a different individual takes over the role of carer. I accept that the circumstances in the same family could be similar, but a different individual is in question. We will examine the matter.

With regard to emergency situations, because of all the work that has been done to improve the processing procedures, the situation should have improved significantly. With regard to the question of presenting the appropriate information at the start of the process, my Department spends approximately €47 million on the annual budget of Citizens’ Information and MABS, which, as Deputies are aware, provide much advice to people making applications and appeals. We fund the Irish Congress of Trade Unions information centres around the country at a cost of several million. We also fund the Northside Community Law Centre and, in addition, we fund many community employment schemes which have a social welfare information element. We probably need to examine the situation to see whether we can improve it to ensure that what the Deputy describes as urgent cases, which perhaps stand out because of the gravity of the illnesses involved, can be fast-tracked.

On the broader question of applications that are simply incomplete, some systems do not allow incomplete applications. Where people make repeated applications, this is one of the reasons that, with the explosion in numbers, urgent cases can end up stuck alongside people who resubmit evidence numerous times.

Free Travel Scheme Administration

103. **Deputy Willie O’Dea** asked the Minister for Social Protection if the free travel pass scheme will be fully maintained in budget 2013; her future plans for the scheme; and if she will make a statement on the matter. [49975/12]

(Deputy Joan Burton): The free travel scheme is available to all people living in the State aged 66 years of age or over. It is available to carers and to people who are in receipt of certain disability-type payments. Currently, more than 745,000 customers are eligible for free travel in those categories - retired people, carers and people who are in receipt of disability-type payments. In addition, there are more than 300,000 companion passes, which brings the total number in receipt of free travel eligibility to more than 1.1 million customers. The scheme provides free travel on Dublin Bus, Bus Éireann, Irish Rail and Luas as well as services provided by more than 90 private operators. The previous Government, of which Deputy Willie O’Dea was a member, froze expenditure on the scheme in 2010 and it has remained at almost €76 million since.

There are considerable challenges ahead in protecting, as far as possible, the key income supports provided by my Department which impact in some way on the lives of almost every person in the State. As part of the deliberative process for the budget, we are reviewing all of the headings under which the Department spends money. As I stated in response to the Deputy’s earlier question, no decisions have been made at this time on the upcoming budget. An interdepartmental review of the free travel scheme is being carried out with a view to ensuring the scheme operates in a sustainable and cost effective manner. The scheme plays an enormous role in the lives of very many citizens and in preventing the social isolation of elderly people. However, it is also important to look at issues certain operators have raised. They believe some individuals who are not entitled to free travel are utilising the scheme, thereby undermining it for those properly entitled to free travel.

Deputy Willie O’Dea: Unlike the Minister, I am not irredeemably wedded to the notion of universality, whereby people obtain benefits regardless of their circumstances. Nevertheless, the Minister will agree with me that the free travel scheme has been an outstanding success and played a huge role in combating social isolation. Recently, my attention was drawn to a heavyweight report produced by the Imperial College, London, which set out in some detail the health benefits of the free travel scheme operated in the United Kingdom. I will not go into the report in detail but merely refer to it in passing.

An article in *The Sunday Business Post* of 4 November stated: “The free travel scheme is likely to be means-tested for new pensioners in the budget in order to meet the demands of the troika, and the cost of universal payments is likely to be curtailed”. The article further stated two elements were under consideration, first, that entitlement to free travel be means-tested along the lines of the means test applied to the medical card for those aged over 70 years; and, second, that there be a certain administrative charge, either in addition to or instead of means testing. I am not sure which is intended. Is either or both proposals under consideration?

Deputy Joan Burton: I have noted how valuable free travel is in Ireland, particularly for retired people and those with serious mobility impairments. It is a considerable cause for celebration in Ireland that retired people can avail of free travel. There were requests from a number of operators that we look at elements of the scheme because it was believed there was some abuse by persons not entitled to use it. These persons may have been using fraudulent passes or passes to which they were not entitled. The review is ongoing and no decision has been made. I appreciate how much people value the free travel scheme. *The Sunday Business Post* may have views on how the scheme might be changed, but in framing the budget the Government will act in the best interests of all the people in Ireland, including retired individuals who have enjoyed the benefits of the scheme.

Deputy Willie O’Dea: The Minister referred to the previous Government as having frozen the amount payable to the Department of Social Protection, which is true. However, under freedom of information regulations, the writer of the article in *The Sunday Business Post* had obtained a letter from the Minister for Transport, Tourism and Sport, Deputy Leo Varadkar, to the Minister for Social Protection, Deputy Joan Burton, which stated: “While the money paid by your Department to CIE does not cover the cost of providing free travel - €77 million - CIE is nonetheless willing to continue to provide free travel to seniors at the same price to the Department of Social Protection.” There has been some creative arithmetic in this instance. I presume that the €77 million to which the Minister for Transport, Tourism and Sport, Deputy Leo Varadkar, refers is based on an assumption that those who avail of free travel would pay full fares if the scheme relating to such travel was brought to an end. Obviously, that would not be the case. What the Minister for Transport, Tourism and Sport is saying is that while CIE has indicated that €77 million does not cover the full cost of the service, the company remains willing to offer it for that amount. If a means test along the lines suggested was applied, a minority of those availing of free travel would no longer be eligible. CIE has indicated that it is not in receipt of the full amount, but I presume it will still be given the €77 million to which I refer. In that context, where will the savings be made?

Deputy Joan Burton: CIE is very happy to be part of the scheme which it sees as a valuable source of income. The company’s income from other passengers has fallen owing to the economic collapse brought about by the bank guarantee and the difficulties in the construction sector. I am well aware that the company is anxious to continue to be part of the scheme, from which to date one company has withdrawn. That company operated a dedicated service from Galway to Dublin Airport. The proprietors met representatives from my Department early last December and advised that they had pulled out of the scheme because they considered it no longer commercially viable to continue. Pensioners wishing to travel from Galway to Dublin Airport and *vice versa* would, of course, be in a position to avail of other services. Other than that one instance, I am not aware of any operator - least of all CIE, which values this source of revenue - wishing to withdraw from the scheme.

As stated, some operators have suggested a degree of abuse has taken place perpetrated by people not entitled to free travel passes being in possession of them or of forged versions. Some 14 joint operations have been carried out with Veolia, the company which operates Luas. One of these, the multi-agency Operation Clean Tram, was designed to target fraud. The agencies involved carried out a number of exercises to identify persons engaged in the improper use of passes. During October and November a total of 46 passes were seized. Operations of this nature are ongoing in order to ensure only those properly entitled to free travel actually avail of it.

Social Welfare Payments Waiting Times

104. **Deputy Luke ‘Ming’ Flanagan** asked the Minister for Social Protection the origins of the term “headline rates of social welfare” and the meaning of the term; and if she will make a statement on the matter. [50112/12]

(Deputy Joan Burton): I do not recall using the term “headline rates of social welfare,” but when I used the term “core social welfare payments” recently, I was referring to the primary weekly payments intended to enable those in receipt of them to meet their basic day-to-day income needs. The Department also makes a range of other payments on a weekly, monthly or less frequent basis. As a result of the fact that these are paid in addition to weekly income support payments, they are considered non-primary in nature. Members will be aware that, as a result of the Exchequer deficit and the fact that it is involved in a structural adjustment programme in order to secure funding for the country, the Government committed to raising additional revenues and reducing overall expenditure in 2013 and beyond. This is important not only in order that we can recover our economic sovereignty but also to ensure the social protection system will be sustainable into the future.

No decisions have been made at this stage as to how these very challenging budgetary targets will be met. However, as social protection accounts for 39% of gross current Government spending, restoring balance to the Government’s finances will require a critical analysis of social welfare policy and expenditure. The programme for Government contains a commitment to maintain social welfare rates. The Government will finalise its consideration of the budget in the coming weeks, having regard to all of its commitments. The outcome of this process will be announced on budget day.

Deputy Luke ‘Ming’ Flanagan: I thank the Minister. Whether she calls them “primary” or “headline” rates, her commitment not to cut them is not, in reality, of much benefit to people on social welfare if she cuts the non-headline and non-primary rates. A cut in the fuel allowance has the same impact on recipients as a cut in the primary rate of social welfare. It might look better in the newspapers and members of the Government might be able to spin it to imply they have kept their promise, but the individuals in question end up with less money. With regard to the cuts in rent allowance, it was supposed that the landlords would all jog along and cut their rents, but they have not done so. Claiming that headline or primary rates of social welfare have not been cut means nothing because the Minister is actually cutting the amount of money per week that people have to live on. I thank her for the lecture on how the economy is working and the amount being expended on social welfare, but the reality is that those people on social welfare can barely survive. If the Minister cuts their rates, whatever sort of spin she wants to put on it, this will leave them in an even more dire situation.

Deputy O’Dea pointed out the facts from the Irish League of Credit Unions survey. It has been quoted so much at this stage that it is putting Shakespeare into second place for quotable documents in this place. Unfortunately, no matter how often we quote it, the Minister does not seem to listen. Either that or she does not believe the survey. Her cuts, whatever she calls them, are having the same impact.

Deputy Joan Burton: I am sure the Deputy knows that the reason people have suffered such a fall in their living standards-----

Deputy Luke ‘Ming’ Flanagan: Yes - Fianna Fáil.

Deputy Joan Burton: -----is not social welfare. The country became over-reliant on the construction industry and the construction bubble collapsed. Currently almost 100,000 people are unemployed as a consequence of that collapse. The crash was not caused by the social welfare system; it was caused by the collapse of the construction industry and the bank guarantee which turned into such a disaster for the country. As a consequence, we have ended up in a structural adjustment programme with the troika in which we have to trim expenditure in order to return the country to growth and sustainability.

Deputy Flanagan may differ from me in his take on core social welfare rates, but for those reliant for their income on social welfare, the core rates are important because that is the core part of their weekly income. If it is their sole income they rely on it for their living expenses, to buy the messages and to live their lives. I disagree with the Deputy that the core social welfare rates - the weekly payment on which so many people, particularly pensioners, rely - are not significant. They are very significant, in my view. The Government has been correct in seeking to protect that payment. The previous Government on two occasions cut the core weekly social welfare rates by €8. People still mention that cut to me all the time.

I do not wish to be dishonest. The country is in a difficult place and we need to find savings. This commitment was agreed to by Fianna Fáil with the troika. However, we have to find those savings in a manner which protects vulnerable people and which supports their core weekly payments. That is my approach, but no decisions will be made about any element of social welfare until the Government, as a whole, decides on the budget. The announcements will be made on budget day.

Deputy Luke ‘Ming’ Flanagan: The new word is not “headline” or “primary” but “core”. As I stated, when one cuts social welfare payments such as rent allowance or fuel allowance, it affects everyone in the same way. It is not as if different moneys are being withdrawn. A cut to one’s rent allowance means the “core payment”, as the Minister calls it, does not go as far. Given that the Minister mentioned being honest, I ask her to be honest and tell the public that if the Government continues to do what it is doing, it will actually cut people’s social welfare payments.

I noted the way in which the Minister referred to “pensioners in particular”. She is obviously worried about the audience who might believe she is standing up too much for people on the dole, but the reality is that the vast majority of those on social welfare were working a few years ago. They are hard-working people who would like to be working now and the Minister should not be ashamed to stand up for them. She should not say she is just talking about pensioners in the belief it might read better in the newspapers.

Deputy Joan Burton: The collapse in the construction industry, largely the cause of long-term unemployment, was not the fault of the social welfare system, at the time in question or now; rather it was the consequence of greed in the economy and the inappropriate tax breaks that had created the bubble. As the Deputy rightly stated, many people who worked hard and earned good money during the boom suddenly found themselves without a job. That is why, in my job as Minister for Social Protection, I have emphasised creating a social welfare system that will help the people in question to get back to work. The objective is that, if they cannot return to building, they will be able to find employment in another area. They can return to education or training. They can join the community employment scheme or the Tús scheme in their local area, for instance. Thus, as many as possible will have opportunities. My Department supports approximately 10,000 people at any one time in starting their own businesses.

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Therefore, there is no one solution that fits everybody. Instead, we are creating more than a dozen pathways, including education, training, work experience, community employment, the Tús scheme, starting one's own business and enterprise allowances, to give as many as possible an opportunity to get back on their feet and back to work.

Deputy Luke 'Ming' Flanagan: Put them all under the umbrella of "cul-de-sac".

Deputy Joan Burton: It is when people are activated and back at work that the economy will improve for everybody. When this occurs, the social insurance fund will be restored to balance. People going back to work will pay PRSI which will improve the social insurance fund which is seriously in deficit because of the crash. It will help us to improve what we do to support those on social welfare.

Visit by Democratic Republic of Congo Delegation

An Ceann Comhairle: Before proceeding, I extend a warm welcome to the Minister for the Environment, Nature Conservation and Tourism from the Democratic Republic of Congo, His Excellency Bavon N'sa Mputu Elima. I wish him well on his visit.

Minister for Social Protection (Deputy Joan Burton): I extend a *karibu* to the honourable Minister from the Democratic Republic of Congo. I have had the opportunity to visit the country on a number of occasions.

3 o'clock

Ceisteanna - Questions (Resumed)

Other Questions

Community Employment Schemes Funding

105. **Deputy Charlie McConalogue** asked the Minister for Social Protection her plans for community employment schemes in budget 2013; and if she will make a statement on the matter. [49883/12]

Minister for Social Protection (Deputy Joan Burton) (Deputy Joan Burton): Community employment, CE, is the largest employment programme administered by the Department of Social Protection and forms an important pillar of the strategy to return those who are long-term unemployed to the open labour market. There are currently 23,300 places, including about 1,400 supervisory positions, available on CE and the revised budget for 2012 is about €340 million. There has been no reduction in the number of CE places or in the number of supervisors for 2012. The programme addresses the multiple needs of people who are often far from ready for employment and experiencing a range of social and economic problems by operating

within local and community contexts and responding to needs identified by a variety of community groups.

Earlier this year, a financial review of individual CE schemes was undertaken by local staff in the Department. This was a valuable exercise which resulted in an increased understanding and improved communication between the parties involved. I want to take the opportunity to thank all of the scheme sponsors for their co-operation with this review and for implementing the necessary changes arising from it. So far, savings have been achieved in audit and insurance costs. There has been a refocusing on the importance of the programme in the lives of individual jobseekers and the supports the CE schemes give to local communities. The Department is committed to reforming CE to ensure delivery of service, value for money and the progression of individuals under the programme. The broad policy direction for CE in 2013 and future years will be based on the main action points coming from the CE financial review which was recently published by the Department. These include restructuring smaller schemes into more cost-effective units of provision. This will involve bringing together similar types of scheme and strengthening the viability of schemes, particularly in rural communities. For sponsoring organisations that have a number of CE schemes, it will involve amalgamating these into larger entities, thus saving on operational costs such as audit fees. I am also considering having schemes approved on a multi-annual basis instead of on an annual basis, as is the current practice.

Additional information not given on the floor of the House

This will give an opportunity for schemes to have more focused actions in extended time-frames, which will enhance their capacity to meet the objectives of CE.

In addition, the Department is currently finalising a review of employment support schemes, which includes CE. This will provide a broader perspective on how such schemes contribute to the Department's activation policy and how this can best be maximised.

Deputy Willie O'Dea: The question to which we want to know the answer is whether the funding for CE schemes will be maintained this year. It was slashed last year, as the Minister is aware, and she is telling us that has not made any difference. A good deal of money must have been wasted on CE schemes in the preceding years because, as I recall, the cut last year was significant, yet she is telling us it made no difference. I am informed by people in the Limerick region that the operations budget allows insurance costs of €50 per person, which adds up to €850 for 17 people. That is grossly inadequate, and the sponsors must come up with the balance, which in many cases they cannot do. I am also informed that in the Limerick region the training budget, which can only be used for accredited training, is approximately €250 per individual. One would get very little training for €250. The people on the ground tell me the life is literally being squeezed out of the system and the situation has deteriorated markedly as a result of last year's cuts. Is the Minister conscious of the situation on the ground? Will she agree that these cuts are something of a false economy, because many of the services that will be squeezed out of existence as a result of these cuts will have to be taken up by the State for a far higher price?

Deputy Joan Burton: I am happy to say I have had opportunities to personally visit CE schemes in most parts of the country and have had lengthy discussions with scheme sponsors and the people working on different schemes to see for myself the kind of work being done in communities throughout the country. I am more convinced than ever that CE has an important

role to play in communities in providing the range and type of services it provides but also in providing a good-quality experience for the person who is on CE.

The review has thrown up a number of interesting points. I was surprised by the extent of administration involved in CE schemes, with almost 1,000 different companies carrying separate audit fees, and there is the issue of insurance, to which the Deputy referred. My Department has been absolutely right in identifying these areas of very large and expensive administrative structures through very large numbers of companies and saving on those kinds of overheads. It is appropriate that my Department has been getting more favourable costings for insurance. It has been looking at amalgamating schemes which may be adjacent to each other in a particular area or town. It has also been working on future budgeting patterns for the schemes such as multi-annual budgeting which would normally be the case in organisations which are doing this kind of developmental work and supplying services to the local population.

An Leas-Cheann Comhairle: Thank you, Minister.

Deputy Joan Burton: I am confident the future of community employment schemes is very strong and positive and that the Government will remain committed to funding them while making provision for savings and reforms in them which will cut down on unnecessary duplication of administration. This may, unfortunately, have crept into the schemes during Deputy O'Dea's time in power.

Deputy Willie O'Dea: We should have Question Time on social protection more often because we have achieved much today. We have discovered that child benefit is increasing rather than reducing. We have learned that community employment schemes are thriving despite their funding being slashed. We have learned that delays in social welfare payments are reducing rather than increasing every day. We even learned Sinn Féin supports private landlords. Even I do not believe that.

Deputy Aengus Ó Snodaigh: I did not even know that one.

An Leas-Cheann Comhairle: Can we have a question, please?

Deputy Willie O'Dea: There is a commitment in the programme for Government for the Pathways to Work proposals to target realigning one third of community employment schemes towards labour market activation measures. What is the position on this? There is also a commitment, incidentally, in the Fine Gael election manifesto - a historic document which will no doubt be preserved in the archives in Dublin Castle or someplace - which states on the specific expansion of 5,000 community employment schemes:

This will offer community employment places to people currently on the live register. We will reform community employment to make it more market-orientated with many more placements in private sector businesses. With this aim in mind, we will cut the length of the standard community employment scheme to six months, except for specific progression purposes, and strengthen the programme with regard to job search support.

What has happened to this commitment?

Deputy Mick Wallace: The Minister agrees the community employment schemes are of great benefit to those who work in them, serve the people well and provide a significant social dividend. With much of the cost-saving measures that the Government is trying to implement

like local government reform, it is more about saving money than actually reforming. I have had several schemes in Wexford on to me stating they really could not suffer another cut in funding. They now have to fund-raise to survive. One cannot put a price on the social dividend that community projects like this provide for the State. It would be a false economy on the part of the Government to cut the schemes' funding in the upcoming budget. Not only would it be socially damaging but it would also be economically damaging in the long term. It is important the Minister does not allow any cuts to the schemes.

Deputy Aengus Ó Snodaigh: Are there any plans to increase the numbers participating in community employment schemes? Separate to this, is the Minister aware the changes brought about last year excluded two categories from the schemes? In figures the Minister gave me last week in a reply to a parliamentary question, I note there are now 712 fewer people participating in schemes at this stage than there was last year. Of those, there is a substantial drop, 24%, in those in receipt of disability allowance and a 32% drop in those receiving the one-parent family allowance. Are there any plans to reverse this? Are there any plans to deal with discrimination or the effects of the exclusion of those categories of people who were able to use the scheme to come out of the poverty trap and gain access to vital training?

The other question relates to the extensions. They do not apply to a community employment scheme for one year. This is of no use to many of the participants. They do not have full access to the training courses required because they may take longer than 12 months.

Deputy Joan Burton: I regret that the facts are inconvenient for Deputy O'Dea. As a consequence of the review, many community employment schemes have applied for additional places. This is a strong sign of how much the services provided by the schemes are in demand. In the context of the budget, this is something I will be discussing with my colleagues.

Since I became Minister, I have set up two additional opportunities which are available for those who have unfortunately become unemployed. The first is the national JobBridge internship programme, which currently has more than 5,000 participants, with a further 5,000 having completed the programme. This is available to the private sector and to the public, voluntary and community sectors and it has been highly successful. A recent independent report by Indecon indicated that approximately 50% of the people who have completed an internship have gone on to obtain further employment. The second is the creation of local development networks, which have been popular with local partnerships such as Leader programme companies. More than 5,000 Tús places have been provided. It is a one-year programme which has proven most popular and beneficial to the areas in which it has operated. I hope we will be able to provide more activation places, but this is something I must negotiate with my colleagues in the Department of Finance. It will be especially helpful for people who have unfortunately ended up unemployed long-term because of the recession. It is important to create as many opportunities and pathways as possible to allow them to get a fresh start, whether in their areas of expertise or experience or in completely new areas. The Government has set out to do this.

Rent Supplement Scheme Payments

106. **Deputy John Halligan** asked the Minister for Social Protection if she will examine the cases of persons (details supplied) in relation to community welfare offices having flexibility in making payments. [49921/12]

108. **Deputy Sean Fleming** asked the Minister for Social Protection her views on whether reductions in rent supplement has led to an increase in homelessness; and if she will make a statement on the matter. [49901/12]

125. **Deputy Thomas Pringle** asked the Minister for Social Protection if she will examine the cases of persons (details supplied) in relation to community welfare offices having flexibility in making payments. [49920/12]

131. **Deputy Richard Boyd Barrett** asked the Minister for Social Protection if she will respond to evidence that new rent allowance limits are resulting in tenants becoming homeless and or living in overcrowded situations; and if she will make a statement on the matter. [49916/12]

141. **Deputy John Halligan** asked the Minister for Social Protection if she will respond to evidence that new rent allowance limits are resulting in tenants becoming homeless and or living in overcrowded situations; and if she will make a statement on the matter. [49917/12]

Deputy Joan Burton: I propose to take Questions Nos. 106, 108, 125, 131 and 141 together.

There are currently approximately 89,000 persons in receipt of rent supplement, for which the Government has provided €436 million in 2012. Revised rent limits are applicable to new rent supplement tenancies from January 2012 and existing tenancies on review. These limits were set up after an analysis of the most up-to-date market data available. Special provisions can be made in exceptional circumstances, including, for example, people with disabilities in specially adapted accommodation or homeless persons.

With regard to the specific case referred to by Deputies Halligan and Pringle, I understand the person concerned contacted the Department regarding his entitlement to rent supplement on 7 November 2012. According to the information available to the Department, the person is not known to be homeless, nor is he known to be residing in a homeless unit in the Dún Laoghaire area. I presume the earlier reference to evidence refers to the recently published report by Focus Ireland, *Out of Reach: The Impact of Changes in Rent Supplement*. I remarked earlier that this was based on a small sample of ten cases out of approximately 89,000 who have been granted rent supplement. Approximately 42,000 of these cases were negotiated since the changes in rent supplement were implemented. Department officials continue to liaise with regard to the particular circumstances in the case of the individual referred to. I understand he is a separated person and that the family home will be sold in several years' time. He was on illness benefit but, as I understand it, the illness benefit ran out. The person has made other applications to the Department and is currently receiving payment from the Department in respect of a basic income supplement.

Deputy Richard Boyd Barrett: The evidence is piling up to the effect that the cutting of rent allowance caps by the Minister is leading directly to homelessness. On three occasions before the summer I was contacted by dozens of families who were threatened with homelessness or had been made homeless as a result of the rent allowance cuts. Since then Focus Ireland, Threshold and other Deputies have raised the issue, but the Minister has stated there has been no incidence of homelessness due to these changes. Again, today, I have presented the Minister with two concrete cases. One involves a former council worker who had worked for 40 years. He had a heart attack, followed by heart surgery during which stents were inserted. He had to

leave his job as a result and is now being denied rent allowance. When he met the rent allowance officer and explained that the rent for the place in which he had been living for many years was €800, she laughed at him and suggested he need not bother applying. He is now threatened with homelessness. The other man was a barber who lived in the place where he worked. When he lost his job he was made homeless and is now living in a hostel in Bride Street, although he is from Dún Laoghaire, because he cannot get a place within the rent caps.

I went on the *www.daft.ie* website today to look for accommodation at or under the rent allowance cap in Dublin. Not one place of accommodation in south Dublin was available at or below €475 per month. These people are facing homelessness. One of them has been made homeless, along with dozens if not hundreds of others. What will the Minister do about it? Will she raise the rent caps back to sustainable levels or introduce rent controls if bringing down rents is the real agenda? At any rate, she should stop this policy, which is making people homeless.

An Leas-Cheann Comhairle: Deputy O’Dea also has a question. I can only call the Deputies who have put questions.

Deputy Willie O’Dea: I wish to follow up on the comments of Deputy Boyd Barrett. I am unsure from where the Minister is getting her information. I can submit several concrete examples from my city in which the rent allowance cap has led to homelessness. I can provide actual instances. Despite the information the Minister received from her Department to the effect that it is not causing homelessness, manifestly it is doing so.

Is the Minister aware of a widespread practice whereby the landlord and tenant collude to leave the rent at a certain level to qualify for rent allowance, while the tenant pays a top-up sum under the counter to the landlord? Strictly speaking it is illegal, but it is taking place and it is causing great hardship. It is the only way around the cap. Is the Minister aware of it?

Deputy Joan Burton: I wish to inform the Deputy from Dún Laoghaire that the rent limit for a couple with three children in Dún Laoghaire for a three bedroom house is €950 per month.

Deputy Richard Boyd Barrett: I was referring to a single person. The figure is €475.

Deputy Joan Burton: For people at work who are paying tax, it represents a lot of money to pay rents to landlords of €950 per month.

Deputy Richard Boyd Barrett: If that is the Minister’s concern she should introduce rent controls rather than make people homeless.

Deputy Joan Burton: These taxpayers are paying tax and PRSI. Deputy Boyd Barrett seems to be on a mission to raise rents for landlords, but I believe he is wrong to try to raise rents for private landlords.

Deputy Richard Boyd Barrett: I am saying the Minister should introduce rent controls.

Deputy Timmy Dooley: It is great to hear that logic from the Labour Party.

Deputy Richard Boyd Barrett: The Minister should introduce rent controls. She should get out of the bubble.

Deputy Joan Burton: We are paying for it.

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Deputy Joe Higgins: Why does the Government not build social housing?

Deputy Joan Burton: Taxpayers in this country will pay €435 million in rent supplements to private landlords.

An Leas-Cheann Comhairle: The Minister to conclude.

Deputy Joan Burton: Coming from Dún Laoghaire, Deputy Boyd Barrett may feel that €435 million is a small amount of money but it is not a small amount of money to me.

Deputy Richard Boyd Barrett: Here is a man with a heart condition who will be homeless as a result of the Minister's policies.

Deputy Joan Burton: Dún Laoghaire and the south-side may well be different. The Government is currently supporting 89,000 persons in rented accommodation.

Deputy Finian McGrath: That is Chairman Mao stuff.

Deputy Joan Burton: One can scoff at that, at a cost of €435 million.

Deputy Finian McGrath: That is the conscience of the Labour Party Chairman Mao.

Deputy Joan Burton: Some 42,000 rents have been renegotiated so far this year using the limits.

Deputy Richard Boyd Barrett: The Minister should go on *daft.ie* and find somewhere for €425 in south Dublin.

Deputy Micheál Martin: The concerns of Limerick were not addressed at all.

Topical Issue Matters

An Leas-Cheann Comhairle: I wish to advise the House of the following matters in respect of which notice has been given under Standing Order 27A and the name of the Member in each case: (1) Deputy Colm Keaveney - the need for the Minister for Communications, Energy and Natural Resources to examine the way in which ComReg deals with An Post; (2) Deputy Paschal Donohoe - the steps that can be taken to ensure that banks pass on the additional mortgage interest relief; (3) Deputies Paudie Coffey, Ciara Conway, John Paul Phelan and John Halligan - the potential impact on Waterford Regional Hospital of the proposed reconfiguration of hospital services in the south east; (4) Deputy Michael McNamara - the need to introduce measures to contain ash dieback; (5) Deputy Michael Healy-Rae - the negative impact of the proposed alignment of the 52 local development companies with local authorities; (6) Deputy James Bannon - the potential national fallout of the loss of approximately 100 jobs at Ericsson, Athlone, County Westmeath; (7) Deputy Regina Doherty - the need to relax the liability whereby businesses letting premises are liable for the rates arrears of the previous tenant; (8) Deputy John O'Mahony - the procedures used by North East Leader Company, County Mayo and the effects it has on funding following the investigation by the Department of the Environment, Community and Local Government; (9) Deputy Patrick O'Donovan - the need for legislation and regulations to cover the provision of professional home care for elderly and vulnerable people; (10) Deputy Mary Mitchell O'Connor - the need for greater awareness and action to protect victims of violence in home; (11) Deputy Robert Troy - the Supreme Court's

finding in relation to the recent referendum on the rights of children; (12) Deputy Mary Lou McDonald - the impact on the families of a decision to transfer 2nd Field Engineers from Dublin's McKee Barracks to Athlone; (13) Deputy Seamus Kirk - the need to examine legislation to deal with persistent and vexatious planning objections; (14) Deputy Pat Deering - the need to examine anomalies in the back-to-education allowance; (15) Deputy Pat Breen - the recent changes in eligibility criteria for participants on community employment schemes, particularly those in the Kilrush and Ballyea areas of County Clare; (16) Deputy Brian Stanley - visits to counties Laois and Offaly by the IDA in the past two years; (17) Deputy Aengus Ó Snodaigh - the failure to open the new purpose built 70 bed public nursing home in Inchicore, Dublin, and his plans with regard to same; (18) Deputy Seán Kyne - the need to maintain the air service to the Aran Islands; (19) Deputy Dessie Ellis - the need to address issues with the rent supplement scheme, particularly in view of the report on the matter by Focus Ireland; (20) Deputy Kevin Humphreys - the need to co-locate the National Maternity Hospital, Holles Street with St. Vincent's hospital, on the Elm Park site; (21) Deputy Mattie McGrath - the situation surrounding the referendum on children's rights; and (22) Deputy Mick Wallace - the need to examine the legislation relating to cannabis use in Ireland.

The matters raised by Deputies Brian Stanley; Colm Keaveney; Paudie Coffey; Ciara Conway, John Paul Phelan and John Halligan; and Pat Deering have been selected for discussion.

Leaders' Questions

Deputy Micheál Martin: First, I welcome the decision of the Irish people to support the children's referendum last week and to insert the proposed clause into the Constitution.

That decision was stained somewhat by the stark and blunt judgment of the Supreme Court when it essentially made it clear that the Government not only dismissed the McKenna judgment but was in breach of the Constitution in carrying out its own promotional campaign on the amendment. The Supreme Court was clear that there was a misstatement contained in the material produced by the Government as well as, "extensive passages in the booklet and on the website which do not conform to the McKenna" judgement, where "it was held that the Government in expending public moneys in the promotion of a particular result in a Referendum process was in breach of the Constitution.", and that the Government "acted wrongfully in expending or arranging to expend public moneys on the website, booklet and advertisements in relation to the Referendum on the Thirty First Amendment of the Constitution (Children) Bill, 2012, ...".

For some reason, the Government obviously decided to formulate its own information and advocacy campaign parallel to the information campaign of the Referendum Commission and, presumably for its own political purposes, to use some of the taxpayers' money to advance its own situation. This is despite the fact that Mr. Justice Kevin Feeney, following his report on the referendum campaign on the fiscal treaty, stated that research found that dual campaigns cause problems and confusion. The Government had that report for quite some time and took a long time to release it. That should have been a warning sign to the Government not to go down the route on which it subsequently decided. In essence, what seems to have happened is that the Referendum Commission had its funding pulled back, the Government took a tranche of that funding and used it to produce its own materials. Others are suggesting that, because the Government was annoyed at the work of Mr. Justice McMahon on the Oireachtas public inquiries referendum, the Government decided it had to run its own campaign-----

Deputy Bernard J. Durkan: Pull the other one.

Deputy Micheál Martin: -----and that it could not trust the Referendum Commission anymore. Did someone say something?

An Ceann Comhairle: We are over time. Do not mind that.

Deputy Micheál Martin: I want to ask the Taoiseach some questions on this. Obviously, the Minister for Children and Youth Affairs, Deputy Fitzgerald, took a calculated decision to proceed on this route of a Government campaign separate from that of the Referendum Commission. Will the Taoiseach outline why that decision was taken?

Did the Attorney General examine all of the information that was contained in the booklet and on the website prior to circulation? The Ministers, Deputies Varadkar and Fitzgerald, laid the blame on the Attorney General, and Deputy Walsh of Fine Gael went very far this morning when he stated that if the Attorney General played an active role in the final sign-off, then she would have to consider her position. If Government Deputies are saying this, it needs a response from the Taoiseach on the origin and sequence of events that led to this.

Deputy Finian McGrath: If that was a Fianna Fáil Attorney General, they would be looking for her head.

Deputy Patrick O'Donovan: And Deputy Finian McGrath would give it.

The Taoiseach: First, I am happy that the people made a clear decision in endorsing the referendum proposal to give children recognition and protection in the people's Constitution, Bunreacht na hÉireann. It also falls to me to thank all the parties in the House for their contributions to the campaign. I thank the advocacy groups who spoke out and who campaigned for this. Most importantly, I thank the people who went out and voted, and clearly and specifically, those who gave a clear majority verdict in respect of this.

The McKenna judgment has been around for more than 17 years, with a second appraisal in 1995. No court has ever set out specifically what are the parameters, confines and meaning of the McKenna judgment.

The Government, in so far as putting this question to the people was concerned, followed a call more than 20 years ago by Mrs Justice Catherine McGuinness that the Constitution be amended. There have been all the different attempts over the years. Inside 18 months, we have put four questions to the people, including this one which has been endorsed.

The Government set out to uphold the principles that apply in this and the Minister, Deputy Fitzgerald, followed a clear line in dealing with the requirement to have information given to people and to deal with misinformation. After all, there were groups stating that there would be compulsory vaccination of children and the State might step in and prevent parents from bringing their children to Mass if that was their wish. There was a great deal of misinformation going around on this matter.

Deputy Martin will be aware that the High Court gave a clear 11-page judgment on the information in respect of the website, advertising and booklet, and what the Government was doing. Clearly, on 8 November, when the Supreme Court made its decision, the Government responded immediately, in fully accepting its decision and in acting accordingly.

It is important that we do not prejudice or comment unduly on the reasons the Supreme Court gave its judgment in the way it did. The Supreme Court has produced a preliminary judgment. It is important for Deputy Martin and everybody else to await the detail which will be outlined in the Supreme Court judgment in December and that the House reflect on that taking into account the background to this, the McKenna judgment, the question for future referenda and what, in respect of the people's Constitution, we as the Oireachtas should do for the future.

The bottom line here is that the people have changed the Constitution. They have gone out and voted by a clear majority to give children protection and recognition in the Constitution and the Government will now move on to introduce the necessary supplementary legislation to give effect to that and to change forever the nature of the way children were treated in this country. This amendment is for the benefit of society, in particular, children, those in vulnerable situations and those in the limbo land of foster care where a minority have no prospect of adoption. In that sense, I want to wait until I see the detail of the Supreme Court's analysis. The court is entitled to that, without deference or speculation, idle or otherwise, about the reasons it gave its judgment of the nature and in the way it did.

Deputy Micheál Martin: There is no speculation. There is no one adding any reasons. It is merely what was stated by the Supreme Court, that the Government was wrong and was in breach of the Constitution. Does the Taoiseach not get that?

Deputy Frances Fitzgerald: It is preliminary.

Deputy Micheál Martin: We do not have to wait for a month.

Deputy Alan Shatter: It is a preliminary ruling.

Deputy Finian McGrath: Deputy Shatter does not get it.

Deputy Micheál Martin: This is the decision of the Supreme Court. I am somewhat concerned by the equivocal response of some of the Ministers, particularly the Minister for Justice and Equality, Deputy Shatter, suggesting, of course by innuendo, that the High Court is nearly as good as the Supreme Court, that the High Court said one thing, the Supreme Court said another, and we are very reasonable people in the middle.

An Ceann Comhairle: Could we have a question, please, Deputy?

Deputy Micheál Martin: We in Fianna Fáil would not have the same intellect as Deputy Shatter, by any means, to put ourselves in the place of the Supreme Court.

(Interruptions).

Deputy Bernard J. Durkan: The first part of that sentence is correct.

Deputy Micheál Martin: Nor would we ever attempt to second-guess the Supreme Court.

An Ceann Comhairle: I ask the Deputy to pose his question.

Deputy Micheál Martin: That is for members of Fine Gael who are either in the Law Library or in government. Every now and again a bit of contrition would do no harm.

Deputy Derek Nolan: Deputy Martin will have to say a lot of prayers, if that is the case.

Deputy Micheál Martin: When the Constitution is broken by a Government, it is a very serious matter. It is a very profound issue, in fact. People were annoyed before the poll. The serious question is why we had to risk the referendum with something that was not necessary at all. The Referendum Commission system is actually working and has worked well in previous referendums, despite the Government's annoyance with the Oireachtas inquiries outcome, which was not justified at all. By and large it has worked.

An Ceann Comhairle: Thank you, Deputy, you have put your question.

Deputy Micheál Martin: People trust the Referendum Commission and the independent judges who chair it in terms of imparting objective material.

Deputy Mattie McGrath: They do not trust the Government.

Deputy Micheál Martin: Could we not resolve from now on, once and for all, that Governments do not get involved in that final phase of the campaign, in terms of trying to advocate a position using taxpayers' money? The McKenna judgment made it very clear and the Supreme Court has said that the Government was wrong. The Taoiseach should say "sorry" to the people because his Government got this one wrong. He should also make sure that in the future there is one, strong, objective information campaign put forward by the Referendum Commission. It should not be done by Government. It is up to the political parties to argue the toss between themselves and those who are for or against the question under debate.

Deputy Finian McGrath: The Taoiseach should apologise.

The Taoiseach: In his original question, Deputy Martin used the phrases "for political purposes" and suggested that the Minister for Children and Youth Affairs, Deputy Fitzgerald, had a political agenda and was following a particular line on this matter. He also said that perhaps it was something to do with Judge McMahon and the way he had handled a previous matter.

Deputy Micheál Martin: That is what some people are speculating.

The Taoiseach: That is absolutely irrelevant because there was no political agenda involved in this and it had nothing to do with Mr. Justice McMahon. As I have said already, we acted in good faith and wished to uphold the principles that apply here. Clearly, numerous surveys have shown that people wanted more information.

I have listened to all of the vox-pops and to the avalanche of cynicism about this but the fundamental issue is that a clear majority of people took the time to go out to vote for the referendum proposal which changes the treatment of children in the future. This issue has been debated for over 20 years but within 18 months this Government put the question and it has been answered very clearly. It is far more important than Deputy Martin is allowing. He should wait for the final, comprehensive reasons in the full judgment of the Supreme Court. What we have now is the court's preliminary judgment. It does not, for instance, spell out the paragraphs that are at issue in its decision.

Deputy Micheál Martin: We are not going to influence that, though. Anything I say will not influence the judgment of the Supreme Court. I hope the Government accepts that.

Deputy Pat Rabbitte: We do.

Deputy Micheál Martin: I am glad Deputy Rabbitte accepts it but the Taoiseach is sug-

gesting otherwise.

The Taoiseach: It is absolutely critical that we do not interfere with the Supreme Court in making its decision and with the reasons for that decision. We should show the court due deference and allow it to produce its comprehensive, detailed judgment, due for publication early in December.

Deputy Micheál Martin: We are going to do that. We are not interfering with that process.

The Taoiseach: I await that judgment with interest. The Deputy is pre-judging. A great deal of misinformation has been put about.

Deputy Mattie McGrath: Yes, from the Government side.

Deputy Micheál Martin: The Government had to correct a statement on its own website.

The Taoiseach: I looked, for instance, at a leaflet that went around Limerick which reads “Now is not the time for property taxes” and “why we are supporting the children’s referendum”.

Deputy Mattie McGrath: What about the Government’s leaflet?

The Taoiseach: These things cause confusion in people’s minds.

An Ceann Comhairle: I thank the Taoiseach. He knows the rules.

Deputy Timmy Dooley: It was the Government that created the confusion. It is not even sorry about that.

The Taoiseach: We will move on from this. The judgment is very clear. Children have a new status in the Constitution and we will move on from that.

Deputy Timmy Dooley: There will be no apology.

Deputy Gerry Adams: Dúirt Thomas Davis uair éigin: “Tabhair oideachas dóibh agus tu-gann tú sairse dóibh.” Tá na focail seo chomh oiriúnach inniu agus a bhí siad. An aontaíonn an Taoiseach le seo? Students and their families are facing significant financial hardship due to the failure of Student Universal Support Ireland, SUSI, to process properly student grant applications. This morning, at the insistence of Teachta Jonathan O’Brien, the head of the City of Dublin Vocational Education Committee, CDVEC, was before the Joint Committee on Education and Social Protection and claimed that the system is working. This refusal to acknowledge the crisis is insulting to students and their families. Does the Taoiseach agree with this assessment?

An e-mail from one student who is still being assessed by SUSI reflects the frustration and anger of many. He writes: “Anyway, it is irrelevant now. I’m leaving the education system. I’m leaving a course I thoroughly enjoyed. I’m leaving my goals and dreams. I will most likely be leaving Ireland very soon.” Emigration is not a solution and plainly it is not a lifestyle choice. In a real republic, access to education should be the entitlement of all citizens. It should not be conditional on one’s family income. This young citizen’s plight is an indictment of this Government.

Does the Taoiseach accept that there is a crisis and that it is totally unacceptable that, as of

yesterday, only 18,000 out of 66,000 applications to SUSI have been processed? Does he also accept that the Department of Education and Skills has mismanaged this entire process and failed to provide adequate resources to ensure that SUSI can do its job?

The Taoiseach: I agree with Deputy Adams that this is an unacceptable position. This is the official position of both the Minister for Education and Skills and the Government. The Minister has already written to the CDVEC, which won the tender for this service, and instructed it to increase the personnel numbers to deal with the backlog. We have had similar issues before when various new structures were set up which were intended to deal with this professionally, competently and efficiently. Clearly, there are serious teething problems with this service. As I understand it, as of Monday, 12 November, the situation regarding the 66,000 applications is as follows: 20,000 are now complete and have been awarded, provisionally awarded or refused. Of the 8,000 grants awarded 3,010 have been paid into bank accounts, with approximately 5,000 awaiting bank details from students. Approximately 2,500 grants have been provisionally awarded, pending final confirmation of attendance from students, while 9,600 applications were refused or cancelled. SUSI is still awaiting documentation on almost 21,000 applications. Of these, 15,000 applicants have provided no documentation whatsoever and SUSI does not expect them ever to complete their applications. It is not, therefore, all one-sided. SUSI has 26,000 applications for processing at present and has a target of 5,030 decisions to be made on applications over the next week. If these targets are met, all successful applicants will receive their grants by the end of September.

(Interruptions).

The Taoiseach: In order to help with that, SUSI has received ten additional temporary staff from the Public Appointments Service, who will come on board on Monday.

Deputy Jonathan O'Brien: Is that September of next year?

The Taoiseach: The processing of documentation is outsourced to Abtran, which is located in Cork. It has appointed 20 additional staff to accelerate the process. I admit that the situation is not acceptable. I hope that, following the Oireachtas committee meeting and the communication from the Minister, the increase in staff numbers will make a big impact shortly.

I would not like to see the student mentioned by Deputy Adams leave Ireland, although that is obviously his or her own choice.

Deputy Richard Boyd Barrett: It is not a choice. That is the point.

The Taoiseach: I do not know which college the e-mail refers to but clearly, notwithstanding the rules and regulations, the college authorities could allow that student to continue with his or her course until such time as final grant approval arrives.

Deputy Gerry Adams: Cuirim fáilte roimh an fhreagra a thug an Taoiseach, mar admhaíonn sé go bhfuil crisis ann. I welcome the Taoiseach's acceptance that there is a crisis. However, he said that the majority of the students will receive their grants by September.

The Taoiseach: I meant to say December.

Deputy Gerry Adams: Okay, that is fair enough. He also said that he regrets the student having to leave. Let me just quote another section from his e-mail:

I was one of the first to apply to the system in June and despite sending back documents as early as possible, I still await an answer. My dream is over. My goal of education and self-improvement is over. My life of poverty, as it has been for the last few weeks, is just not a viable option any more.

It is not fair to say that this is his choice. This is clearly a person who wants to stay here.

He wants to be educated and to contribute to this State and the people of this island.

This issue should be seen in the context of the Minister for Education and Skills, Deputy Quinn, signing the USI pledge during the election to oppose and campaign against any new form of third level fees. Within nine months, the registration charge was hiked by €250 and it is now set to increase further. It is not a surprise that we have this mess.

An Ceann Comhairle: A question, please.

Deputy Gerry Adams: I welcome that the Taoiseach does not find this acceptable but the head of the body charged with processing these grants stated today that the system is working. As the system is patently not working, will the Taoiseach, in addition to ensuring sufficient resources are provided, ask the Minister, Deputy Quinn, to contact the Higher Education Authority to ensure the students caught up in this mess are not penalised by their universities or institutes of technology? Some students have not been allowed to access libraries and other necessary elements of the education system.

The Taoiseach: I assure Deputy Adams there is no intention of penalising students. As I noted earlier, 21,000 applications are still awaiting documentation and 15,000 applicants have not provided any documentation. Person X going through the lists for the organisation will ask “who is this student, Gerry Adams? He has sent in no further documentation.”

Deputy Derek Nolan: He does nothing.

The Taoiseach: How will we contact this person? Is it a valid application?

Deputy Mattie McGrath: Who the hell is SUSI?

The Taoiseach: I acknowledge there are unacceptable delays. Can Deputy Adams tell me from the correspondence he received what college the student is attending and in what year? The Deputy might not be fully familiar with the Southern system because this has applied for 25 or 30 years.

Deputy Mattie McGrath: Not to this extent.

The Taoiseach: When Deputies were dealing with county councils and VECs the same problem arose. If these grants can be paid before December it will be a major improvement on what applied for many years, when students and their families had to go through the same process, for a variety of reasons, one after the other. I need to learn from Deputy Adams - he can give me the information afterwards if he so wishes - the college that the student is attending and the year in which he is enrolled. I can guarantee that the college authorities are fully entitled in not penalising that student to allow him to continue the course until everything is regularised.

Deputy Pearse Doherty: He does not have the grant.

The Taoiseach: I hope that next year the lessons learned from this year will result in a

vastly improved position for all students who will not be penalised and will be able to get their grant assistance on time and in a way that allows them to plan their semesters.

Deputy Pat Rabbitte: I remind Deputy Mattie McGrath it is nearly 4 p.m. and a stunt has not yet been pulled.

Deputy Richard Boyd Barrett: While the merry-go-round of futile EU summits that continue to yield nothing and the hot air about recovery and reform spews out of this building-----

Deputy Patrick O'Donovan: The Deputy should open a window over there.

Deputy Richard Boyd Barrett: -----ordinary, innocent people are being crushed by the austerity the Government and the troika are imposing. The latest victims of this austerity are young people and students who are being driven into poverty and despair. Thousands of students who desperately need grants to survive in third level education remain without them.

Deputy Simon Harris: Deputy Boyd Barrett never needed one.

Deputy Richard Boyd Barrett: They are unable to pay the registration fees which the Government is ratcheting up every year, access hardship funds or pay rent. Many of them are now being forced to make a choice between paying their rent and paying for food.

Deputy Paul Kehoe: What would Deputy Boyd Barrett know about hardship?

Deputy Richard Boyd Barrett: Last week, I attended a meeting with USI, at which we were told about a student whose breakfasts, lunches and dinners for the week were one packet of pasta and a bottle of tomato ketchup. That is outrageous. If the students manage to survive through college, they will be faced with unemployment and emigration when they finish. Will the Taoiseach admit this crisis for the young people and students who are the future of this country is not an administrative hiccup? It is the result of his so-called reform of the public service, cuts in staffing and resources and the centralisation of the applications process. Just as we saw a litany of refusals and a backlog of appeals for the domiciliary care allowance and social welfare applications, we now see the same crisis being visited on desperate students. Anybody who wants support and assistance from the State is being denied or left on waiting lists for months. Will the Taoiseach provide the staff and resources required to deal with this crisis? Will he commit to reversing the cuts in students' grants? Will he stop the constant ratcheting up of the registration fees which are already unaffordable for many? Will he allow students the opportunity to study and contribute to our society, an opportunity he is denying many of them at present?

The Taoiseach: The Deputy did not make his case as succinctly as Deputy Adams nor did he listen to the answer I gave to the latter.

Deputy Richard Boyd Barrett: I listened but there was nothing in it.

The Taoiseach: Some 40% of the documents received from students are incomplete. They cannot be processed if they are not complete. The Deputy understands that as well as everybody else. This has gone on for 25 years. Previously 66 processing authorities dealt with applications for third level assistance but now there is one. I recognise there are teething problems and agree they are not acceptable. The Minister for Education and Skills wrote on two occasions to all the third level institutions to ask them to ensure students are not prevented from sitting examinations, are allowed full access to libraries and other facilities and are not discriminated

against because of delays that are not their fault although, as I noted, 40% of returned documents are incomplete. The Minister has already outlined the position on registration fees and the road ahead in that regard.

Some 40 extra staff will be in place at the student universal support Ireland scheme. A further ten are starting on Monday and 20 additional staff have been appointed by Abtran to process the applications in an outsourced way. I hope that makes a big difference. The college authorities can confirm that individual students will not be discriminated against in regard to libraries and other facilities or in sitting their examinations while their applications are being processed.

When this system is running smoothly - please God we will see an enormous difference next year-----

Deputy Mattie McGrath: What about now?

The Taoiseach: -----instead of paying out grants in March or April, as I have found to be the case with many constituents over the years, there will be a process to pay them at the end of the first semester. That will make an enormous improvement from a professional competence point of view and for students and their livelihoods.

Deputy Richard Boyd Barrett: Does the Taoiseach think the students who are taking to the streets to protest in Cork or are mobilising in colleges across the country are making it up? They are in a desperate situation because of the inadequacy of grants, student poverty and now the crisis in the processing of their inadequate grants. Does the Taoiseach acknowledge on any level this is connected to the so-called reform of the public service? This pattern has been repeated in applications for medical cards and the domiciliary care allowance. Whenever citizens seek support and assistance from the State they are faced with the same refusals and backlogs of appeals. It is because of inadequate staffing and resources and the centralisation of this process. It is not working. He can dress it up as reform, but in reality it is cuts. It is not working and is plunging students into a desperate and unsustainable situation. The Government should provide the resources and the funds.

An Ceann Comhairle: We are on Leaders' Questions. The Deputy should ask his question.

Deputy Richard Boyd Barrett: I ask the Taoiseach to address the issue of student poverty as a result of inadequate grants and the racheting up of registration fees.

The Taoiseach: As I said, the Deputy can appreciate that the decision taken by the Government was to streamline the process by which third level grants are received, processed and paid out. That was so that they would be done earlier and more efficiently, and to ensure monthly payments would be made to students' accounts. Prior to this, there were 66 processing organisations - the local authorities and the VECs.

Deputy Joe Higgins: SUSI is a disaster.

The Taoiseach: As the Deputy will recall, for many years before he came into the Oireachtas, a league table was published each year indicating which local authorities and VECs were in front with their payments. Now, at least, we have one central authority. I agree that it has had initial teething problems, but these are being rectified with the addition of 40 extra staff. I hope the lesson learned is that while it is necessary to have adequate staff, it is also necessary

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for applications to be as complete as possible. We should not have a situation in which 40% are incomplete and cannot be concluded.

Deputy Richard Boyd Barrett: So it is the students' fault.

The Taoiseach: The intention - and this will happen - is that applications will be processed earlier and far more efficiently, and monthly payments will be made into the students' accounts. This will all be done by the end of December. This will be a massive improvement from having to wait until March or April, as applied for the past 25 years.

Ceisteanna - Questions (Resumed)

Public Sector Allowances Review

1. **Deputy Micheál Martin** asked the Taoiseach the progress made in relation to allowances in his Department; and if he will make a statement on the matter. [42658/12]

2. **Deputy Gerry Adams** asked the Taoiseach the steps he has taken to deal with the issue of allowances paid to staff in his Department. [49774/12]

The Taoiseach: I propose to take Questions Nos. 1 and 2 together.

I am arranging for details of the allowances paid to staff in my Department to be circulated with the Official Report. Details of the business cases made by my Department to the Department of Public Expenditure and Reform are available on that Department's website, *www.per.gov.ie*.

Following publication of the central review of allowances by the Department of Public Expenditure and Reform on 18 September last, the delegates' allowance was abolished with immediate effect. My Department has also abolished, with effect from 31 October 2012, the clothing allowance that was payable to a small number of staff who attend official functions. A number of allowances are being abolished for new beneficiaries, including the retention element of private secretary allowances, which will not be paid to new beneficiaries, and allowances payable to a personal assistant and diary secretary in my office.

Most of the remaining allowances paid to staff in my Department are in recognition of the additional duties and longer hours inherent in the performance of these roles - for example, allowances for private secretaries and those in the press office. It is also worth noting that many of the allowances are paid to relatively junior grades in the Department, are payable across the Civil Service and are dealt with centrally for the Civil Service as a whole. In accordance with the directions provided by the Department of Public Expenditure and Reform, my Department continues to seek further efficiencies and savings under the Croke Park agreement, including in this area.

The following table provides details of the allowances payable in the Department of the Taoiseach.

Name or description of allowance	Amount of allowance
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Dáil Éireann

Press officer on-call allowance	Five hours' overtime at double time every week
Private secretary to the Taoiseach	€24,427 per annum
Private secretary to Minister of State (including private secretary to Leader of the Seanad)	€19,653 per annum
Assistant private secretary to the Taoiseach	€19,653 per annum
Shift allowance in Government Communications Unit	1/6th gross salary
Minister of State meeting allowance	€17,205 per annum
Private secretary to Secretary General	€10,370 per annum
Personal assistant in Taoiseach's private office	€7,125 per annum
Taoiseach's diary secretary	€7,125 per annum
Machine allowance	€848 per annum
Paper keeper allowance	€3,176 per annum
Franking allowance	€1,783 per annum
Child allowance (payable to certain staff recruited before 1979 only)	€113 per child, per annum
Footwear allowance (payable to service officers for outdoor duties only)	€65 per annum (paid every second year and vouched)
Tea/meal allowance (payable to service officers who work late on Dáil sitting days only)	€4.10 on Dáil sitting days

Notes:

- Former private secretaries retain a portion of the private secretary allowance when they vacate their positions. The four former private secretaries in my Department receive €12,214, €9,287 (two recipients) and €5,185 per annum, respectively.

- The review of public service allowances published in September 2012 included the retention element of the private secretary allowances, the diary secretary to the Taoiseach allowance and the personal assistant to the Taoiseach's private office allowance in the classes of allowance to be abolished for new beneficiaries.

- My Department also pays a higher duties allowance to one member of staff and a deputy head of division allowance to a member of staff on secondment from the Department of Foreign Affairs and Trade on the instruction of that Department.

Deputy Micheál Martin: Earlier this year, and last year, the Taoiseach and many of his ministerial colleagues were busy telling journalists significant savings would be made with regard to the alleged "untold millions" being paid out in allowances across the public service and with the Department of the Taoiseach. Given what happened when the Minister for Public Expenditure and Reform, Deputy Howlin, made his announcement on the completion of the work by his Department, that, in essence, was more about media spinning than about reality. The saving of €3 million, rather than the suggested €75 million, was very poor. It is extraordinary that the Minister got himself embroiled in such a situation, with no clear outcome.

When the Taoiseach promised to make savings originally, what savings did he promise from his Department and what will the shortfall be? What is the difference between what was targeted and what has subsequently emerged? Did the Taoiseach make assumptions before he agreed the budget figures, including millions in savings from allowances? In other words, when he was preparing his departmental figures and estimates, did he factor in savings from allowances? There has been significant talk about allowances and significant work has been done by the Minister, Deputy Howlin, and others on this. They created the idea that there was a battle ahead and that they would fight a heroic battle against vested interests and tackle the issue of excessive allowances, but that has not happened. People are none the wiser as to what the entire exercise was about.

Why was so much promised in terms of the scale of the allowances? When did the Taoiseach become aware that the savings could not or would not be delivered?

The Taoiseach: The Deputy's question relates to the progress made in the Department of the Taoiseach with regard to allowances, and Deputy Adams asked what steps have been taken to deal with the issue of allowances paid to staff in the Department. I have answered those two questions.

The Minister for Public Expenditure and Reform, Deputy Howlin, has set out quite exhaustively the scale of public sector reform that is going on. He made an announcement some time ago with regard to a small number of allowances, and subsequently met with the implementation group and the trade unions. Sectoral meetings have taken place since with regard to further savings that can be squeezed from the Croke Park agreement. The Minister is pursuing that.

The strategy for major public sector reform is continuing with intensity. The Deputy is also aware of the recent announcement in respect of savings to be made under the assimilation, absorption and abolition of a whole range of quangos. This work is in train and the Minister will report on it regularly. I do not have the details in front of me here, but they are on the website of the Department of Public Expenditure and Reform. The Minister is more than amenable to answering detailed questions on any aspect of allowances which are being abolished, retained or reviewed, the number of which is considerable in each case.

Deputy Gerry Adams: My question asked what steps the Taoiseach has taken to deal with the issue of allowances for staff in his Department. My concern relates to the disparity of pay levels between lower-grade civil servants and those at the top, because that gap has grown wider. Many of the issues that have been under public discussion with regard to public servants at lower and middle income levels concern allowances that were given as alternatives to pay increases, which should be considered as core pay. Under Fianna Fáil, payment for Secretaries General rose from €100,000 in 2000 up to €285,000, while lower-paid workers had to rely on these allowances. Clearly, if indefensible allowances are being paid, these should be withdrawn, but allowances paid to lower and middle-income public servants are part of their core pay.

We have a difficulty as we try to work our way through this recession. One element, the upper echelons, have a huge amount of money, but those at other levels are paid very meagre incomes. Senior civil servants, public hospital consultants, special advisers and Ministers are all paid significantly more than their EU counterparts. The Taoiseach is paid more than the French President or the Spanish Prime Minister. I have two suggestions. First, if we are going to start cutting pay, we should start at the top and show an example to the citizens. The Taoiseach may

have provided a breakdown of the allowances paid in his Department, but I apologise if I did not pick up on it. How do we get that breakdown of the allowances being paid in the Department and the salary scales of those in receipt of them? What steps has the Taoiseach taken or will he take on the issue of allowances for people in his Department?

4 o'clock

The Taoiseach: The Deputy has asked what steps I have “taken to deal with the issue of allowances paid to staff” in my Department. Details of the changes made to a number of the allowances paid to staff in the Department of the Taoiseach are being circulated in the Official Report. Deputy Gerry Adams is right to suggest some of these allowances have been paid in addition to basic pay to personnel on the lower scales of public service salaries. They are set out in the details to be circulated. The details do not include information on the salary of each individual. The information can be seen by category, depending on whether the individual is a clerical assistant or a clerical officer, for example. The details can be amended to include the number of public servants in each of these categories in the Department. If such details are required, they can be circulated.

In a wider sense, it should be noted that €1.4 billion was spent on allowances and premium payments in 2011. Following the review, the Minister for Public Expenditure and Reform has brought proposals to the Government whereby allowances worth €720 million would be abolished, not paid to new beneficiaries or would be subject by review by sectoral management to secure additional savings. The annual cost of paying to current incumbents the allowances that will not now be paid to new beneficiaries is approximately €475 million. A further range of allowances with an annual value of €245 million will be subject to modification of their payment terms. The allowance paid to officials who travel outside Ireland and the United Kingdom to represent Ireland at meetings of EU or other international organisations, or who act as chairpersons of EU committees, has been abolished for new beneficiaries and existing staff. This allowance is known as the chairpersons and delegates allowance. The immediate value of these decisions is estimated to be €3.5 million in 2012, increasing to over €16 million by 2015. All of these matters have been referred to in some detail by the Minister for Public Expenditure and Reform and the information is available on the official departmental website.

All of this is part of the process of major reform of the way we view the public service and the public sector. As I said, details relating to the Department of the Taoiseach will be circulated in the Official Report. These details can be amended to include the number in each sector who are receiving individual payments. A number of staff on the lowest salary scales have traditionally received some of these allowances. That is the case not just in this Department but across the Civil Service. These payments will be subject to central review as part of the package of allowances and reform being considered.

Deputy Micheál Martin: As a principle, any change must ensure those with the most and those on higher incomes contribute the most to the resolution of the crisis we are in. I put to the Taoiseach my contention that this exercise was completely oversold from the beginning. It was suggested it would yield massive savings. The massive spin machine employed by the Minister for Public Expenditure and Reform, Deputy Brendan Howlin, in particular, came to naught. It was suggested savings of €150 million could be made from a €1.5 billion pot, but a figure of just €3 million was realised. Will the Taoiseach indicate to the House the total amount in allowances paid in his Department? What percentage of the overall allowances paid in the Department will be saved as a result of the savings he enumerated? If he does not have that

information to hand, he might be able to forward it to me at a later stage. As I have no interest in rewriting history - Deputy Gerry Adams may have - I would like to remind the House that the pay of all public servants was increased significantly during our time in office, for which we have been criticised. Over a sustained period, substantial increases were awarded across the ranks to the various grades in the Civil Service and the public service generally through procedures such as social partnership, benchmarking and independent pay reviews. The allowances issue was raised by the Government. I tabled Question No. 1 in that context.

The Taoiseach: I do not have the figure for the scale of the savings achieved in the Department of the Taoiseach. We will include the estimated savings in the report to be circulated. A number of historical allowances are paid to certain grades only. The footwear allowance will now be paid every two years to those who engage in outdoor duties. I mentioned the chairpersons and delegates allowance which was abolished on 18 September. The allowance paid to the personal assistant in the Taoiseach's private office and the allowance paid to the person who looks after the Taoiseach's diary will not be paid to new beneficiaries. The retention element of the allowances paid to the private secretaries of the Taoiseach and the Minister of State will not be retained by new beneficiaries. Clearly, the Department is engaging with staff on other allowances subject to review or negotiation. I will try to put together the best estimate of what the savings will be from the relatively small number of allowances in the Department of the Taoiseach which have been modified, abolished or will not be paid to new beneficiaries.

Deputy Joe Higgins: The capitalist press, notably the sections owned by tax avoiding billionaire exiles, regularly uses the anachronistic nature of many allowances to ridicule, undermine and treat with contempt public sector workers in general. It tries to create the impression that all such workers are living as if they own goldmines. If the interests of the public sector in the Department of the Taoiseach are of importance to the Taoiseach, I suggest he consolidate these allowances with pay rates generally for low and middle income workers, while scrapping them completely for the high flyers in the public sector who are paid more than €100,000 per annum. That would make it clear to everyone that the bulk of public sector workers were on low or middle incomes - some of them are on very low pay - and suffering grievously under the Government's austerity policy. At least, that much would be clear. Will the Taoiseach lead by example in his Department as an example to the public sector generally?

The Taoiseach: I share the Deputy's view that many of these workers who do their jobs very diligently are at the lowest end of the public sector wage scale. I agree with him that there are too many categories in the public sector. The Minister for Public Expenditure and Reform, Deputy Brendan Howlin, has referred to this on a number of occasions. It would be far preferable if the allowances were modified or changed to become part of the pay of those involved. As the Deputy suggested, they should not be tagged with allowance X or Y which have been paid for many years for various reasons. As part of the concept of reforming the public sector, it has to be made more efficient and meaningful. I agree that these tags should not be attached to workers who might be at the lower end of the pay scale. I hope the work put in train by the Minister and his Department will ensure the arrangements for those who work at the lower end of public sector salary scales are far more efficient, relevant and meaningful. Clearly, these matters need to be considered at the other end of the scale in the context of the budget that will be presented by the Minister for Finance in December.

IFSC Clearing House Group

3. **Deputy Gerry Adams** asked the Taoiseach the number of times since the Dáil recess that the International Financial Services Centre Clearing House Group has met; the issues that were discussed; the actions that have been taken as a result; and if he will make a statement on the matter. [44100/12]

4. **Deputy Micheál Martin** asked the Taoiseach the number of times officials from his Department attended Clearing House Group meetings in relation to the International Financial Services Centre; the main issues being discussed; and if he will make a statement on the matter. [44239/12]

5. **Deputy Micheál Martin** asked the Taoiseach the progress made to date in his Department in relation to the strategy to create 10,000 jobs in the International Financial Services Centre sector; and if he will make a statement on the matter. [44240/12]

6. **Deputy Richard Boyd Barrett** asked the Taoiseach the number of times the Financial Services Clearing House Group has met and the issues they discussed; and if he will make a statement on the matter. [48419/12]

7. **Deputy Micheál Martin** asked the Taoiseach if he has met representatives of the International Financial Services Centre recently; and if he will make a statement on the matter. [49613/12]

8. **Deputy Joe Higgins** asked the Taoiseach the number of times officials from his Department have attended Clearing House Group meetings; and the issues that were discussed. [49712/12]

The Taoiseach: I propose to take Questions Nos. 3 to 8, inclusive, together.

The IFSC Clearing House Group has met once since the Dáil summer recess on 25 September and is due to meet next on 22 November. Its associated working groups meet regularly, typically on a monthly or bimonthly basis.

My Department has supported the international financial services industry in Ireland since the establishment of the IFSC in 1987 by providing a forum for the exchange of views and the co-ordination of efforts through the mechanism of the IFSC Clearing House Group and its related working groups. During this period the IFSC has grown to employ 33,000 people and contribute over €1 billion annually through corporation tax and payroll taxes.

I have met representatives of the international financial services sector, as I do representatives of all sectors, on a number of occasions at various events since the launch of the IFSC strategy in 2011. For example, I addressed the Irish Funds Industry Association at its annual conference this year and spoke at the Financial Services Ireland annual dinner in 2011. My Department is represented at all meetings of the Clearing House Group which has since its establishment been chaired by the Secretary General of the Department of the Taoiseach.

Membership of the Clearing House Group comprises public and private sector representatives and reflects a wide range of experience and expertise in order that its objectives of identifying opportunities to develop sustainable business and employment in the various sectors of the international financial services industry can be achieved. The primary focus of the group

is to identify and consider issues of importance to the long-term development of the international financial services industry in Ireland in line with the programme for Government which states the Government “supports the future development of the IFSC as a source of future employment growth, subject to appropriate regulation” and commits to the development of the financial services sector to maximise employment opportunities. In 2011 the group contributed to the development of a “Strategy for the International Financial Services Industry in Ireland 2011-2016”, framed on the basis of an objective to create more than 10,000 net new jobs, protect existing employment and business and consolidate the sector as a key driver of the economy in the next five years. The group monitors progress on implementation of the strategy. Since its launch, both the public and private sectors have been actively involved in executing the strategy across a broad front and considerable progress has been achieved, including significant progress on initiatives such as green finance and Islamic finance; notable investment wins by IDA Ireland, including Northern Trust, MasterCard, PayPal, HedgeServ, ICBC Leasing and CIMB Principal Islamic; a technology centre in financial services has been launched with initial research projects approved; and among a range of related initiatives, Enterprise Ireland is promoting the Payments Ireland initiative to brand Ireland as a centre of competence for payments companies.

In addition to a series of initiatives to ensure the availability of an appropriately skilled workforce for the financial services sector in Ireland such as Finuas, Financial Services Ireland has recently launched the FSI CareerStart programme. This one year training programme offers participants the opportunity to gain new skills in the area of international financial services, while providing an in-depth knowledge of the industry. The programme is funded by Springboard, an initiative funded through the Department of Education and Skills to provide education and training opportunities to support unemployed persons. Other issues considered by the Clearing House Group in the past year include the marketing and promotion of Ireland’s strengths in the international financial services industry and how best to enhance and support the competitive position of the international financial services sector in Ireland.

Since the inception of the IFSC, close co-operation between industry and the public sector has been a foundation of its success. It is entirely appropriate that the public sector works with companies that employ tens of thousands of people, with a view to protecting and creating jobs and maintaining Ireland’s competitive position as a leading centre for international financial services.

In line with the Government’s focus on increasing the transparency and openness of government, a number of measures are being taken with regard to the IFSC Clearing House Group to ensure transparency and accountability in its work. First, the minutes of meetings of the group which have taken place since my election as Taoiseach to the end of September this year will shortly be published on my Department’s website and www.merrionstreet.ie. Second, a report on the work of the group during this period will also be published on the websites. Third, I have asked the Secretary General of my Department who is chairman of the group to write to the Chairman of the Oireachtas Joint Committee on Finance and the Public Service offering to brief it on the work of the group. These initiatives will ensure increased awareness of the continued importance of the international financial services sector to the economy and highlight the progress being made by the private and public sectors working together in creating and protecting jobs for Ireland, a priority which is shared by all parties in the House.

Deputy Gerry Adams: When the issue was raised in the Dáil last March, the Taoiseach told us he was unaware whether the IFSC Clearing House Group had discussed the issue of a

financial transaction tax. Then, in information revealed to *The Irish Times* by way of a freedom of information request, it became clear that the group and its sub-groups had discussed the issue of a financial transaction tax at 13 meetings between October 2011 and May 2012. Interestingly, the public positions of Ministers dovetailed exactly with the consensus in the financial sector. The Clearing House Group is a *Who's Who* of the banking and finance sectors and was actually successful in having changes made to the Finance Bill to allow a 30% tax exemption on incomes of between €75,000 and €500,000. Further tax reliefs on school fees of up to €5,000 were included at its behest, despite opposition from Revenue. What I am trying to get at is the relationship between the Government and an elite group such as this. Those citizens in mortgage distress - 160,000 households - do not have a clearing house group and do not have access to the Government at this very top level. Is it not time to review the Government's relationship with the IFSC Clearing House Group?

The Taoiseach said there was a commitment to creating 10,000 new jobs. It would be interesting to find how many of these jobs have been created since the launch of the strategy way back in July last year. We have since had AIB announcing the loss of 2,500 jobs. There have been 1,000 job losses in Bank of Ireland, in addition to 3,700 who have left since 2009. In Ulster Bank there were almost 1,000 job losses in January 2012. In Permanent TSB there were 250 losses in July, while National Irish Bank closed 20 branches, resulting in 100 job losses, in June. It does not give me any satisfaction to recite that litany of bad news items, but I am trying to get between the propaganda and the reality in terms of jobs growth in this sector. I am hugely concerned that the Government, in whatever sector we are dealing with, has a different relationship with the elites - in this case, the financial sector. Compare the Government's relationship with the Clearing House Group and the bankers' attitude to Oireachtas committees. Last week the Taoiseach said the way they were treating Oireachtas committee representatives was totally unacceptable and that the huge bonuses they were receiving were totally unacceptable-----

An Ceann Comhairle: We are straying a little from the question.

Deputy Gerry Adams: Is it not time to review the Government's relationship with the IFSC Clearing House Group? A cosy relationship is not good and it appears that this group has access well and above the level of other equally important sectors.

The Taoiseach: First, it is important to set out what the Clearing House Group actually does. It is not a case of cosy relationships. It is a forum chaired by the Secretary General of the Department of the Taoiseach which draws together representatives of the private and public sectors to look at issues of importance to the country. When the question of a financial transaction tax was first raised, a range of different views were expressed. The matter was discussed extensively in the media and raised in other quarters, including this House. If I am correct, the spokesperson on finance for the Fianna Fáil Party spoke in the House in October last year and raised the prospect of difficulties being created in terms of job creation and job retention if a financial transaction tax was not considered properly. The Departments and the Clearing House Group did consider the issue. The Departments discussed the matter with various elements of industry and those involved in the financial services area. Independent research was carried out by the ESRI and the Central Bank. It is quite in order that the Government should consider such matters carefully before it would agree to a change. The decision announced by the Minister for Finance on behalf of the Government was that we would not be supportive of a financial transaction tax unless it applied universally. The reason is that one does not want to place Dublin and the IFSC at a disadvantage in comparison to London where such a tax might not apply.

Deputy Gerry Adams is aware that stamp duty is applied in this country. As part of the process of the European Union, he is also aware that enhanced co-operation applies where a majority of countries wish to pursue a particular course of action. Eleven countries wish to introduce a financial transaction tax. As the incoming holder of the Presidency, I have made it perfectly clear to colleagues in Europe that we do not support a financial transaction tax for the reasons set out, but that will not prevent us from processing the enhanced co-operation element under the rules that apply and the eleven countries that wish to introduce such a tax can go ahead and do so. It is not a case of the Clearing House Group making policy decisions; it is only a forum for interaction on the development of information and the analysis of views between private and public in the interests of the financial services area and the retention of jobs and the promotion of job creation. As always, policy is a matter for Ministers to develop and Governments to accept and disseminate. I hope that clears up the issue for the Deputy. The Clearing House Group is chaired by the Secretary General of the Department of the Taoiseach and there is no question of cosy relationships being adopted. I have met representatives of the industry on a number of occasions. It is perfectly in order for them to say the regulatory position, in so far as regulator X or Y is concerned, is too restrictive and needs to be adapted or modified in order that decisions can be made about business that will make it easier to retain and create jobs. As the Deputy is aware, the number of jobs in the IFSC has grown to 33,000 from 8,000 20 years ago.

Since 2011 more than 3,000 jobs have been created as a result of the advantageous decisions taken with IDA support for investment in this country. We hope that, as part of the strategy for the international financial services industry, 10,000 net new jobs can be created by 2015. This figure is based on the reckoning of the industry. I will forward a copy of the strategy to the Deputy, if he does not already have one. A good start has been made with the first 3,000 jobs.

Deputy Micheál Martin: Does the Taoiseach accept that a balance is always required in dialogue with industry, which is necessary – the Clearing House Group has been effective in that regard – to ensure relations are not too cosy and that there is clear guidance on how to proceed and rules of engagement between the sector and Government officials? The financial services area is a competitive world. I regard the fact that 33,000 people are employed in the IFSC as a significant factor to be taken into consideration in any policy position we adopt. The creation of this initiative is an extraordinary and enduring legacy of the Fianna Fáil Government in 1987. There was a seminar on the subject in the Global Irish Economic Forum. The concern articulated by many who are aware of what is happening around the globe is that the challenge for the IFSC is to move to higher value activities and that there is a deficit in terms of the quality and skill sets of personnel required in view of the type of people we need to attract to this country from other centres with their products and companies over and above what we already have. It has been said certain of the activities ongoing for some time are vulnerable to migration to other low-cost regions and that we must attract higher value activities to the IFSC. The point has been made that there must be a combination of upskilling education and working through arrangements to encourage or incentivise individuals to move from one sector to the next.

If the Taoiseach reads what Paul Krugman or others have to say, he will be aware that they are clear that the “Great Recession”, as they dub it, that we are now experiencing is fundamentally one that initially was a factor in causing the collapse of the financial and banking world. First and foremost, it was a global financial and banking collapse, followed by sovereign iterations of the problem when they took on board the financial collapse. I often believe there is an absence of contrition in the financial and banking world about this reality. It is in that context that I ask whether the Clearing House Group has discussed the issue of pensions or salaries.

One invariably hears about global benchmarking in the setting of salaries and some countries tend to do it better than others. We have had discussions in recent weeks about the pensions and salaries of bankers. I presume the issue has been discussed between the Government, departmental officials and the representatives of the financial services sector. The sector has much work to do, with other sectors, to regain respect and credibility from the person on the street who is aghast, annoyed and angry at the scale of the salaries and pensions enjoyed by bankers. Were these issues discussed with the Clearing House Group and what has emerged from it?

Apart from the ESRI and the Central Bank, did the Government commission research on the likely impact on the industry in this country and the IFSC of a financial transaction tax? The proposal ultimately emanated from Brussels. Do we have hard evidence-based research on potential job losses or the impact of such a tax? I have heard various estimates, ranging from €150 million to €3 trillion worth of activity. We must have clear answers on that front. I would be interested in hearing whether specific research has been conducted in that regard.

The Taoiseach: It is only right and proper that there be balance in the dialogue between the public sector and the private sector. The Deputy is aware that this is not always a benign environment. The way companies operate is cut-throat and competitive.

In so far as the chairing of the Clearing House Group by the Secretary General of the Department of the Taoiseach is concerned, it is to provide a forum for discussion, analysis and views on how the industry might be both protected and developed. I accept the Deputy's point about the opportunity to attract new skill sets in various areas. I refer, for example, to green finance, Islamic finance and also companies that deal with the processing of payments for other companies. I had the opportunity to open such a company recently in the IFSC. These are areas that are always under consideration.

A detailed report was produced by the European Commission on a financial transaction tax. It pointed to the scale of job losses that could occur. As the Deputy is aware, there are different views on such matters. The Department of Finance carried out research on the matter. I will ensure whatever research is available will be presented to the Deputy. I am not sure whether the Government commissioned a formal report on a financial transaction tax, but we came to the view that if such a tax was to be imposed in this country and not in London where the Prime Minister, Mr. Cameron, was clear in his view on the matter, it would place the IFSC at a disadvantage. We have moved on to making that clear at a European level, pointing out that the enhanced co-operation-----

Deputy Micheál Martin: It might be no harm to do a study.

The Taoiseach: I will look at what was done and follow it through.

The Deputy asked about pensions. There are five working groups in the IFSC and their roles are clearly set out. The first is the IFSC banking and treasury working group, which deals with banking, asset financing and corporate treasury, as well as taxation issues that arise from all areas of the international financial services industry in Ireland. It makes recommendations for improving the competitiveness of the industry in these sectors. Many of its proposals have been reflected in the recent Finance Acts, largely in respect of regulation. The IFSC banking and treasury working group includes representatives of the industry sector, banking and corporate treasury, industry financial advisors, accountants dealing with taxation issues and public sector representatives from Departments and agencies. I do not know whether they have discussed the

question of bank pensions. This area is about asset banking and corporate treasury.

The second group is the IFSC CF funds working group which considers the administration and management of investment funds and examines the future of the funds industry in Ireland. Its work involves recommending the right legislative, regulatory and taxation issues, co-ordinating the market effort between IDA Ireland, Government and industry, and maintaining awareness of the impact of international developments on competitiveness. We hear about the last point all the time from industry. The group has as its mission statement that it will ensure that the quality of the environment and infrastructure for the wider funds industry in Ireland is comparable to and competitive with what is called “best in class” internationally. It states that this forum should be where experts in the public and private sectors can together prioritise relevant issues for resolution, which can be taken at a higher level, if appropriate. This group includes representatives and practitioners, relevant Departments and agencies in the Irish Stock Exchange.

The third group is the IFSC insurance working group, which considers issues of relevance to the continued development, expansion and competitiveness of Ireland as a reputable centre for the provision of insurance products and services. It includes proposals for and monitoring of fiscal and regulatory changes, and any other improvements that are deemed necessary to enhance and protect the international insurance sector, the co-ordination of marketing efforts and promoting and fostering working relationships between IDA Ireland, the Government and the industry. It maintains awareness of and analysis of the impact of international developments and aspects of business which affect the overall competitiveness and attractiveness of Ireland as a centre for insurance.

The fourth group is the IFSC pensions working group, whose role is to promote Ireland as a prime location for the centralised management of pension funds. That objective is best achieved by active collaboration and appropriate representation on the working group of the main interested parties, as well as individuals with particular experience, including industry representatives of multinational companies. The Departments of the Taoiseach and Finance, the Pensions Board, IDA Ireland and Financial Services Ireland are all members of the pensions group.

The fifth group is the IFSC asset management working group, which considers issues of relevance to the development of a broader based institutional asset management business in Ireland. Its focus is to advise the IFSC Clearing House Group on the fiscal and regulatory measures that are needed to promote Ireland as a centre for international asset management activities and to identify impediments - fiscal, regulatory, skills or otherwise - and suggest appropriate remedies. It also validates and supports the implementation of an appropriate marketing strategy.

These groups are all designed to fit in promoting Ireland and making it a better place for asset management business. Included are the Irish Association of Investment Managers, IAIM, industry practitioners, Departments, the Central Bank and State agencies, which all meet on a regular basis. I do not have the detail of what they have discussed but we will shortly publish on the website the minutes of the Clearing House Group meetings since last September. These will include the opinions and proposals of the five individual groups.

Deputy Micheál Martin: My question was whether pensions and salaries were discussed. Outside the financial world there is a significant sense that these people have set their own rates,

globally. If we look at history, at the late 1920s and the analyses of the Wall Street Crash, the *raison d'être* and entire approach of the financial sector has been to create products and services that nobody - allegedly - could understand except the experts within the sector. They were the experts and because the layperson could not ever achieve their level of intelligence they dictated what the pay norms in the sector were. Their position was that they deserved these extraordinary sums of money and pensions because they are a super-league kind of people who can devise the most imaginative-----

Deputy Finian McGrath: Like Deputy Martin.

Deputy Micheál Martin: -----and intelligent products to sell in terms of pension funds, derivatives, or whatever. We saw where all of that got us. Throughout history the rest of society has tended to nod the head deferentially and genuflect in the direction of the financial elites. That is where we stand and it is time we challenged that position. I am all for the IFSC and for the jobs but we all accept this went too far in terms of the remuneration people awarded themselves. We are talking about people earning millions prior to the collapse, across the globe, in Europe and in Ireland.

Reform must begin somewhere and I would like to see a no-holes barred discussion with Government representatives and the industry through the clearing house mechanism. It would be no harm to give a sense of where the rest of society stands on this. Will the Taoiseach put that to the clearing house? There is a very real issue here.

The Taoiseach: I share the Deputy's view about contrition being required from the financial sector in general. A number of persons in this country have had charges placed against them in respect of their activities in the financial sector. The law will take its course, whatever that might be.

I would prefer if a discussion of that kind were to take place at a more local level, at the Cabinet sub-committee, which will have a broader remit in respect of banking. If there were a row, or a very competitive discussion between the private and the public sectors at an IFSC Clearing House Group, chaired by the Secretary General of the Department of the Taoiseach, it might not be so very beneficial. However, I share the Deputy's view of some of the truly extraordinary salaries and arrangements, both internationally and at home.

I outlined the five working groups. I do not believe they sat down and discussed salaries and pensions. I read out what their remit is, as working groups. When the minutes of the IFSC Clearing House Group are published on the website they will reflect what the groups have fed into the entire group for decisions at plenary session. I will take note of what the Deputy observed.

Deputy Richard Boyd Barrett: The Clearing House Group and its unprecedented relationship to Government and top civil servants, as described by the Taoiseach, begins to look like Ireland's dirty little secret when taken together with our extremely low corporation tax and the Taoiseach's unwillingness even to look at the issue of financial transaction tax. Is it not amazing that although the Taoiseach slavishly submits to every dictate for austerity made by the troika, when it comes to hitting public sector workers and pensioners, privatising public services, attacking low and middle income people and the vulnerable in our society, the one line he draws and stands against the troika is on the financial transaction tax and corporation tax? These are taxes that would hit the speculators and financiers, the very people who caused

the crisis. However, the Taoiseach draws the line there and protects them. It seems we have discovered the reason. Essentially, these are the speculators who caused the crisis and they have been given unprecedented access to the Taoiseach, the Government and top civil servants. They are writing the script for the Taoiseach - in some cases, as we have discovered, literally word for word - when it comes to his policy on these matters.

How is it possible that these people can have seven or eight meetings with the Taoiseach-----

An Ceann Comhairle: Perhaps the Deputy will ask a question.

Deputy Richard Boyd Barrett: I just used the term “How is it”, which implies a question. How is it that these people can have seven or eight meetings-----

An Ceann Comhairle: The Deputy should abandon his speech on the financial services sector and ask a question.

Deputy Richard Boyd Barrett: For the third time, how is it that the financiers and speculators to whom I refer can have eight meetings at the highest level with the Taoiseach and with top civil servants while the representatives of the 450,000 people who are unemployed cannot do so? Why are the representatives of hundreds of thousands of workers not invited to such meetings in order to discuss the problems those people are facing or their ideas for job creation and the protection of their incomes? It is only the bankers and speculators who gain the level of access to which I refer. Should we not just remove the Tricolour from above all State buildings and raise the Jolly Roger instead? What the Government appears to be doing-----

An Ceann Comhairle: This is Question Time.

Deputy Richard Boyd Barrett: -----is facilitating tax piracy and financial pirates at every juncture, while the ordinary workers of this country are continually hammered when austerity is demanded by the troika.

The Taoiseach: What the Deputy wants to do is to send Ireland down to Davy Jones’s locker.

Deputy Richard Boyd Barrett: The Government is already doing a good job in that regard.

The Taoiseach: The problem is that the Deputy did not listen to the reply I gave in respect of the questions tabled by Deputies Martin and Adams regarding the number of occasions on which the Clearing House Group met.

Deputy Richard Boyd Barrett: Since September. I am concerned with the position for the entire year.

The Taoiseach: I indicated that it had met once since the Dáil returned from its summer recess on 25 September. The group is due to meet again on 22 November.

Deputy Richard Boyd Barrett: The Taoiseach indicated that it met on six previous occasions earlier in the year.

The Taoiseach: Deputy Boyd Barrett has made a charge to the effect that I met the IFSC Clearing House Group and bankers, speculators and so forth on seven or eight occasions.

Deputy Richard Boyd Barrett: The Taoiseach-----

An Ceann Comhairle: I ask Deputy Boyd Barrett to please stop interrupting.

The Taoiseach: The Secretary General of the Department of the Taoiseach chairs those meetings. In my initial reply I also indicated that I met representatives of these groups on various occasions - at business functions, etc. - as is my responsibility and as is part of my remit. I have not been in attendance at seven or eight meetings of the IFSC Clearing House Group. I have been at pains to point out how that forum operates and also who chairs it. Perhaps the Deputy might include that information on the flag to which he refers and bear it in mind on the next occasion on which that banner is flown.

There are people who live in Deputy Boyd Barrett's constituency who work for one of the many companies that have invested in the IFSC. Just as he got his answer in the referendum on the fiscal stability treaty, the Deputy should bear in mind that some of those who live in his constituency work for companies which have invested in and operate out of the IFSC - Zurich, AXA, Generali, Allianz, Citibank, State Street International, J. P. Morgan, BNY Mellon, Bank of Montreal, Bank of America, Merrill Lynch, Prudential, Northern Trust, UniCredit Bank Ireland, Pioneer Alternative Investments, HSBC and many more. Is he saying it is not appropriate that these institutions should invest in our country or that they should not have created, developed and maintained 33,000 jobs here?

The Government has made its view on the corporation tax rate of 12.5% - 11.9% effective across the board - very clear. For many years this rate has been a cornerstone of this country's ability to attract investment. However, it is not the only factor. Our position with regard to technology, our track record and our pool of talent are all factors when it comes to attracting investment. When one adds to these the fact that ours is the only English-speaking country in the eurozone, in the words of former US President Bill Clinton, this makes Ireland enormously attractive to investors. Whether it is in the wider sense outside the financial services industry or in the context of investment in Ireland in general, there are over 1,000 companies that have come here and that are driving our economy. Their efforts will play an enormous part as we make progress towards exiting the bailout.

I do not accept the Deputy's assertion that there is some kind of conspiracy at play or some type of cosy cartel in operation here. I am sure he has visited the Irish Financial Services Centre. He may have met and spoken to the people there - he may even know some of them - who work in the interests of this country in the context of creating job opportunities. We want not only to maintain what is happening at the centre but also to enhance and expand it. The financial services industry has indicated that it wishes to create a further 10,000 net new jobs by 2015. That is the value of this industry to our country. As I pointed out to Deputy Adams, some 3,000 jobs have been created in this area alone since 2011. We want to maintain and develop our strategy in respect of this sector in the interests of both the economy and our people, some of whom Deputy Boyd Barrett might meet on the streets of his constituency. He should not decry those individuals for the work they do.

Deputy Joe Higgins: Does the Taoiseach not find it extraordinary that what is essentially an arm of the Government is an institutionalised conduit for the world's financiers and financial speculators to have a decisive influence on Government policy in respect of crucial issues - the taxing of super wealth, financial speculation, etc. - which could have an effect on their profits? Whereas lobbying is part of the establishment and the capitalist political process, that to which I refer involves far more than lobbying. The Taoiseach referred to four working groups-----

The Taoiseach: I referred to five.

Deputy Joe Higgins: -----one of which is dedicated to dealing with the participation of hedge funds - including vulture capitalists - which have wreaked enormous damage internationally as a result of their speculation and related activities. Is it not extraordinary that these entities have such inordinate influence on Government policy? How on earth could they do anything other than oppose measures that would affect their super-profits? Would they tolerate tax increases in respect of their profits or a financial transactions tax? Would foxes return stolen chickens to a henhouse? The obvious answer is "No".

The big banking and financial institutions to which the Taoiseach referred and to which he is willing to concede such influence are precisely those operating in the financial markets about which we hear so much. They are part of this new dictatorship which is exerting influence over Europe and they created the crisis which is affecting the entire continent at present. If I were to ask whether he would consider establishing an Irish care for the elderly clearing house in order that home helps and representatives of elderly people could meet regularly to engage in discussions, etc., the Taoiseach would probably scoff at the idea. Is it not reasonable that the representatives of the majority and of the people who are suffering under austerity should have more influence on the Government than those who caused the crisis? Does the Taoiseach not accept the rationale being put forward in matters of this nature?

The Taoiseach: The Deputy is deliberately confusing the two. It was not the IFSC in Dublin which caused the country to go over the edge of the cliff-----

Deputy Richard Boyd Barrett: Many of those who work in it did so.

The Taoiseach: -----or which caused the extreme situation that obtains internationally. In the context of how it does its business and what it does, the IFSC is in a different league from commercial banks - with their lending policies, moves into the area of property and all the rest of it - which created a bubble that exploded, left the country in the lurch and saw to it that 150,000 construction workers became unemployed. Nor is this an institutionalised conduit of Government for dealing with the institutions in question. There are, after all, 33,000 men and women who are employed at the IFSC. These people do an enormously important job for both the economy and the reputation of the country. The Deputy should not brand them as being the same as those who operated in the other arm of banking, whose incompetence led to a debacle. Policy is not set by the banks or the Clearing House Group; it is set by the Ministers and by the Government. It is perfectly in order for Ministers or for the clearing house group to hear the views of the industry, which after all employs 33,000 people, about the changing nature of advantages and opportunities for business abroad and how that might impact on this country. While these matters are subject to regulation, such regulation should be effective but not over-restrictive. That is a very important element for creating further advantage, brand image and the opportunity for people to work in it.

I had the privilege of launching its document last year. It describes the opportunities for future business in different and more creative ways. The Clearing House Group is a forum for the public and private sectors to come together. It is chaired by the Department of the Taoiseach and its brief is to look at the long-term development of international financial services. It is absolutely above board. There is no cosy cartel in operation. The minutes of the meeting will be on the website very shortly. I have written to the Chairman of the Joint Committee on Finance, Public Expenditure and Reform with the intention of giving the committee members a full brief-

ing. The report which has been published will also be put up on the website of the Department. Far from it being some form of secretive, clandestine, conspiratorial, institutionalised conduit of the State, as the Deputy calls it, this is a very effective forum for dealing with job creation, improved investment in the country, the development of our economy, the creation of jobs and a much happier country. The Deputy may not support that but I have a very different view.

Deputy Richard Boyd Barrett: It is a pirates' cabal.

The Taoiseach: We will keep it as a very objective forum.

Deputy Joe Higgins: They should be taken into public ownership and under democratic control.

Written Answers follow Adjournment.

Order of Business

The Taoiseach: It is proposed to take No. 18, Fiscal Responsibility Bill 2012 - Report Stage (resumed); and No.19, Credit Union Bill 2012 - Second Stage (resumed). It is proposed, notwithstanding anything in Standing Orders, that the Dáil shall sit later than 9 p.m. and shall adjourn not later than 10 p.m.; and the resumed Report and Final Stages of No. 18 shall, if not previously concluded, be brought to a conclusion at 7 p.m. by one question which shall be put from the Chair and which shall, in relation to amendments, include only those set down or accepted by the Minister for Finance. Private Members' business shall be No. 73, motion re education funding.

An Ceann Comhairle: There are two proposals to be put to the House. Is the proposal that the Dáil shall sit later than 9 p.m. agreed to? Agreed. Is the proposal for dealing with No. 18 agreed to? Agreed.

Deputy Micheál Martin: I refer to the Government's initiative for a fundamental review of hospital services in the south-east region and in particular to review the status of Waterford Regional Hospital with a view to downgrading it from category four to category three. Will the Taoiseach allow time for a debate on that issue? Government Deputies are due to meet the Secretary General of the Department of Health. Deputies on all sides of the House would welcome the opportunity to have a debate on that specific issue and on the general review.

Deputy Tom Hayes: And on the Cork situation.

Deputy Richard Boyd Barrett: Do not forget Loughlinstown.

Deputy Micheál Martin: These matters are relevant to the country as a whole because there would be increased demand on other regions such as Dublin, Cork and elsewhere. I do not think it is a tenable or sustainable proposition but it is a large-scale proposal. A meeting was held in the audiovisual room this morning with a group from Waterford who came to lobby Deputies. Given that many thousands of people marched, I think we should have a debate. I ask the Taoiseach if he could arrange a debate in Government time-----

An Ceann Comhairle: I am sorry, Deputy, I wish to advise the House that the Deputies for Waterford have been granted a Topical Issue debate on that matter.

Deputy Micheál Martin: It is broader than that. The Taoiseach should allocate Government time to allow a debate.

An Ceann Comhairle: Perhaps the Whips could discuss it.

Deputy Paul Kehoe: Does Deputy Martin not want to see enhanced services in Cork?

An Ceann Comhairle: Please, we must return to the Order of Business.

Deputy Micheál Martin: We have them and they are in huge demand. People are under time and access pressure. They have a lot to cope with.

I ask the Taoiseach when is the health (amendment) (No. 2) Bill due before the House.

The Taoiseach: It will be introduced next year. The decision on the matter of hospital groups will be taken by the Government in the next couple of weeks and there will be an opportunity for a full debate in the House. Some of what I have heard around the country about this issue has been nothing short of outrageous misinformation-----

Deputy Mattie McGrath: The Taoiseach should talk to his own backbenchers.

The Taoiseach: It would be appropriate in the interests of the people that we should base our discussions and our arguments on the facts. As Deputy Martin is aware, medical politics are far more Machiavellian than political politics. We should have a rational discussion-----

(Interruptions).

The Taoiseach: -----in the House-----

An Ceann Comhairle: This matter is totally out of order on the Order of Business.

The Taoiseach: -----in a couple of weeks time when the decision is made. For the information of the House, the Government today considered the health strategy from now to 2015. I expect the Minister for Health and the Ministers of State will deal with that matter on Thursday. The discussion and debate on the decisions made in respect of hospital groups will be held probably in three weeks time.

An Ceann Comhairle: I repeat that the Deputies for Waterford have been granted permission to raise a Topical Issue matter on the potential impact on Waterford Regional Hospital of the proposed reconfiguration of hospital services.

Deputy Gerry Adams: Ba mhaith liom ceist a chur faoi reachtaíocht atá fógartha. I ask the Taoiseach for an update on a different aspect of the health (amendment) (No. 2) Bill, which is free GP services. If I understood his reply correctly he stated the Bill would be published next year. In the meantime will the Government provide free GP care for claimants under the long-term illness scheme before the end of the year? What is the reason for the delay in bringing forward this legislation?

The Taoiseach: The GP service legislation will be published this session. Deputy Martin's question was about the health (amendment) (No. 2) Bill which will be published next year.

Deputy Thomas P. Broughan: When does the Taoiseach expect the Bill on the regulation of lobbying to be before the House? I also wish to ask a question about the format of the budget

statement. Is it intended to have two budget statements this year? Will the Minister responsible for the Bill on the regulation of lobbying, the Minister for Public Expenditure and Reform, Deputy Howlin, make a statement on the Tuesday? While I am on my feet, I wish to congratulate the Minister for Children and Youth Affairs, and the Minister of State, Deputy Kathleen Lynch, for the successful passage of the amendment of the Constitution.

The Taoiseach: I thank Deputy Broughan for his co-operation in this matter. There is no date as yet for the publication of the Bill on the regulation of lobbying. No decision has been taken as yet on the format of the budget; it will be announced in advance.

Deputy Finian McGrath: I refer to the Criminal Justice (Corruption) Bill. Will the Taoiseach support the request by the family of the late Fr. Niall Molloy, in particular by his nephew, Bill Maher, for a commission of investigation into the murder of his uncle?

An Ceann Comhairle: That is not in order on the Order of Business.

Deputy Finian McGrath: The family is very concerned that major corruption-----

An Ceann Comhairle: Please recognise the Chair, Deputy. You are out of order.

Deputy Finian McGrath: I am asking with reference to the Criminal Justice (Corruption) Bill.

An Ceann Comhairle: The Deputy should ask about the legislation.

The Taoiseach: The heads of the Bill were approved in June. It has been sent to the committee for further consideration but has not yet been returned to the Government.

Deputy Martin Heydon: I congratulate the Minister for Children and Youth Affairs on the successful passing of the referendum. I ask the Taoiseach about the progress on the child and family support agency Bill which will establish the agency for the delivery of child welfare and protection services. It is imperative that the agency is established and that funding is available from the HSE.

The Taoiseach: I thank Deputy Heydon for his comment and support for the referendum.

5 o'clock

The heads of the child and family support agency Bill were cleared by the Government last week. I expect it will be published before Christmas and we will proceed to implementing it as quickly as possible thereafter.

Deputy Robert Troy: Like Deputy Heydon, I welcome the result of the referendum at the weekend. I believed it was envisaged that the agency would be up and running from the beginning of January. Does the relevant legislation, the heads of which will not be published until the period before Christmas, not need to be enacted to have it up and running in January? Will the Government continue to prioritise this?

The heads of the Children First Bill have been published for six or seven months. When will this legislation come before the Oireachtas? Bearing in mind the passage of the referendum, when does the Taoiseach hope to bring legislation on adoption and the best interests and voice of the child before the Oireachtas?

The Taoiseach: The adoption Bill was published in tandem with the referendum Bill. It is a case of finding time in the calendar year to debate it. The Children First Bill will be taken very early in the new year. The Attorney General and her staff are working exceptionally hard on the child and family support agency Bill and we expect to process it very quickly. Obviously, we have set out a timeline for this and I hope we can adhere to it.

Deputy Simon Harris: I congratulate the Government and our diplomats on the successful election of Ireland to the United Nations Human Rights Council. Children's rights obviously comprise an important part of human rights. In this regard, I congratulate the Minister for Children, Deputy Fitzgerald, and all those involved in the "Yes" campaign, including the NGOs, on the successful passage of the referendum. Another aspect of human rights, however, concerns how our State and legal system interact with vulnerable people; I refer to the mental capacity legislation. I hope that on foot of our successful election to the United Nations Human Rights Council, this will be speeded up. Can the Taoiseach state when he expects the legislation to be published and debated in the House?

The Taoiseach: I know Deputy Harris has a particular interest in this matter. I thank him for his support for the referendum. The legislation is complex. It is listed to be published this session but I am not actually sure whether this can be achieved. It has proven to be complex; suffice it to say that there is a great deal of work being done thereon. I cannot give the Deputy absolute confirmation that the legislation will be ready in this session.

Deputy Peter Fitzpatrick: When will the civil partnership Bill be before the House?

An Ceann Comhairle: Is there legislation promised?

The Taoiseach: That legislation is already in operation, as the Deputy will be aware.

Deputy Bernard J. Durkan: With regard to promised legislation, could the Taoiseach indicate the progress to date in bringing before the House the legislation to provide for an all-Ireland gas market, particularly in the context of North-South co-operation? Have the heads of the Bill been discussed by the Cabinet? When is it expected to bring the legislation before the House?

The Taoiseach: The heads have not come to the Cabinet yet. Clearly, moving towards a European grid is a matter of considerable importance. The Deputy will be aware of the recent opening of the interconnector at Batterstown. This is a matter that the Minister for Communications, Energy and Natural Resources has very much in hand. It will be next year before the Bill is published.

Deputy Michael Healy-Rae: Some 7,000 commonages will be adversely affected by changes to maximum and minimum stocking rates under the animal health and welfare legislation. This is causing great upset and worry among the farming community. What is proposed will adversely affect the welfare of animals because in some instances farmers are being told to put an unrealistic number of stock up on the hills, while in others the prescribed densities for hills are too low.

An Ceann Comhairle: It is in the Dáil.

The Taoiseach: The Bill has been to the Seanad and is awaiting Committee Stage in this House.

Deputy Michael Healy-Rae: That does not answer my question.

The Taoiseach: In fairness, it is well down the conveyor belt.

Deputy Michael Healy-Rae: It is important.

Deputy Mattie McGrath: Will a debate be allowed with the Taoiseach and the Minister for Children on the misleading information that was given out during the referendum campaign? The Supreme Court-----

An Ceann Comhairle: Not on the Order of Business. I ask the Deputy to resume his seat.

Deputy Mattie McGrath: I refer to the Bill. Misleading information was given out by the Government. We have an independent commission and it should be allowed-----

An Ceann Comhairle: I ask the Deputy to resume his seat.

Deputy Mattie McGrath: The Ceann Comhairle did not allow a Topical Issue debate or a private notice question. Therefore, I ask-----

An Ceann Comhairle: Will the Deputy, please, resume his seat?

Deputy Mattie McGrath: -----whether we are to have a debate.

An Ceann Comhairle: I ask the Deputy to resume his seat.

Deputy Mattie McGrath: Are we going to have a debate?

An Ceann Comhairle: Will the Deputy, please, resume his seat?

Deputy Mattie McGrath: I will, but the Ceann Comhairle should note I asked him for a Topical Issue debate.

An Ceann Comhairle: I ask the Deputy to resume his seat.

Deputy Paul Kehoe: Ask Noel Davern.

Deputy Mattie McGrath: The Ceann Comhairle is not being fair.

An Ceann Comhairle: It is not relevant to the Order of Business.

Deputy Mattie McGrath: Deputy Kehoe should ask Michael Fingleton about his house loan.

Deputy Paul Kehoe: Ask Noel Davern.

Brighter Evenings Bill 2012: First Stage

Deputy Thomas P. Broughan: I move:

That leave be granted to introduce a Bill entitled an Act to require the Minister for Justice and Equality to prepare and publish a report on the costs and benefits of advancing the clocks by one hour to allow for brighter evenings and to bring Ireland into the Central European Time

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zone; to also allow the Minister for Justice to advance the clocks by one hour for a three year trial period and then permanently if required; and for connected purposes.

An Ceann Comhairle: Is the Bill opposed?

Minister of State at the Department of the Taoiseach (Deputy Paul Kehoe): No.

Question put and agreed to.

An Ceann Comhairle: Since this is a Private Members' Bill, Second Stage must, under Standing Orders, be taken in Private Members' time.

Deputy Thomas P. Broughan: I move: "That the Bill be taken in Private Members' time."

Question put and agreed to.

Public Procurement Bill 2012: First Stage

Deputy John Lyons: I move:

That leave be granted to introduce a Bill entitled an Act to require that social benefits be assessed in the context of public procurement and to provide for related matters.

An Ceann Comhairle: Is the Bill opposed?

Minister of State at the Department of the Taoiseach(Deputy Paul Kehoe): No.

Question put and agreed to.

An Ceann Comhairle: Since this is a Private Members' Bill, Second Stage must, under Standing Orders, be taken in Private Members' time.

Deputy John Lyons: I move: "That the Bill be taken in Private Members' time."

Question put and agreed to.

Environment and Public Health (Wind Turbines) Bill 2012: First Stage

Deputy Willie Penrose: I move:

That leave be granted to introduce a Bill entitled an Act to protect the health of persons who may be affected by noise and shadow flicker from wind turbines; to give further effect to the Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters done at Aarhus, Denmark on 25 June 1998; and to provide for related matters.

An Ceann Comhairle: Is the Bill opposed?

Minister of State at the Department of the Taoiseach(Deputy Paul Kehoe): No.

Question put and agreed to.

An Ceann Comhairle: Since this is a Private Members' Bill, Second Stage must, under Standing Orders, be taken in Private Members' time.

Deputy Thomas P. Broughan: I move: "That the Bill be taken in Private Members' time."

Question put and agreed to.

Topical Issue Debate

Job Creation Issues

Deputy Brian Stanley: I welcome the opportunity to address this matter with the Minister. I raise it because of the low number of visits to Laois and Offaly by companies invited here by IDA Ireland. The figures are actually unbelievable and astounding. I have raised this locally and regionally with IDA Ireland. I welcome the fact that the Minister, Deputy Richard Bruton, is present. He will recall my raising this in his office last year with representatives of industry and commerce from Laois and Offaly, the county manager and other Deputies. The taxpayers of Laois and Offaly are wondering what is happening in regard to their contribution to the IDA Ireland's budget of €86 million, which I understand is its allocation. Given the number of visits to counties Laois and Offaly last year, one wonders how such a cost arises. If the NRA and Department of Transport, Tourism and Sport stopped funding roads in the area, the people of counties Laois and Offaly would not be expected to pay road tax.

The figures are absolutely astounding. In the past three years there have been but two IDA Ireland-organised visits to County Laois by prospective companies. There have not been any visits so far in 2012. There were two in the entire three year period in County Laois. County Offaly has had nine visits: seven in 2010, one in 2011 and one so far in 2012, yet Laois has had only two. In the same period Dublin had 484 visits. I understand that the capital city would have more visits as it is a large population area but Laois and Offaly should have had more than two. There is a major discrepancy in that regard. I understand IDA Ireland's budget is €86 million, which is a huge amount of money, and those of us in Laois and Offaly are wondering about our part of that.

There are huge opportunities in Laois and Offaly. There are enterprise centres and vacant IDA Ireland premises across the counties in Portlaoise, Mountrath, Mountmellick, Portarlinton, Birr, Edenderry and Tullamore. To take Portarlinton alone, there is a huge Avon factory in Portarlinton mainly under the control of NAMA because of the current position. There is a huge opportunity there and I know NAMA and other interested parties would like to see that used for something more purposeful. I ask the Minister to give his attention to that.

Regarding the jobless figures in the two counties, there are 17,856 people on the live register in both counties. That is a huge number of people who are unemployed. Myself and other local representatives have tried to highlight that and to seek ways to improve the situation.

Acting Chairman (Deputy Catherine Byrne): The Deputy must conclude.

Deputy Brian Stanley: The local authorities in both counties are making substantial efforts in providing enterprise centres and other incentives to attract people to locate in the area.

Where is the accountability of IDA Ireland in this matter? The taxpayers in Laois and Offaly want to know who is responsible. I have heard all the flaky answers from IDA Ireland and others. The Minister is relatively new in the job. I want to know what is being done to get IDA Ireland to ensure there is proper regional development.

Minister for Jobs, Enterprise and Innovation (Deputy Richard Bruton): I thank the Deputy for raising this issue. As he rightly pointed out, Deputy Charles Flanagan organised a delegation to my office recently to discuss this very issue. We went through in some detail the challenges and where we might seek opportunities in this area.

As the Deputy acknowledged in his question, the difficulty of getting IDA Ireland activity in the counties of Laois and Offaly has been a huge challenge for many years. This problem did not arise today or yesterday. The structure of employment in Laois and Offaly is that approximately 4,000 people are employed in indigenously owned companies while 800 people are employed in IDA foreign owned companies. We need to build on our enterprise base. There is no doubt that in recent times the manufacturing base of foreign owned companies, and it has been predominantly manufacturing within Laois and Offaly, has been under severe attrition throughout the country and there have been difficulties in the manufacturing sectors whether foreign or Irish owned.

Manufacturing is a key priority within enterprise policy and one of the things I have done since taking office is to establish a manufacturing development forum to set out a strategic vision for 2020, not just for foreign owned companies but also for indigenous owned companies which, in the case of Laois-Offaly, are a far greater proportion of the employment base. We must recognise that there are opportunities in manufacturing. It has been too easily allowed slide from the national focus of enterprise policy.

I am taking other steps to help drive increasing activity from our industrial base and employment opportunities across the country. These include the launch of the new potential exporters division in Enterprise Ireland to support more indigenous companies trade in foreign markets; Enterprise Ireland's lean business offer which enables manufacturing clients to improve productivity; the launch of the development capital scheme aimed at indigenously owned companies which are finding it difficult to grow to scale and expand into export markets; and the improvement in the research and development scheme. There is a good deal of activity going on seeking to build our broad indigenous engine of growth.

In terms of the challenge for IDA Ireland, when I go on IDA Ireland trade missions leading corporations are seeking pools of highly qualified talent in very substantial number. That is the difficulty we face. Increasingly, they are looking at areas where there are many companies in similar sectors already established. The Deputy will be aware that increasingly the profile of IDA Ireland wins we are seeking are in areas of information technology, research and development and in the pharmaceutical sector. They are activities that tend to be drawn to magnets where there is already a substantial presence in those clusters. That is what poses the challenge for regional policy. Effective regional policy will have to rely on indigenous development as well as multinationals.

The Deputy asked where the money goes from the €86 million. It is true that the strategy is designed to create 62,000 jobs in 640 investments.

Acting Chairman (Deputy Catherine Byrne): The Minister's time has concluded.

Deputy Brian Stanley: I thank the Minister for his reply. I welcome that manufacturing is getting priority, and the Minister mentioned in particular the research and development credit scheme.

Regarding the pools of qualified talent, there would not be a shortage of those in the midlands. It is easy to get to an area from a commuter point of view because of improved motorway and rail links, which was one of the reasons given in the past for holding it back. I ask the Minister to speak to the IDA Ireland about having a flexible approach to the midlands, particularly towards some of the empty units I mentioned such as the Avon factory in Portarlinton, the IDA Ireland factories in Portlaoise and Birr, and the other centres and to impress on it the need for balanced regional development. Everybody would agree on that. There are pressures on water and other resources in Dublin but we do not have the same level of pressure in the Midlands. There is a good road network in place. There are good facilities which are ready to have the key turned in them. That is the key point. Smaller units can be used in clusters. On the day we met the Minister I discussed the question of companies that want to expand and start a new operation in the Midlands in that some of those smaller units could be used for that. I urge the Minister to use his good offices to keep the pressure on IDA Ireland to have that focus on balanced regional development, and particularly to ensure the midlands does not continue to be ignored by IDA Ireland.

Deputy Richard Bruton: IDA Ireland has significant property development in the midlands and it continues to press that as a location in the context of gateway development. Obviously, the midlands is part of a wider gateway network.

In addition to that specific IDA Ireland activity, there is also Connect Ireland which is developed through a private company but is essentially a link seeking to find people who will invest in Ireland and using connector fees to do that. That is a source of job creation which is likely to have a much better regional spread. We are hopeful that initiative will see a broader spread of activity.

The Deputy is right to highlight the short and good communications. A significant decision was the decision of PayPal, having originally invested in Dublin, to have its expansion in Dundalk. It moved from a Dublin location to a Border, midlands and western, BMW, location where it had the confidence, having been established, that it could get the supply it needed and it had the communication connections. Expansions of that nature present an opportunity for achieving better regional spread.

I meet IDA Ireland regularly. We are seeking to promote regional spread but it is not our Department or the IDA which ultimately decides where companies locate. They decide that against their criteria. It is not a question of Portlaoise competing with Dublin; it is a question of Ireland competing with the United Kingdom, Switzerland or Singapore. That is the competition IDA Ireland predominantly faces, and the Deputy must understand that to understand the difficulty we are facing. We have to have a broader regional strategy rather than simply looking at IDA Ireland as being the driver. I will continue to emphasise to IDA Ireland, as the Deputy asked, the importance of seeking to meet the target of 50% of investment outside Dublin and Cork. It is a core part of the agency's mandate but one that is increasingly difficult to achieve.

Regulatory Bodies

Deputy Colm Keaveney: Last week a committee of the Oireachtas was subject to what I can best describe as a show of disdain and arrogance by the chairperson of the Commission for Communications Regulation, ComReg, in his refusal to answer questions or provide any sense of being responsible to anyone but himself in the exercise of the functions of his public office. ComReg has since come into increasing conflict with An Post and I can best describe their relationship as dysfunctional. The financial health of An Post hangs in the balance. Workers, their unions and the management of An Post are working together to secure the financial health of the company. ComReg, however, is pursuing a policy that will result in damage to An Post's financial standing and threaten service provision across communities. It is pursuing what appears to be a pro-privatisation agenda towards An Post and has done so in a manner that has played fast and loose with the public interest.

ComReg pursued a legal action against An Post which it subsequently lost in the High Court. An Post opposed ComReg's original decision on the grounds that it amounted to an unacceptable form of micromanagement of its postal delivery service by the regulator. An Post must bear the cost of the High Court case, as well as the cost of a Supreme Court appeal. Worse still, it will also be picking up the legal bill for ComReg. This action by ComReg will be responsible for financially damaging a valued and necessary public utility and the only winners will be the lawyers, certainly not consumers.

ComReg recently fined An Post €12 million for its quality of service levels. This seems to be an outrageous amount of money and I question the metric used to arrive at this levy. There is little point in comparing the efficiencies achieved by An Post with those of other universal service operators in other countries, given our low population density and spread. Will the Minister establish the impact of this fine on An Post? Will he ask ComReg to forward to us the metric used in arriving at this fine?

An Post is forced to pay for two sets of private consultants to measure the quality of service in dispute. Why not only one? The additional cost imposed by ComReg by the requirement to have two consultants is racking up millions of euro for An Post and impacting on the service provided for consumers. While the independence of the regulator from ministerial or political interference is to be valued, there must be accountability to this House. The regulator should be compelled to answer questions on its role from Oireachtas committees and the Minister, not hide behind legislative shields. No officeholder in the State should be permitted to exercise the functions of his or her office, a trust given by the Oireachtas, without a degree of accountability.

ComReg's actions threaten the interests of consumers and communities across Ireland. Is the Minister considering proposals to review the operation of the regulator, alter the focus of its office and ensure an impartial approach to how An Post's functions are refereed?

Minister of State at the Department of Communications, Energy and Natural Resources (Deputy Fergus O'Dowd): I thank the Deputy for raising this matter in the House which I am taking on behalf of the Minister for Communications, Energy and Natural Resources, Deputy Pat Rabbitte, who is unavoidably absent.

ComReg is statutorily responsible for the regulation of the postal sector and independent in the exercise of its regulatory functions. Furthermore, the EU regulatory framework for the postal sector requires the regulatory function to be discharged separately from the shareholder

function which the Minister for Communications, Energy and Natural Resources administers. The Communications Regulation (Postal Services) Act, passed in August 2011, put in place the regulatory framework for the newly liberalised postal service market. The Act enshrines the universal service obligation, a legal obligation on the State, guaranteeing the collection and delivery of mail to every address in the State on every working day.

Recognising the importance of universal service, the postal Act was strengthened by the Minister, reflecting commitments given in the programme for Government, to give him a direct role in ensuring the continued delivery of a universal service obligation by An Post. In terms of the hierarchy of objectives being discharged by ComReg which was recognised by the chairman of ComReg at the meeting of the Joint Committee on Transport and Communications last week, maintenance of universal service is the most important function assigned to it. In the programme for Government the Government is committed to a universal postal service as an essential public service, with a publicly owned, commercially viable, profitable and efficient An Post critical to the long-term viability of the postal market.

I watched with interest the proceedings of the Oireachtas committee and was heartened by the interest shown by all Deputies in An Post and the nationwide services it delivered. As many Deputies acknowledged, An Post is facing many challenges, not just financially but also from the development of communications technologies. As shareholder, the Minister has a strong concern regarding the ongoing commercial position of the company. The reality is its core mail business has suffered a major fall in recent years which has impacted seriously on the company's revenue flow. The scale of the decline obliges all stakeholders to work constructively to ensure An Post's capacity to fulfil its core mission, meeting the universal service obligation, is not undermined.

Turning to the role of the Minister in this area, clearly he has no direct role in legal proceedings between ComReg and An Post, the costs incurred in legal actions or the amount of management time devoted to these issues. His preference would be a focus on the fundamental problem facing An Post - the drop in mail volumes - and, in addressing this challenge, the importance of maintaining a secure future for An Post. In his view, State bodies must service the interests of the taxpayer and pursue value for money. He has advised both parties that his preference would be to see the issue in question resolved speedily, outside the courts and in a way that did not incur inordinate and unnecessary costs. An Post has indicated it would prefer mediation. The Minister, while fully respecting the statutory independence of ComReg, agrees this would be the best option. Generally, it is the Government's policy that State agencies ought not to become involved in unnecessary and expensive litigation.

Deputy Colm Keaveney: It is clear ComReg receives its current funding from the industry it regulates. It has nothing to lose by pursuing by what can be best described as an exercise in folly in challenging An Post because An Post will pay its own costs, as well as ComReg's. An Post's financial position is between the red and the black. Will the Minister discover from ComReg the basis for which it arrived at a fine of €12 million? This fine will result in job losses and, invariably, the closure of rural postal services. That is a grave concern for the 400 postal workers I represent in my constituency who are very concerned about ComReg's lack of objectivity and accountability. What advance notice did ComReg provide for An Post on how it had failed on the issue of quality of service which one would expect to receive in any professional relationship? Who established the scale of the breach? What was the metric used? Where is the independence with respect to the documentation on a breach of some standard operating procedure agreed between An Post and ComReg? We need to have transparency. Is this some

form of vendetta, the carryover from an organisation created by the former Ministers, Charlie McCreevy and Mary Harney, to pursue a neoliberal agenda and attack critically important services for rural Ireland? This will not go away; it will continue to happen week after week and we need answers. We call for accountability and documentation to be placed in the Chamber relating to the measure or metric, how the €12 million figure was reached and on what basis. How or where did An Post break some standard operating procedure on quality?

Deputy Fergus O'Dowd: I assure the Deputy that I will bring his comments and views, which have been strongly and clearly expressed, to the attention of the Minister, Deputy Rabbitte. I appreciate what he has said but I reiterate two things. The EU regulatory framework for the postal sector requires that the regulatory function is discharged separately from the shareholder function of the Minister. That is one significant issue. The Minister absolutely respects the statutory independence of ComReg. Naturally, his preference and the preference of An Post is for this to be settled out of court. Government policy holds that State agencies ought not become involved in unnecessary and expensive litigation. I will bring the Deputy's views directly to the Minister.

Hospital Services

Deputy Paudie Coffey: Great concern has been expressed in the south east about the leaked content of Professor Higgins's report on the proposed hospital network reconfiguration. I wish to put on the record that I support reform and reconfiguration in the health services as long as it is in the best interests of patients and patient care.

The regional hospital network is in danger of being dismantled and fragmented despite the fact that vast human and capital resources have been invested in these hospitals over many years to deliver a more integrated health service for the region. The hospitals serve a population of approximately 500,000 people in the south east, the optimum level required for a regional health service. If we fragment this population there is a great fear that demand for critical tertiary regional health services will become unsustainable and that eventually they will be lost. I note the Minister's recent assurances that cancer care, trauma and cardiology services will be retained in Waterford Regional Hospital in any proposed reconfiguration. However, this would require reassurance with regard to parallel budgets and governance and oversight in the region and the securing of the necessary resources for the continued viability of these services.

The vast majority of the stakeholders in the hospital services of the south east support the retention of the network in the region. I note the HSE South organisation is based in Cork and Kilkenny. It has made a strong recommendation to the Minister and Professor Higgins for retention and to exploit the full potential of the regional hospital network in the south east. The Royal College of Surgeons in Ireland, an independent academic organisation with strong links to hospitals in the region and throughout the country, is fully convinced that the south east hospital network is the most integrated and efficient network in the country at the moment. It has stated that the network should be used as an example for other hospital networks in the country. The vast majority of consultants in the south-east region, including those from Wexford General Hospital, South Tipperary General Hospital and Waterford Regional Hospital, are in full support of retaining the network. Those in Kilkenny have reserved judgment. Therefore, I urge the Minister to ensure full collaboration between all hospitals and to ensure health services are protected in the best interests of patients.

This case is the opposite of the case of Roscommon General Hospital. In that case critical services were centralised to Galway to provide the best medical care for the region.

Acting Chairman (Deputy Catherine Byrne): Thank you, Deputy.

Deputy Paudie Coffey: However, this proposal is for the break up and fragmentation of a regional population, which could threaten the regional health services.

Acting Chairman (Deputy Catherine Byrne): Deputy Coffey, you are being unfair to the other Members.

Deputy Ciara Conway: We cannot disagree with any of the sentiments, statistics or facts to which Deputy Coffey has referred. I am pleased to share time on this critical issue for Waterford and the south east. Some 15,000 people took to the streets in Waterford this weekend and I was proud to be there. I put it to the Minister of State with all sincerity that the people are very angry and concerned. We are their representatives in the Dáil and we need some assurances about what is happening in Waterford and the south east. The demonstration was organised in one week, indicating the outcry and concerns of the people there. I walked in the march with an old school friend whose father died when he was a young man. He put it to me that he does not want anyone else to have to get in a car to access services two or three hours away. This sentiment has been replicated by many public representatives throughout the south east who believe those days are done. Those days must be done. We must retain these services for our people in the south east. This is not only an issue for Waterford but for the south east.

If the Government decides to withdraw, dismantle and break up the health care framework provided in the south east on the whim of Professor Higgins then where is the region? What are we? That is the stark reality of what is being proposed. What will happen if these services are withdrawn? What would the south east become? We need assurances for the thousands of people and their families throughout the region who depend daily, weekly and monthly on the provision of jobs by the HSE in the south east and, more important, on access to and provision of adequate and top-class health care currently on offer. If it is not broken, why are we trying to fix it?

Acting Chairman (Deputy Catherine Byrne): Deputy John Paul Phelan has two minutes. Please keep it tight.

Deputy John Paul Phelan: I will try to keep to my two minutes, or as close as I can. I am pleased to have the opportunity to speak in this important discussion. I echo the sentiments of Deputies Conway and Coffey on the importance of the regional hospital. Much upset, anger and frustration exists in the region as a result of a partially leaked report by Professor Higgins in respect of the reconfiguration of hospital services throughout the country. Everyone understands that medical treatment regimes which have been in place perhaps for a long period should be examined. Nothing can be cast in stone forever. However, I echo the comments of Deputy Conway with regard to the south eastern region and the hospital network. The four hospitals, in Waterford, Clonmel and Wexford and St. Luke's General Hospital in Kilkenny, comprise arguably the most integrated unit in the country in terms of delivering health services.

I am in the somewhat unique position of being a Deputy for Carlow-Kilkenny while I live in and I am from the part of Kilkenny served directly by Waterford Regional Hospital. I too seek reassurances for the people I represent. I seek guarantees that the services provided in Waterford Regional Hospital will not be removed or undermined.

Nothing is more emotive than the provision of health services. Like the other Deputies I was present at the march in Waterford on Saturday. It was a well attended event held in good order and it was non-party political, but there was a clear message for all of us: the people there want to be certain that the health service and those with various expertise in the region and in Waterford Regional Hospital will continue to be in place in future. I look forward to the Minister of State's response in this regard.

Deputy John Halligan: Like the previous speakers, including my colleague from Waterford, Deputy Ciara Conway, I remind the Minister of State that an estimated 15,000 people came onto the streets of Waterford last Saturday to protest at what they believe to be the latest attack on the city of Waterford. The 15,000 men, women and children had one thing in mind: to send a clear message to the Minister of State and the Government that they will not tolerate an end to the south eastern hospital network that could lead to the services being transferred to Cork. We will not tolerate an erosion of our hospital services to serve a political agenda focused on severe cuts in the health system. The Minister for Health, Deputy Reilly, has confirmed that no decision has been made yet on the issue. However, the dogs in the street seem to believe the Government's expert group is recommending a break-up of the south-east hospital network. It is crucial that the full spectrum of health services remain in place, not only for those living in Waterford but for the 500,000 residents of the south east. Any change in the current system would have major health consequences, not to mention an adverse economic impact on a region already devastated by one of the highest unemployment rates in the country and the obvious lack of investment by the Government and its predecessor.

At an earlier meeting, which all of the Deputies from the south east and members of the medical profession right across the region attended, the Secretary General and the Minister gave a commitment, but we want to hear it made in the Dáil. They gave a commitment that essential and acute services such as cancer care, cardiology and severe trauma services would not be affected. What ordinary men, women and children on the streets of Waterford wanted to know on Saturday was whether that would be the case. While the Minister and the Secretary General have said this, we want to hear it from the Minister and the place to hear it is in the Dáil.

Acting Chairman (Deputy Catherine Byrne): I thank the Deputy.

Deputy John Halligan: I will finish with this point. The Secretary General, Dr. Ambrose McLoughlin, stated he would be amazed and shocked and that it would be unacceptable if it were to happen that the essential services I have mentioned were affected and that, while he was Secretary General, this would not happen. We want to have this stated in the Dáil.

Deputy Fergus O'Dowd: I thank Deputies Paudie Coffey, Ciara Conway, John Paul Phelan and John Halligan for raising this matter. I note Senator Maurice Cummins is here also. I am taking this matter on behalf of the Minister for Health, Deputy James Reilly.

A key stepping stone towards the introduction of universal health insurance will be the development of independent not-for-profit hospital trusts in which all hospitals will function as part of integrated groups. The rationale behind the establishment of hospital groups and trusts is to support increased operational autonomy and accountability for hospital services in a way that will drive service reforms and provide the maximum possible benefit for patients.

The work on hospital groups is not about downgrading hospitals, rather it is about bringing together groups of hospitals into single cohesive entities to allow maximum flexibility in

management, budgets and service delivery. It is about ensuring hospital groups are broadly comparable in size and scope in order that they can attract high quality staff and trainees across all health care specialties and professions. It is about creating efficiencies by using common business processes and economies of scale and avoiding unnecessary duplication. Most importantly, it is about maximising the range of services available to deliver internationally comparable quality care services for patients, regardless of where they live.

Specifically with regard to Waterford, the hospital will retain its current suite of services - oncology, cardiology and emergency department. It will provide invasive cardiology and trauma services and continue to be an NCCP centre. It will retain the same population referral base for cancer patients. Joint consultant appointments such as general surgery shared with Wexford across the groups will continue to support the specialist cancer services provided. In addition, there has been significant capital investment in the provision of a new emergency department and neonatal unit which has been fully constructed and is being fitted out. As part of the project, the existing emergency department is being refurbished and will be completed in February.

To assist the Department in advising the Government on the formation of hospital groups, in June the Minister appointed Professor John Higgins to chair a strategic board on the establishment of hospital groups. The strategic board is composed of representatives with both national and international expertise in health service delivery, governance and linkages with academic institutions.

A project team was established to make recommendations on the composition of hospital groups, governance arrangements, current management frameworks and linkages with academic institutions for the consideration of the strategic board. The consultation process to inform the project team has been rigorous and comprehensive. It has included meetings with every acute hospital, including consultations on two separate occasions with each hospital in the south-east region. It has involved the receipt of a significant volume of formal submissions from hospitals, clinicians, regulatory bodies and citizens, all of which have been considered.

The Minister has also made clear to the project team and the board his determination to ensure that as many services as possible can be provided safely and appropriately in smaller, local hospitals. On this basis, the organisation of hospital services nationally, regionally and locally will be informed by the ongoing development of the HSE clinical programmes and the smaller hospitals framework which defines the role of smaller hospitals. It outlines the need for smaller and larger hospitals to operate together and, therefore, is intrinsically linked with the ongoing work on the development of hospital groups. The Minister expects to receive the report of the strategic board later this month and will be able to bring this matter to his Cabinet colleagues for decision shortly thereafter.

It should be remembered that the hospital groups are an interim, collaborative measure pending the legislation required to establish hospital trusts. Before these trusts are established, the composition and functioning of the groups will be reviewed and if changes prove necessary, they will be made with Government approval when the hospital trusts are being formed.

Acting Chairman (Deputy Catherine Byrne): I remind the Deputies that they have one minute each. I ask them to keep to questions rather than anything else.

Deputy Paudie Coffey: The existing network of five hospitals serves a population of 500,000 in the south east. There is a network of almost ten hospitals, with much duplication of

resources, serving a population of 1.2 million to which we now want to add by sending some of the population of the south east to Dublin and Cork, into hospitals that already have capacity problems. This is a critical health care issue that needs to be deeply analysed before a Government decision is made and requires the full attention of the Minister and the Government. The Minister must listen to the public representatives who are voicing the concerns of the people of Waterford and the south-east region. They must be able to stand over any Government decision which must be justified in terms of equality of access to health care in the regions. I ask the Minister to take into account this view which I am not expressing lightly. We are working on a cross-party basis - I acknowledge the presence of Deputy John Halligan and all of the Oireachtas Members in the south east - to try to find a solution and resolve this critical issue.

Deputy Ciara Conway: I thank the Minister of State for his response. However, I question the reference to the consultation process as having been “rigorous”. As I understand it, Professor Higgins met a delegation on two occasions, but I am not sure that his board has done so. The consultants from the south east have drawn together a concise and well researched evidence-based report on what a configuration in the south east would look like to best serve the needs of all its residents. I would like to know whether Professor Higgins has read this report and, if not, why. I ask the Minister of State to follow-up on this on my behalf. We must be listened to. This is democracy in action. We are representing the 15,000 people who took to the streets at the weekend and the Minister must engage on the process involved. We understand there is a need for reform. The health system is one we inherited and that has been neglected and mismanaged for many years and we want to see the reforms deliver. With this in mind, Waterford Regional Hospital has been one of the most efficient and leanest hospitals in the country, as verified by outside bodies. This also needs to be included in the mix when examining this issue.

Acting Chairman (Deputy Catherine Byrne): I am sorry, I have to pull the plug on the Deputy.

Deputy John Paul Phelan: I thank the Minister of State for his reply. Deputy John Halligan asked him to state what had been said at a meeting at which we were all present earlier and, in fairness, he has done so. My question relates to the document prepared by the consultants in the south east. I have yet to see a justification given in any quarter for the breaking up of the regional structure. Ultimately, if the four hospitals are to be dismembered and included in four separate trusts, that is what will happen.

I would like an answer but the Minister of State who is here today is not in the Department of Health and may not be able to give me one. I would certainly like him to bring a message to the Minister that we wish to see some sort of analysis of why this change would even be considered. I acknowledge that in his response he has stated the crucial tertiary services that are currently available in the region will remain intact. That is certainly very important. The south east hospital network has been integrated to an enormous extent over the last 20 to 30 years and works well. In that context, I would need to see more justification for a change. I am not one who is against change because I believe the health service must be constantly examined, in terms of its structure. However, I need to be convinced.

Deputy John Halligan: I am not here to criticise the Minister for Health, but when he came to power he spoke about taking a “hands-on approach” that would be different to that of the last disastrous Government, in order to improve the terrible health system he inherited. However, my understanding of a hands-on approach was that he would be in contact with and would speak to people who work on the front line, like professors, consultants, surgeons, nurses, doc-

tors and others working on the ground. All of those people have come together and said that it is essential that Waterford Regional Hospital remains the strategic hospital in the region and keeps its status. One cannot find anybody who is more frontline than the people who met the Minister today, who perform the operations, lecture in the theatres and treat people in the accident and emergency department. They know what Waterford Regional Hospital is all about. The Minister must take on board the fact that, for the first time ever, politicians of all persuasions, as Deputy Coffey said, have come together in this House, not to score points, but united in their belief about what is the right decision for Waterford Regional Hospital. I wish to remind the Minister that 15,000 men, women and children, many of whom support the Government parties, marched on the streets of Waterford in unison to say they will not accept the downgrading of their hospital.

Deputy Fergus O'Dowd: I thank the Deputies for their comments and acknowledge the presence of Senator Maurice Cummins in the House. All I can say is that I will make sure the Minister is made aware of the concerns raised by the Deputies and of the local feelings that were so clearly expressed. I wish to reiterate the point that, with specific regard to Waterford, the intention is that the hospital will retain its current suite of services, including invasive cardiology, as well as trauma and cancer services. That is an absolute commitment, which is underlined in the text before me. I will ensure that the Minister is made fully aware of the views of all of the Deputies.

Education and Training Provision

Deputy Pat Deering: I thank the Ceann Comhairle for selecting this issue, on which I have been seeking a debate for some time. As we all know, we are in the midst of a severe economic downturn and large numbers of people are unemployed. The only way to get many of those people back into employment is to get them back into education. However, getting people back into education requires financial assistance. The back to education allowance provides such financial assistance but there is a serious anomaly in the scheme. Some people who have recognised qualifications are forced, through no fault of their own, to change direction and study for a new profession. This is most obviously the case with construction-related qualifications. The anomaly is that such students do not qualify for the back to education allowance because, in many cases, their chosen courses will result in a qualification which is the same, or less than, the one they currently hold. This is an enormous issue for some people, many of whom are still very young, who have reached the highest level of their profession and now find themselves unemployed. We all know of architects, quantity surveyors, engineers and a host of other construction-related workers who are unemployed. It is not long since we were crying out for these experts to service the construction industry. Their qualifications demanded a huge investment of time, energy and money and many of them thought they had a job for life.

Last week in a written reply to a parliamentary question tabled by my colleague, Deputy Creed, the Minister stated the back to education allowance is a second chance educational opportunity scheme. She qualified this by saying that the courses chosen must lead to a higher qualification than the one currently held. Most architects, for example, would have studied for between five and ten years but because of the dramatic downturn in the economy and in the construction sector in particular, many of them will never work in their chosen field again. Many of them are only in their thirties and it seems very unfair to leave them on the shelf for the next 30 or 40 years. Their continued unemployment is soul-destroying for them and an enormous

burden on the State. For many unemployed professionals, their careers were so short that there was no scope for them to accumulate wealth. Very few of them can now afford to return to full-time education if it means giving up their social welfare payment. It seems crazy that if they do not go back to education they will continue to receive their jobseeker's allowance and other social welfare payments. Many highly qualified unemployed people cannot afford to re-educate themselves and may never work again. An entire generation will be lost.

I ask the Minister to reconsider the qualification criteria for the back to education allowance. Most of the conditions are reasonable but the progression requirement, as currently set out, is a major obstacle to many people who are willing and able to re-educate themselves. The Minister advised Deputy Creed in the aforementioned reply that her Department is currently reviewing a wide range of supports, including the back to education allowance. The anomaly in the criteria must be amended to suit the needs of the Ireland of today, not the Ireland of five or six years ago, when we were dependent on the building industry. We must give young people who are more than willing to go back to education a second chance.

Deputy Fergus O'Dowd: I thank the Deputy for raising this issue.

The Department estimates that expenditure on employment supports will be over €960 million in 2012. This substantial expenditure, which is against a backdrop of significant fiscal consolidation, underlines the Government's commitment to enhancing support for activation and assisting people return to employment. As outlined in the Pathways to Work document, the Department will offer 85,650 job placement, work experience and education initiatives in 2012. Included in the supports available is the back to education allowance, BTEA, scheme which is a second-chance education opportunities scheme designed to remove the barriers to participation in second and third level education.

A person wishing to qualify for the BTEA will have to satisfy a number of conditions such as being of a certain age, in receipt of a prescribed social welfare payment for a specified time period, pursuing a full-time course of study leading to a recognised qualification in a recognised college and progressing in the level of education held, with reference to the national framework of qualifications, among others. The BTEA scheme covers a large range of full-time courses of education in approved colleges spanning basic foundation courses to third-level courses across all disciplines.

The BTEA guidelines are, in the main, in line with the mechanisms in place for student support type schemes administered by the Department of Education and Skills. Progression in education is a condition which is not unique to the BTEA. Indeed State support for education purposes is grounded on a student progressing from one qualification level to a higher one. This is necessary to ensure displacement does not occur, in that courses could be offered to students who are not progressing at the cost of students progressing from a lower education level.

Resources allocated and numbers supported through the BTEA have increased steadily in recent years. It is estimated that over €200 million will be spent on the BTEA in 2012 as compared to 2008 when, for example, just over €77 million was spent on the scheme. Some 25,700 participants were supported in the 2011-12 academic year which represents a significant 120% increase compared to the 2008-09 academic year. It is expected that numbers availing of the scheme for the current academic year will be similar to last year. Persons wishing to pursue a part-time education course may be able to do so while retaining their jobseeker's payment under the part-time education option, PTEO, of the back to education programme. Examples

of courses that may be pursued under the PTEO are the 6,000 part-time higher education places for unemployed people made available under the Springboard initiative announced earlier this year by the Minister for Education and Skills, Deputy Ruairi Quinn. In addition, the Department also supports the provision of a wide variety of training courses through networks of private sector companies in a range of sectors and regions, supported by Skillnets Ltd., through the PTEO. It should also be noted that FÁS, as the national training authority, anticipates the needs of, and responds to, a constantly changing labour market. It strives to do this through the provision of tailored training programmes that suit various needs and access to many training programmes is not determined by a person's welfare status.

The Department is reviewing a wide range of activation supports available to Department of Social Protection customers, including the BTEA and it is intended to canvass the views of stakeholders as part of the implementation process resulting from the review.

6 o'clock

The intention is to canvass the views of stakeholders as part of the implementation process resulting from this review.

Deputy Pat Deering: I thank the Minister of State for his reply. The real problem is progression for people who may have had level eight qualifications in, for example, architecture or quantity surveying. There are no longer jobs in these areas and they are going back to education to change career. As the courses they are now pursuing are level six or seven, they do not qualify for support even though they may currently be receiving an equivalent amount through the jobseekers' allowance. I ask the Minister of State to raise the issue with the Minister for Social Protection. Changing the regulations will not cost the State anything because the money can simply be transferred from one payment to the other. If these individuals are not given the opportunity to change career they will be left aside. Unfortunately, they may have to go elsewhere to find employment in the future.

Deputy Fergus O'Dowd: I acknowledge the Deputy's point that qualifications at a very high level are no longer sustainable in terms of employment. If one changes one has to take a course at a lower level. The Deputy argues that this should be addressed. I will ensure the Minister for Social Protection is made aware of the issue urgently.

Fiscal Responsibility Bill 2012: Report Stage (Resumed) and Final Stage

Acting Chairman (Deputy Catherine Byrne): Our consideration of the Fiscal Responsibility Bill 2012 will resume on amendment No. 10. As amendment No. 10 has already been discussed with amendment No. 5, it cannot be discussed now.

Deputy Pearse Doherty: I move amendment No. 10:

In page 7, lines 32 and 33, to delete all words from and including "outlining" in line 32 down to and including "failure" in line 33 and substitute the following:

"outlining the reasons it considers non-compliance with the budgetary rule to be in the best social and economic interests of the citizens and the State".

Question, "That the words proposed to be deleted stand," put and declared carried.

Amendment declared lost.

Deputy Pearse Doherty: I move amendment No. 11:

In page 8, between lines 15 and 16, to insert the following:

“(a) provide an assessment of whether the fiscal and budgetary policy of the Government is contributing to economic growth, job creation, the delivery of high quality public services, greater income equality, social inclusion and poverty reduction.”.

I have no intention of delaying the Bill at this stage. We thrashed out many of the issues involved on Committee Stage. We also debated some of the points raised in this amendment on Report Stage last week.

The amendment would require the fiscal advisory council to “provide an assessment of whether the fiscal and budgetary policy of the Government is contributing to economic growth, job creation, the delivery of high quality public services, greater income equality, social inclusion and poverty reduction”. I previously stressed the importance of ensuring that economic analysis and proposals are not produced in a vacuum. There is a responsibility on politicians and others to weigh up the outcomes of the proposals they make. The fiscal advisory council has provided the Oireachtas and the public with a huge amount of detailed analysis and data. Even if I did not support its recommendations, I would say it fulfils a valuable function. It would be strengthened if it had a responsibility to outline the impact of policies on the aforementioned areas. It is important that any proposal to impose additional cuts is measured against a basket of indicators. That is why I propose the amendment.

Minister for Finance (Deputy Michael Noonan): I do not propose to accept the amendment. As Deputy Doherty noted, we thrashed this issue out on Committee Stage, but it is worth stating my position once again. The Fiscal Council has been established to address gaps in fiscal policy analysis and provide assessments and recommendations in regard to fiscal policy. Imposing a wide mandate on the council would require a much greater level of resources in terms of staff and budgetary allocations. Furthermore, expanding its mandate would be likely to impede its ability to fulfil its core functions, including those specified in the treaty. It is imperative that the council has the resources it needs to complete its core functions. Expanding its functions may stretch its resources to a point at which its attention is distracted from its primary role. We do not want this to happen. If other functions were to be assigned to the council, legislative amendments would be required. A number of bodies already supported by the State, such as the ESRI and the National Economic and Social Council, produce reports which consider all aspects of policy development, including social impacts.

Deputy Richard Boyd Barrett: I support the amendment. When this compact was first presented, the emphasis was almost entirely on debt and deficit reduction. These are the key targets defined in the treaty. However, pressure from popular opinion, protests and alternative analyses by economists has slowly but surely started to shift the powers that be from their sole focus on debt and deficit targets while ignoring the impact on economic growth, unemployment and public services. The Government has claimed that it is among the leading advocates in the European Union of emphasising growth and jobs in order to counterbalance the austerity required in meeting these targets. In developing the Fiscal Council’s role, is it not reasonable to require it to consider the matters set out in the amendment? Even the IMF has now acknowledged that the impact of austerity was much worse than initially anticipated and that

it will ultimately affect economic growth, thereby increasing the difficulty of meeting the very targets set out in the treaty. If growth does not occur we may not be able to meet the targets. In that context, it is reasonable to widen the role of the council to include a focus on the impact of financial and economic policies on these areas.

The resource argument is not compelling. The fiscal advisory council was at pains to tell us that its costs were not significant. I do not think its members receive any payments other than certain expenses. What are the resource implications of broadening its mandate or even bringing other organisations onto the council to offer a closer focus on growth and employment than the particular economists chosen by the Minister might bring? The amendment appears to be minimal in terms of expanding the council's mandate to include assessments of growth and employment. I do not see why the Minister cannot accept it.

Deputy Michael Noonan: The Deputy made these points previously. When one establishes an agency to do a particular job, it is advisable to let it do the job rather than treat it as an empty train carriage onto which other policy options can be loaded. The ESRI already evaluates the areas suggested by Deputy Doherty, as does the National Economic and Social Council. The Fiscal Council has been instituted to do a particular job, which it is doing well. We had a committee debate at which Deputies, particularly Deputies Doherty and McGrath, said the Department of Finance should give fuller responses on its advice, and we have taken that advice on board. Our next publication will have a fuller response to the advice of the council. However, I am not taking this piece of advice on board, because the council has a particular job to do and I want to let it do it.

Amendment put and declared lost.

Deputy Pearse Doherty: I move amendment No. 12:

In page 8, lines 28 and 29, to delete “in *subsection (3)*” and substitute “in any of its assessments”.

This is an amendment I raised on Committee Stage which required a fuller response from the Department to the advice of the Irish Fiscal Advisory Council. We noted that the advice in terms of budgetary matters and the adjustments had not been taken on board and I pointed out that the level of response was quite short. The amendment was intended to place an onus on the Minister, through legislation, to report. However, given that the Minister indicated on Committee Stage and again here that there would be a fuller response to the advice of the Fiscal Council in future, I do not intend to press this amendment.

Deputy Michael Noonan: As I said, we will have a fuller response. The Fiscal Council is independent and publishes its own report, but if the Opposition wants to debate the reports as they are issued, I have no problem with that. The arrangements can be made through the Whips.

Acting Chairman (Deputy Catherine Byrne): I apologise, but I forgot to inform the House that amendments Nos. 12 and 13 would be discussed together.

Deputy Pearse Doherty: Given the Minister's indication that fuller responses would be provided, I do not intend to press amendment No. 12. On amendment No. 13, the Minister said we could arrange this with the Whips, and that is fine. The Oireachtas Joint Committee on Finance, Public Expenditure and Reform already has discussions with the Fiscal Council on its reports. They are discussions, not debates - a significant difference.

This amendment would place an obligation on this Chamber to have debates on the reports of the council. The Fiscal Council would continue to issue reports as it has done in the past. The amendment would not oblige the House to have a debate on any of those reports, although we can have one if we so desire with the agreement of the Whips. The amendment is specific to section 8(3) of the Bill, which states that assessments issued by the Fiscal Council must state whether exceptional circumstances exist or no longer exist - which is significant, because the targets need not be met in exceptional circumstances; whether there is a failure to reach the targets as defined within section 6(1); or whether, during any period under the plan, progress is being made in accordance with the plan. Such a report would be big stuff. That is not to diminish any of the other reports the Fiscal Council would issue in the meantime. Its proposals on budgetary matters are significant. However, this is about complying with the legislation and with the treaty that has been passed in the State. It is not a routine report. Hopefully, this report will never need to be issued and we will not have to develop plans. I hope there will be growth in the economy and we will see these issues dealt with through those measures. However, in the event that exceptional circumstances do exist or that there is non-compliance with section 6(1) in the eyes of the Fiscal Council, it must issue a report. The provision states that if the Government agrees with the report, there will be no debate. However, if the Government disagrees with the report, it must, within two months of the report's publication, lay before the Dáil its assessment of why it does not agree.

This amendment is quite small. Basically, it suggests that given the significance of this, we should allow for a debate. I am the last person to want to tie the House up in debate after debate, but this would be in the event of a significant report from the Fiscal Council with regard to the core issue of the treaty and the legislation. The Minister is correct in stating that if the Whips get together and agree this it is fine, but where the advice is not complied with, which would put us in breach of the treaty obligations, there should be a debate in the House. That should be the norm.

We both know that if the Fiscal Council were to issue a report on these issues and the government of the day rejected it, a debate would take place. Any fair-minded person believes that is the case. However, we cannot predict a situation in which a future government might be in unique circumstances and might decide not to have a debate. This amendment just establishes a safeguard by providing that this House of the Oireachtas debate such a significant decision, given that such a report is being rejected by the government of the day despite the fact that it is core to the European obligations to which we signed up in the referendum. It is an amendment the Minister should consider agreeing to, perhaps when the Bill comes before the Seanad.

Deputy Michael Noonan: The Government is never reluctant to have a debate on any issue. If the Opposition wants to debate any particular Fiscal Council report, we will debate it. It stands to reason that a special report of a more crucial nature should take priority. We would be even more bound to debate that. However, the provision for a Dáil debate need not be written into every piece of legislation. Debate is the normal work of the Dáil and is arranged between the Whips. There is no issue.

Deputy Michael McGrath: As we teased out some of these matters on Committee Stage, I will not go into too much detail on this. With regard to amendments Nos. 12 and 13, I explained on Committee Stage that I do not expect the Department to respond point for point to everything in each report issued by the Fiscal Council. However, the Department should respond to the broad thrust of its report, particularly when it makes recommendations relating to fiscal consolidation - as it has done - over the next number of years. It recommends additional

consolidation above and beyond what the Government plans currently. The Department should respond to this formally and set out its position.

The Minister said he intends to respond in more detail in future and I interpret that to mean that the medium-term fiscal statement which is due to be published will contain a more detailed response to the Fiscal Council. I am satisfied with that, provided it happens. I do not want the Department to be tied up in knots responding point for point to the council's report. The current wording of section 8(6), which requires the Minister to respond to the council's assessment if he does not agree with it, is unnecessarily restrictive. However, I take the Minister's comments on that in good faith. He has given a commitment that if we require any particular Fiscal Council report to be debated in the House, consent will be given. That is good enough for me.

Deputy Pearse Doherty: I wish to make a brief final point. I accept the bona fides of the Minister in terms of debates of this nature. However, this Minister will not be here forever. A new government will take over at some point, whether the Minister likes it or not. Circumstances will change. The aim of this amendment is to include a safeguard that will provide for a debate, but it is not a die-in-a-ditch issue. We have learned that advice was given to the previous Government. There were reports that issued warning signals. None of us can turn back the clock or say what would have happened if X, Y or Z had been done. If some of these reports had triggered an automatic debate in this Chamber, at least there would have been more scrutiny of the fact that the Government was not accepting the recommendations made in certain reports. It is not about the term in office of the current Government, rather it is about what will happen five, ten or 15 years down the road. Given that this legislation will be in place until it is repealed, I suggest this extra safeguard is needed. I do not think the Minister is completely opposed to this proposal. He has said the debate would take place anyway. I want to make sure the next Minister for Finance cannot take a contrary view. I do not propose to die in the ditch for the sake of this additional safeguard. However, in the light of the mess we have been in, it would be proper for us to ensure that when the report was laid before the Houses, it automatically triggered a debate in this Chamber.

Deputy Michael Noonan: I see a danger in this amendment. If we are to include a series of provisions in certain legislation because we think it is important that Dáil debates take place in certain circumstances, a future Government might decide it was free to refuse to hold a Dáil debate because a requirement to do so was not specifically written into the relevant legislation. If we write this provision into legislation as the Deputy proposes, there will be a risk to the freedom of the House and a particular risk to the Opposition when it seeks open debates on an issue it wishes to pursue.

Deputy Pearse Doherty: I would like to respond briefly to the Minister. The Government's numbers give it the right to refuse to hold a debate. This is a significant matter which arises from a constitutional amendment. It is the central part of the legislation. The unique circumstances about which we would be talking - the Department ignoring the advice of a statutory body established under legislation on foot of a referendum result - would merit the automatic triggering of a debate in this Chamber.

Amendment, by leave, withdrawn.

Deputy Pearse Doherty: I move amendment No. 13:

In page 8, line 31, after "it" to insert the following:

“and allow for a debate on the matter in the Dáil”

Amendment put and declared lost.

Deputy Michael Noonan: I move amendment No. 14:

In page 14, lines 10 to 11, to delete all words from and including “who” in line 10 down to and including “Council” in line 11 and substitute the following:

“who shall be the officer accountable for such accounts”.

This technical amendment proposes to remove the references to “accounting officer” and “appropriation accounts” in paragraph 10(2) of the Schedule to the Bill, as these are defined legal terms under the Comptroller and Auditor General Acts 1866 to 1998 which do not apply to statutory bodies funded directly from the Central Fund. The corrected wording clarifies the references in order that these terms are removed. This minor amendment will ensure there is no confusion about this legal requirement and corrects a minor error.

Amendment agreed to.

Bill reported with amendment and received for final consideration.

Question proposed: “That the Bill do now pass.”

Deputy Pearse Doherty: My party opposes the passing of this legislation.

Deputy Richard Boyd Barrett: Same here.

Minister for Finance(Deputy Michael Noonan): I thought Deputy Richard Boyd Barrett was going to vote with me this time.

Question put:

<i>The Dáil divided: Tá, 90; Níl, 22.</i>	
<i>Tá</i>	<i>Níl</i>
<i>Breen, Pat.</i>	<i>Adams, Gerry.</i>
<i>Burton, Joan.</i>	<i>Boyd Barrett, Richard.</i>
<i>Butler, Ray.</i>	<i>Broughan, Thomas P.</i>
<i>Buttimer, Jerry.</i>	<i>Colreavy, Michael.</i>
<i>Byrne, Catherine.</i>	<i>Crowe, Seán.</i>
<i>Byrne, Eric.</i>	<i>Doherty, Pearse.</i>
<i>Calleary, Dara.</i>	<i>Ellis, Dessie.</i>
<i>Cannon, Ciarán.</i>	<i>Flanagan, Luke ‘Ming’.</i>
<i>Carey, Joe.</i>	<i>Healy, Seamus.</i>
<i>Coffey, Paudie.</i>	<i>Higgins, Joe.</i>
<i>Collins, Áine.</i>	<i>McDonald, Mary Lou.</i>
<i>Conaghan, Michael.</i>	<i>McGrath, Finian.</i>
<i>Conlan, Seán.</i>	<i>McLellan, Sandra.</i>
<i>Connaughton, Paul J.</i>	<i>Murphy, Catherine.</i>
<i>Conway, Ciara.</i>	<i>Ó Caoláin, Caoimhghín.</i>

<i>Coonan, Noel.</i>	<i>Ó Snodaigh, Aengus.</i>
<i>Corcoran Kennedy, Marcella.</i>	<i>O'Brien, Jonathan.</i>
<i>Coveney, Simon.</i>	<i>O'Sullivan, Maureen.</i>
<i>Cowen, Barry.</i>	<i>Pringle, Thomas.</i>
<i>Creed, Michael.</i>	<i>Ross, Shane.</i>
<i>Creighton, Lucinda.</i>	<i>Shortall, Róisín.</i>
<i>Deasy, John.</i>	<i>Stanley, Brian.</i>
<i>Deering, Pat.</i>	
<i>Doherty, Regina.</i>	
<i>Donnelly, Stephen S.</i>	
<i>Dooley, Timmy.</i>	
<i>Dowds, Robert.</i>	
<i>Durkan, Bernard J.</i>	
<i>English, Damien.</i>	
<i>Feighan, Frank.</i>	
<i>Fitzpatrick, Peter.</i>	
<i>Gilmore, Eamon.</i>	
<i>Grealish, Noel.</i>	
<i>Griffin, Brendan.</i>	
<i>Hannigan, Dominic.</i>	
<i>Harrington, Noel.</i>	
<i>Harris, Simon.</i>	
<i>Hayes, Tom.</i>	
<i>Healy-Rae, Michael.</i>	
<i>Heydon, Martin.</i>	
<i>Hogan, Phil.</i>	
<i>Humphreys, Heather.</i>	
<i>Humphreys, Kevin.</i>	
<i>Keating, Derek.</i>	
<i>Keaveney, Colm.</i>	
<i>Kehoe, Paul.</i>	
<i>Kelleher, Billy.</i>	
<i>Kelly, Alan.</i>	
<i>Kenny, Enda.</i>	
<i>Kenny, Seán.</i>	
<i>Kitt, Michael P.</i>	
<i>Kyne, Seán.</i>	
<i>Lawlor, Anthony.</i>	
<i>Lynch, Ciarán.</i>	
<i>McCarthy, Michael.</i>	
<i>McConalogue, Charlie.</i>	
<i>McEntee, Shane.</i>	
<i>McGinley, Dinny.</i>	

13 November 2012

<i>McGrath, Mattie.</i>	
<i>McGrath, Michael.</i>	
<i>McHugh, Joe.</i>	
<i>McLoughlin, Tony.</i>	
<i>McNamara, Michael.</i>	
<i>Maloney, Eamonn.</i>	
<i>Mathews, Peter.</i>	
<i>Mitchell O'Connor, Mary.</i>	
<i>Mulherin, Michelle.</i>	
<i>Murphy, Dara.</i>	
<i>Murphy, Eoghan.</i>	
<i>Nash, Gerald.</i>	
<i>Naughten, Denis.</i>	
<i>Nolan, Derek.</i>	
<i>Ó Cuív, Éamon.</i>	
<i>Ó Fearghail, Seán.</i>	
<i>O'Donnell, Kieran.</i>	
<i>O'Donovan, Patrick.</i>	
<i>O'Dowd, Fergus.</i>	
<i>O'Mahony, John.</i>	
<i>Phelan, Ann.</i>	
<i>Phelan, John Paul.</i>	
<i>Ring, Michael.</i>	
<i>Shatter, Alan.</i>	
<i>Smith, Brendan.</i>	
<i>Spring, Arthur.</i>	
<i>Stagg, Emmet.</i>	
<i>Troy, Robert.</i>	
<i>Tuffy, Joanna.</i>	
<i>Twomey, Liam.</i>	
<i>Walsh, Brian.</i>	
<i>White, Alex.</i>	

Tellers: Tá, Deputies Emmet Stagg and Paul Kehoe; Níl, Deputies Aengus Ó Snodaigh and Catherine Murphy.

Question declared carried.

Credit Union Bill 2012: Second Stage (Resumed)

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

Deputy Gerald Nash: As a citizen, a member of my local credit union and a Member of this House, I very much welcome the opportunity to make a contribution to the debate on this extremely important legislation. It might be self-evident for all of us in the House, but it is no exaggeration to say that the provisions of the Bill impinge on the lives and economic prospects of hundreds of thousands of people right across the State. Its measures will have an impact on the social and economic lifeblood of hundreds of communities in this country, including the people of Louth and east Meath whom I represent.

The credit union movement is often the glue that keeps communities together. It was founded on the ethos which informs and influences my political thinking and philosophy and those of many Members of this House, namely, solidarity, fairness and equality of opportunity. I favour a description used by others which states that local credit unions are the people’s banks. When banks were inaccessible and unwelcoming places for many in my community, the credit union took on the mantle of lender and savings institution of first and often only resort for the majority of people who work for a living.

No organisation or institution has been left untouched by the economic collapse in this country. That includes a number of credit unions. There is a necessity to regulate and manage appropriately and proportionately and a requirement to ensure the highest standards of governance apply to this sector as well as to all of the other significant financial institutions active in the State. In accepting that, I am anxious to point out that the panoply of provisions contained in the legislation must be at one with the need to maintain and support the strong and unique ethos and philosophy of the credit union structure. When we emerge, as we are doing, from the economic crisis, we must be sure we do so in a way that, to coin a phrase, does not throw the baby out with the bathwater. There is a growing role to be played in developing the social economy in this country. There appears to be a fear in the credit union movement currently, as a result of the risk assessment models which will be applied and which are implicit in the Bill, that credit unions may be prevented from prudently lending to community-based companies that may, for example, have access to State funding and thus are to some extent supported by the State. From my experience I am aware that credit unions have responsibly engaged in lending processes with sporting, social and cultural institutions and would do so again because it complies with their unique ethos, *modus operandi* and philosophy. Crucially, it represented good business for them in many cases.

It is important to allay the concerns expressed by some across the country. I am sure the opportunity will be taken to do that. We will proceed with the legislation. Nobody should have anything to fear from it. However, concerns that prove to be legitimate and valid should be addressed. I urge the Minister to accept sensible amendments where they allow a balance between the need for a robust regulatory regime and the continuation of a successful credit union movement based on the kind of community-based philosophy that most Members of this House support.

Deputy Ann Phelan: I am grateful for the opportunity to speak on the Credit Union Bill. I am more than aware of the significant role each credit union has played and continues to play every day in communities across the country. I have been a lifelong member of a credit union.

The Bill will strengthen the regulatory framework for credit unions and provide the basis for a restructuring of the sector over time, which will protect credit union members. Such protection is of vital importance. Credit unions in this country have provided a safe and secure depository for savings of both low and middle-income families, and are a source of lending. They are for many a financial haven, one of the first places to which we turn in times of financial difficulty or hardship. As we are aware, it was the basis of communities at a time when many families and individuals were not entertained by the banks. The only place to which one could turn was the credit union.

Many credit unions had their humble beginnings in parish halls. They now have more than €15 billion in customer deposits and remain open for business. It is important this message is conveyed. It is important also to convey the message that deposits of individual credit union customers are secure, as the €100,000 deposit guarantee scheme applies also to credit unions. Therefore, individual savings are protected. One of the primary aims of the Bill must be the protection of its members.

A core recommendation of the Commission on Credit Unions was that the credit union sector should be restructured. Part 3 of the Bill deals with restructuring. Section 41 establishes a credit union restructuring board to exercise the functions assigned to it by this Part. As per section 41(3), the “ReBo” will be a body corporate with the power to sue and be sued. The creation of a restructuring board which will facilitate and implement restructuring on a voluntary basis is a welcome move. The idea that strong credit unions will be used to support restructuring is a sensible approach to what could be described as an intricate undertaking. One must also acknowledge the necessity of controls, in the public interest, on the management of credit unions. I hope the statutory governance and statutory stabilisation provisions will reflect good practice in other countries.

Credit unions have also been affected by the economic downturn in this country, although it must be noted that the degree of the problems in the sector cannot in any way be compared to those of other financial institutions. I am a great believer in the saying “If it ain’t broke, don’t fix it.” If I were to be in any way critical of the Bill, which has been broadly accepted by the management teams of credit unions, the Irish League of Credit Unions and other interested parties, it would be in the area of regulation. One must admire the huge voluntary and civic role played by so many people right around the country in making credit unions possible. For that reason, I am delighted that the Minister, Deputy Noonan, has conferred to such an extent with the positive people in the Irish League of Credit Unions in preparing the Bill. He has acknowledged that their input is reflected in specific recommendations in the commission report, which were agreed with credit union stakeholders. However, I am concerned that the Central Bank may be too involved in the regulatory process. One of the recommendations of the Commission on Credit Unions was that the new credit union legislative framework should provide the Central Bank with powers to make regulations that set prudential controls, limits, standards and requirements for credit unions. While recognising this, we must uphold what the credit union represents at the coalface and what we could turn it into. In his statement, the Minister indicated that the regulatory requirements would be calibrated according to the “nature, scale and complexity” of credit unions, allowing for the tiered regulation approach recommended by the Commission on Credit Unions.

I commend the Minister on the provision of €500 million in support of the credit union sector. The importance of credit unions lies in the fact that they are rooted in the community. We would very much like to keep them there. We have all appreciated their hands-on approach

when people go down on a Friday to seek a loan or pay a subscription. It is a private and one-to-one approach that I would like to see continued as far as possible. I commend the Bill to the House.

Deputy Catherine Murphy: I wish to share time with Deputies Maureen O’Sullivan, Thomas Pringle, Richard Boyd Barrett, Mattie McGrath and Michael Healy-Rae.

An Leas-Cheann Comhairle: Is that agreed? Agreed.

Deputy Catherine Murphy: I very much regret that there is such a heavy guillotine on the Bill, which is a sizeable legislative measure, and also that we have such a short period in which to table amendments. That could come back to bite us.

The credit union movement started in this country in the 1950s, a time very similar to now, with poverty and emigration, and a difficult time for the construction industry. It was very much a response to pawnshops and moneylending, and it fulfilled a need. Part of the reason the credit union movement has been so successful over the decades is that it was built in communities in which people knew each other. That is as much a strength as it is a weakness. I would like to see that strength at local level being knitted into our political structure, because of the trust involved. The credit union movement is a good example of this, as are the GAA and other organisations.

Although there have been failures in the movement and I have no doubt there is need for regulation, these factors pale into insignificance when the movement is compared to the so-called pillar banks. There is a demonstrated trust in the community where people live. In a survey done not long ago, people were asked what was the first payment they made. Credit union loans were preferred to loans from banks. I do not doubt there are bad loans in credit unions, even in sizeable numbers, but this response shows a respect for the movement.

I am concerned by the recommendations for governance and term limits. The implication is that there is an endless stream of volunteers. We could quickly run into serious problems because we are setting up some of the credit unions to fail. There are to be limits on the number of people and a strict regulatory regime is to be put in place. Another point at issue is the kind of authority involved. The Bill contains many instances of “shall” and “may”, which will obviously be teased out on Committee Stage. It is not at all clear what role the Central Bank will play, nor how strict it will be. We must be specific in that regard if we are to be fair to the credit union movement.

I refer to the sharing of services. It is good that some services are to be shared, because that will cut costs, but some measures that could be positive, such as debit cards, cannot be shared. Such a measure could allow the credit union movement to offer real competition to the banks.

Deputy Maureen O’Sullivan: I was a member of the ASTI credit union for many years and also come from a community, East Wall, where there has been a strong credit union since 1968. There was a great tradition of savings made by parents in the community. They saved and borrowed and passed that practice on to their children, who in turn kept the tradition going. In addition, there was a great voluntary effort in the community in regard to both the work of the credit union and the work of the board. There is merit in the proverb about throwing out the baby with the bathwater. When it comes to reform and change, it is vital that we hold on to what is good and positive, that we maintain and strengthen those features and that we do not lose good practice.

One of those strengths, as borne out by my experience, is in the area of loans. Unlike the banks in the Celtic tiger years, credit unions did not give out 100% loans. According to credit union standards and regulations, loans were related to savings and there had to be a certain amount in a member's savings account before he or she was allowed to borrow money. There is an irony in the attempt to apply standards from the banks, which have been a dismal failure, to an institution which was working efficiently and which, had there not been recession and unemployment, would now be doing extremely well. Credit unions did not over-extend or get involved in banking excesses, greed or irresponsibility. They were there for their communities and have done far more than banks to create a positive awareness of saving money, even at times when people did not have much money or surplus cash. They were there to give loans that were commensurate with people's ability to repay them, a central tenet of the credit union movement. They looked after expenses such as Christmas, weddings, the house extension, the car and the holiday.

Most of the time since the founding of the movement, all of this has all gone on in an ethical and responsible way. People in communities did not go in fear and trepidation to their credit union as they did to their bank manager. Credit unions were helpful and sympathetic. A point made to me in my local credit union was that people came along in a neighbourly and sympathetic way. Today, banks are trying to do away with that personal service. Branches are closing and there is a changeover in personnel. When one goes into a bank one is directed to a machine rather than a person. Credit unions have a personal touch which must be maintained. They have definite characteristics which I hope will not be lost in the Bill.

I understand credit unions are 90% in favour of the Bill, but there are some questions. Why are we applying so much in terms of banking regulation to an institution that has been working for more than 70 years? Why are we applying secondary legislation to the credit union, which has a different ethos? I refer to the issue of shared services. Why is this limited to sharing at member level? In electronic payments, where is the risk in a prepaid debit card? Why can credit unions not use the significant amount of cash they have on deposit in the banks? They may be propping up the banks for social benefit.

Credit unions were founded on the principle of voluntarism. They placed an advertisement in newspapers today that asks "Why would you bin your most valuable asset?". Their most valuable asset is the volunteers. I am all for preventing conflicts of interest, but where is the conflict if a person who is a member of one credit union wishes to serve on the board of another? That person is not allowed to do so.

Inner-city Dublin is plagued by moneylenders who charge huge rates of interest and trap families. There are credit institutions now that offer the same rates. Credit unions are vital, and I hope their ethos and status can be maintained.

Deputy Thomas Pringle: I welcome the opportunity to contribute to the debate on the Credit Union Bill. The credit union movement is one of the largest voluntary organisations in the country. In many areas, credit unions are the only source of loan finance for many people who have difficulty accessing bank services. Many of them probably would not want to access those services in any case. There is great distrust of banks and financial institutions throughout the country, but in most cases credit unions have retained the full support of local communities because they are owned by the members, are run for their benefit and provide services to them. Banks are not there to serve their customers but to make large profits and look after their shareholders. That is the critical difference between the credit unions and the bank system.

It is a mistake to apply in this legislation the full raft of regulations from the Central Bank when there have been 70 years of regulation of the credit union sector. The legislation should recognise that this sector is different and has a different role to play in society. This role could be developed to make it stronger and even more important. What we need to develop is an alternative to the banking system. Credit unions have the potential to play that role as they are owned by and work for their communities. If we protect that ethos in legislation and in Government policy, we can ensure that we develop an alternative to the banking system - a credit union system that works on behalf of its members. In order to do that, credit unions need to be able to access the clearing system of the banks and introduce services such as debit cards and direct debits, allowing people to serve their financial needs through the credit union system.

It is crazy that while banks are closing branches throughout the country, removing services from their customers and forcing elderly people to use the so-called hole in the wall to make deposits and carry out other financial requirements, credit unions are required to lodge their funds in banks. Banks can withdraw their services safe in the knowledge that if people save money in the credit union, that money will be given to them on deposit so they can use it for whatever they want. In the past we saw how they used it to the detriment of everybody. If we allowed credit unions to access the clearing system and provide services for non-members and other legal entities, that would ensure the development of an alternative to the banking system. The banks would certainly fight this tooth and nail because they would not want to see a viable and real alternative that was in the ownership of local communities and individuals rather than under their own corporate ownership.

7 o'clock

It would be of major service to the country if the credit union movement could be developed into such an alternative model. A third financial pillar of this nature could provide real services for real people.

I ask the Minister to consider, between now and Committee Stage, allowing credit unions to provide services for people who cannot, for whatever reason, access their own credit union. I refer to individuals who may find themselves some distance from their credit union and may wish to withdraw or lodge money. It seems nonsensical to refuse to allow people to do this.

Credit unions have loan-to-deposit ratios of 40%. In other words, only 40% of the funds held by credit unions are out on loan at any one time. Earlier today those at Bank of Ireland were patting themselves on the back because that institution is on target to reach a loan-to-deposit ratio of 130%. Rather than being used to prop up or recapitalise the banks, the money held by the credit unions could be used for community and Government-supported projects. If, for example, credit unions were allowed to invest in community wind farm projects, this would generate both a revenue stream and a return for them. Credit unions could also be allowed to invest in Government-supported and guaranteed projects. This would be of assistance in dealing with the infrastructural deficit.

Deputy Richard Boyd Barrett: The way in which the Government is dealing with the credit unions and the way this debate is being conducted is both telling and instructive, particularly when one considers how it deals with the banks, other financial institutions and the IFSC Clearing House Group. The latter ensures the policies of big for-profit financial institutions are translated, almost word for word, into Government policy.

The Bill before the House has the potential to do serious damage to the ethos of the credit union movement, which is deeply ironic. We must ask whether credit unions should be made to look more like the banks more or whether the banks should be made to resemble the credit unions more closely. Do we not need a financial system which operates much more along the lines of the model offered by credit unions rather than on the basis of the for-profit ethos of the banks and major financial institutions which caused the economic crash? Most ordinary and sensible people would say the credit union movement offers the sort of model we require.

It was not the credit unions that got us into the current crisis. They offer an alternative model for a financial and banking system, but some of the measures contained in the Bill seriously threaten to undermine their ethos. These measures will also give rise to the possibility of some credit unions either being forced to close or merge with each other. Furthermore, they will undermine the democratic principle which lies at the heart of the credit union movement.

As a result of the fact that a guillotine is being imposed on Second Stage, we do not have the time to elaborate on the issues involved. That is outrageous, particularly as we were only informed about the use of the guillotine at the last minute. The term limits being imposed by the Minister seriously threaten to undermine the volunteer basis on which credit unions are run and will be particularly detrimental to small credit unions. The prohibition on family members serving on the boards and committees of credit unions also seriously threatens to undermine the volunteer basis on which the movement operates. The move to abolish the position of treasurer will shift the balance away from members controlling credit unions and towards full-time managers doing so.

The imposition of decades' worth of banking legislation on the credit unions is a serious mistake. It is also a misapplication of the type of regulation needed for the out of control banking sector but which is not required for the very sensible and functioning credit union movement. The regulation to which I refer may well threaten to undermine that movement. Credit unions only lend approximately 40% of the money they hold. Rather than being obliged to deposit that money in the banks or send it to other countries, they want to be able to use it to finance valuable community projects. They also want to lend it to the Government in order that it might initiate job creation projects, etc. However, the credit unions are not being facilitated in this regard. As the previous speaker indicated, credit unions want provision to be made for the sharing of services in order that their members might access such services in their own credit unions but also at others throughout the country. It was promised that the legislation before the House would facilitate the sharing of services. However, it does not contain specific provisions in that regard.

There are many other issues which arise. I urge the Minister to listen to the credit unions and their members and pay heed to their ethos. Credit unions offer a model that the for-profit banks have completely failed to offer.

Deputy Mattie McGrath: I welcome the opportunity to contribute to the debate on the Credit Union Bill 2012. I object to the fact that a guillotine is being imposed on the debate on the legislation. When the previous Government was in power, those in opposition complained day in and day out about the imposition of the guillotine. The Administration has used the guillotine more than any other in my experience, although I accept that this is only my second term as a Member. The Government is running with the idea of the use of the guillotine.

There is a need for legislation to deal with the banks. Such legislation was not put in place

in the past. The financial regulators were asleep on the job and subsequently went off with their rewards. Mr. Kevin Cardiff, formerly of the Department of Finance, ended up working with the European Court of Auditors.

The Minister should not throw the baby out with the bathwater. I salute the credit unions throughout the country which, in the main, are run by ordinary people on voluntary boards. The credit unions helped ordinary families to survive in the bad times before the boom. During that boom, they did not go mad and offer people 100% funding. They displayed sanity at the time. Credit unions provide people with money for their children's christenings and First Holy Communion, to help them build extensions to their homes, pay for schoolbooks, etc. I am sure that today they are offering loans to ensure many of our students can attend college because that lady, SUSI - Student Universal Support Ireland - on whom we cannot get a handle does not appear to be able to cope. The lady to whom I refer should have triplets to help her to deal with the problem. I do not intend what I am saying in this regard in a frivolous way.

We must support the credit unions. I accept that one or two may have strayed to some degree and these should be dealt with. However, we do not need to introduce a raft of legislation to drive the credit unions into the ground and kill community involvement and community initiatives. What we need is to see a return of the meitheal. People must support one another and their credit unions must support them. I appeal to the Minister to make haste slowly. Legislation is needed to deal with those whom we might term "gangsters" or "banksters". However, it is not required for the credit unions which are of good standing and doing their best. I ask the Minister to give consideration to that fact.

Deputy Michael Healy-Rae: I thank the members of the Technical Group and Deputy Mattie McGrath for sharing time. I compliment the credit union movement and the 3 million who avail of the excellent service it offers on a daily basis. Credit unions operate prudent saving and lending policies. Theirs is a vital service which is provided by the community for the community.

Despite statements to the contrary, very little real consultation has taken place with ordinary credit union activists who are now genuinely concerned about the consequences the proposed changes contained in the Bill will have for their credit unions and, more importantly, individual members. The proposals to introduce term limits and overly restrictive conditions on board membership will have major implications for recruitment of new directors in the future. There are also huge difficulties in the context of implementation of the proposed policy under which the prior approval of the Central Bank will be required for nominees going forward for election to officer positions. Further restrictions on the tenure of the chairman of a credit union, as well as additional responsibilities in the monitoring his or her fellow directors, will give rise to serious difficulties for credit unions.

The requirement being placed on credit unions to appoint remuneration committees appears to indicate that the directors of the future will be paid for their services. This will impose further costs on credit unions and sound the death knell for voluntarism within the movement. Despite the fact that directors will remain responsible for the control and direction of credit unions, the significant post of treasurer will be abolished. One would have thought that at a time when the clamour for corporate accountability and openness is deafening, the post of treasurer which provides credit union boards with the required degree of oversight and inquiry would be retained in some form. Furthermore, it is the treasurer who reports on behalf of the board on a credit union's performance to the general membership at its AGM. As a result, treasurers have

a special relationship with the members of credit unions.

I salute the credit unions and hope they will be in place for a long time. They have proved to be far more sensible and prudent than the banks. If they had more to do with banking, we would not be in the mess in which we find ourselves.

An Leas-Cheann Comhairle: I call Deputy Mary Mitchell O'Connor who is sharing time with Deputies Áine Collins, Peter Mathews, Martin Heydon and Seán Kyne.

Deputy Mary Mitchell O'Connor: Imelda May has jazzed up the credit union image. The recent advertisements highlight the fact that credit unions know their customers, that they care about their needs and that they are at the centre of their communities. This is true of the credit unions in the constituency of Dún Laoghaire. The credit union movement tag line, "We look at things differently", is its main selling point. Credit unions look at their market differently; they look at profit-making differently and they look at their customers differently. Unfortunately, they, too, were affected by the economic crisis. They have experienced investment losses and an increase in bad debt losses. The Irish League of Credit Unions which represents the majority but not all credit unions had a deficit of €45.691 million in 2010, compared to a surplus of €15.394 million in 2009. The economic crisis is making it difficult for credit unions to retain their unique co-operative character. Credit unions are a vital part of the financial system. They are a distinct alternative to other providers of credit such as banks, particularly in the current financial climate. There are over 3 million credit union members in 404 credit unions. This fact, coupled with total assets of the Irish League of Credit Unions of €13.9 billion in 2010, makes regulatory reform a very important undertaking.

The Credit Union Bill acknowledges this reality. It sets out a framework for the prudential requirements to apply to credit unions. It sets out requirements for reserves, liquidity, lending and risk management. It also provides scope for Central Bank regulation of standard procedures and other more detailed matters. This must be a welcome advancement. In total, it gives effect to over 60 of the recommendations made in the final report of the Commission on Credit Unions. The commission comprised experts in the field, including the Irish League of Credit Unions, the Credit Union Development Association and the Credit Union Managers Association. They had an opportunity to voice their concerns and make recommendations. They were listened to and their expertise was drawn on, respected and utilised.

The Department of Finance also engaged in public consultation on the general scheme of the Bill. This allowed stakeholders an opportunity to make submissions to help to inform and develop the legislation. In addition, the Joint committee on Finance, Public Expenditure and Reform met stakeholders to discuss the Bill, as published.

Care and consideration have been given to this important legislation because credit unions are at the centre of their communities. Credit unions are a vital financial institution for many. Credit union staff and boards do their best to better the lives of the people in their communities.

Part 2 of the Bill deals with governance issues. In my experience, all the credit unions in Dún Laoghaire-Rathdown are very professional in their conduct. However, it will be beneficial for credit unions to have proper governance rules laid down. Section 53 states directors of credit unions must be suitably qualified to undertake their role. This is a common-sense regulation.

I ask the Minister to comment or write to me on an aspect raised by a credit union in my constituency - the guidance note on investments by credit unions published in 2006. Credit

unions are allowed a 24 month period in which to bring their investment portfolio exposures into compliance with the single institution exposure limit contained in the guidance note. I ask the Minister to come back to me on this aspect. The credit unions are extremely concerned that it will limit them to one or two institutions in Ireland and that they will be forced to look abroad.

Deputy Áine Collins: Recently available statistics show clearly that citizens and communities trust their credit union. They appreciate that credit unions are non-profit making, community-based organisations run by community volunteers. People who borrowed from their local credit union are making Trojan efforts to repay their loans. This demonstrates how people do not regard credit unions in the same way as they regard banks. They have not lost trust in credit unions in the same way as they have lost trust in banks. They realise credit unions are there to serve them and their communities. They know that they provide a very beneficial local service. Very often credit unions provide credit lines for people with whom the banks would not necessarily deal. Generally, the types of loans given are different from those given by the banks. During the boom years a minority of credit unions got caught up in the madness, with a few lending more money than was wise for projects that were not really within the remit of credit union lending policy. However, only a minority of credit unions behaved in this manner. The economic situation in the country was bound to affect, to a certain extent, the ability of its members to repay loans. For that reason, the Minister for Finance has committed to recapitalising the credit unions by €500 million and up to €1 billion, if necessary. In the mad noughties there was a perception that there was no end to the money available, but the credit unions have emerged relatively well. This must be considered in the context that there are 399 registered credit unions and 3 million members throughout the country. We all accept that financial regulation is necessary, but, as has been proved, credit unions are not banks and cannot and should not be treated in the same way. A credit union is a voluntary, member-owned organisation where people save and lend to each other at affordable rates of interest.

The Bill provides that the Central Bank will be the regulatory authority which will set the requirements and standards in various areas, including reserves, liquidity, lending and risk management. The Bill gives the bank the power to make regulations, but these regulations will only be made following consultation with the Minister the Finance, the Credit Union Advisory Committee and the credit union representative bodies. Therefore, the credit union movement will have a say in how the bank drafts and implements the regulations. The Bill is only the beginning of this process. In this context, it is imperative that the bank continue to recognise the uniqueness of credit unions as institutions based in communities and working for individuals living in them. The Central Bank is a key institution of the State. It must take into account the spirit in which the Oireachtas means this legislation to be interpreted, just as the Supreme Court takes account of Oireachtas debates when deciding on constitutional issues. There is a danger that because most of the bank's emphasis will, of necessity, be on regulating profit-making financial institutions, it may overlook the unique place in society and the distinct style of the credit union movement. Any regulation can only be introduced or changed over time after serious consultation and agreement with the representatives of the credit unions.

The Minister and all Members recognise the uniqueness and importance of credit unions, especially in an economy that has lost faith in the banking system. I have read the submissions from the various credit union representatives and some progress has been made in dealing with their concerns. I am confident that as the Bill passes through this and the other House more progress can be made in reconciling both sides of the argument. I am sure the final outcome will be in the best interests of credit unions and their continued valuable service to local com-

munities. I commend the Bill to the House.

Deputy Peter Mathews: I welcome the opportunity to make a short contribution to this debate. I recognise, acknowledge and commend the contributions of the two previous speakers who are my colleagues. The credit unions have provided for the community a co-operative and mutual approach to savings and borrowings which has been invaluable. The Bill will provide a framework which has been well discussed and researched and is appropriate to the conditions that obtain in the wake of the the financial meltdown which has affected the entire economy.

I use the opportunity to read an e-mail I received from a constituent because it sets out the context and the inter-relationship where credit unions provide money, where the banks have failed in their objectives in recent years and where we are now trying to negotiate a restructuring and recalibration of the entire financial system in this country, to include a writing down of debt in order that households and families can get on with normal business and normal life. The e-mail is headed, "I voted for you but you have gone missing". It states:

Dear Peter, the above [a link to the article referring to the €650,000 pension tab for the chief executive of bailed-out bank Bank of Ireland] is in today's paper. You stood on my doorstep during the election campaign, when I raised issues such as the above with you, you said things would be different under a [new] Fine Gael led Government after the protracted period of failure following successive Fianna Fáil administrations. Things aren't different - if anything they're worse [as a result of the legacy].

At 46, I have a meeting next Monday morning in Germany to take up a job in Chile (that's 18 hours' flight from Paris). I will leave my wife and 3 children but must do it in order to support them. This is the second time. I emigrated in 1988 after I finished University and was away for 10 years.

This country fails its sons and daughters because our elected leaders look after themselves and/or vested interests to the exclusion of those who are not on the inside. I will be an immigrant again as will many thousands of other Irish men and women when the commemorations of the 1916 rising take place in 2016. My grandfather fought in that rising, that's how close it is in time. What have we achieved in the intervening years?

Parnell stated "*no man has the right to fix the boundary of a nation. No man has the right to say to his country, "Thus far shalt thou go and no further", and we have never attempted to fix the "ne plus ultra" to the progress of Ireland's nationhood, and we never shall.*

I was born in 1966, when celebrations took place to commemorate 50 years since the rising. In the intervening years we have made progress in education, in industry and in the development of our infrastructure. We [now] have 440,000 people unemployed but we can pay 6 figure pensions from current account funds to failed bankers in their fifties to pay them to walk the dog. We borrow the money to sustain the current account, *ergo* we borrow the money to pay the bankers that broke the banks and the economy while our young people emigrate taking the future of this country with them.

Time to find a statesman. We haven't had one for some time.

Yours sincerely,

[The constituent.]

Deputy Martin Heydon: I welcome the opportunity to speak to this much awaited Bill. I spoke last year in the House on the credit union movement, its unique place in society and the important role of voluntarism. I firmly believe that now more than ever, when so many individuals have lost faith and trust in many of the banking institutions, that the credit union movement needs to be supported and strengthened in order that it can act as a trusted alternative. This is one of the fundamental purposes of the Bill.

I note from a recent article by Mr. Kieron Brennan of the Irish League of Credit Unions that credit unions continue to welcome new members every day. More than 40,000 new members joined credit unions last year. This is a strong testament to the ethos and core values of the credit unions that we need to retain.

Obviously we all recognise that, with the €500 million the State has set aside, we must change and develop as new regulations come into force. However, while trying to set out the terms of restructuring and increased oversight of the movement, we should not lose sight of the many positives associated with the 403 credit unions in communities throughout Ireland.

I acknowledge the long process engaged in and the excellent work carried out by the Commission on Credit Unions on the recommendations of which much of the Bill is based. The process of direct engagement, consultation and surveys of stakeholders on the sensitive issues involved is an example that could be used in many other scenarios and lays a strong foundation for many of the provisions included in the Bill.

I have met representatives of the credit unions in Kildare South and taken on board many of their concerns about the changes proposed, some of which I would like to address. The tiered system of regulation is a welcome initiative, but we need to ensure the tiers are set at appropriate levels. I am aware of two very diffident credit unions in Kildare, one with 4,500 members and assets worth not much more than €10 million and another with over 20,000 members and assets worth just under €100 million. Obviously, the issues facing these two credit unions are different and any tiered regulation system would need to reflect these differences. Tiers need to be about more than asset size alone.

Like many other financial institutions, the credit unions are dealing with many more arrears cases than before and need to be given the flexibility to be able to assist their members as much as possible. We are constantly encouraging the mainstream banks to engage with those in arrears and come up with flexible solutions. Credit unions are no different. If we do not provide for this flexibility within the tried and trusted credit union model, we will inevitably drive more of those in financial difficulties into the hands of illegal and completely unregulated moneylenders.

The investment model for the credit unions needs to be addressed to allow some funds to move from short-term liquid investments. I welcome recent comments by the Minister indicating that he is open to proposals from the credit union movement on the issue of investment in schemes with a social function. I look forward to seeing these being developed.

Let me mention Newbridge Credit Union, with which the Minister is familiar. While the special manager continues to carry out his role, the members have great concerns and their frustration is increasing on foot of the lack of communication or information from the manager on the ongoing financial review process. Members who will foot the considerable cost of having

the manager appointed are very anxious for an AGM to be held in order that they can receive some information and have their concerns heard - never mind the fact that they have not being paid a dividend for two years.

I welcome the commitment shown by the Government to the credit union movement with the setting aside of €500 million to address problems within the sector at a time when there are many calls on public funds. In the 1950s the founders of the credit union movement recognised the considerable difficulties and lack of confidence caused by mismanagement and the lack of money. They resolved to identify a system that would allow people to gain more control over their finances. Now, almost 60 years later, the same principles apply. There is a great need for credit unions. We need to ensure the legislation and regulatory framework created to secure their viability are particularly suited to them and allow them to continue to function as intended. I look forward to working with them and their members to ensure that this is so.

Deputy Seán Kyne: Credit unions play an extremely significant role in Irish life and have done so for over 50 years. The innovative institutions have opened up financial services to large sections of society previously ignored by banks. Figures from the World Council of Credit Unions clearly demonstrate the considerable significance of credit unions in Ireland by revealing that over 3 million citizens are members of some 500 unions across the country. This is in stark contrast with the data for Britain which show that fewer than 1 million out of a population of 60 million are members of credit unions. Inevitably, the absence of credit unions has increased social exclusion and compounded poverty and disadvantage in other countries.

As we are all too well aware, the financial and banking sector has experienced serious problems in recent years, with negative impacts in all areas of our society. A major cause of these problems has been a failure of regulation. Much work has been undertaken to rectify the regulatory shortcomings in the banking sector, with a corresponding financial investment by taxpayers.

Credit unions have, understandably, been affected by the challenging economic conditions, with some experiencing substantial falls in income and the appearance of deficits. Most will agree that circumstances have changed since the last comprehensive statutory framework was put in place in 1997. Various changes were permitted to enable credit unions offer services which were more traditionally associated with banks such as the introduction of ATM cards and the provision of mortgages for the purchasing of property. Within this context, some credit unions grew substantially in size and gradually became exposed and vulnerable to problems more traditionally associated with banks, including bad debts, arrears in repayments and so forth.

It is in the face of these issues which require urgent attention that the Credit Union Bill has been introduced. There are many positive aspects to the Bill and it must be noted that it incorporates many of the recommendations contained in the report of the Commission on Credit Unions, which recommendations included a public consultation process. The Bill will promote prudent, responsible activities in the core functions of credit unions, safeguard members' savings and promote sound, sustainable lending practices. It will provide for enhanced governance structures and independent regulation which will also protect members and bring greater stability to the sector. However, we need to realise the possible and probable impact of certain provisions of the Bill on many smaller, more community-focused and often but not exclusively rural credit unions.

I have received a number of communications, including from the Irish League of Credit Unions and local credit unions, including the Cashel-Connemara Credit Union and St. Columba's Credit Union. I met representatives of the latter some weeks ago and listened to their concerns. As many of them have been highlighted by other Deputies, I will highlight just a few. The representatives are anxious that the office of treasurer be retained in law for the purposes of ensuring the timely preparation of accounts and their presentation to the committee. Other issues include the application of Central Bank-related legislation, dating back 70 years, and the need for a memorandum of understanding between the credit unions and the Central Bank to allow for proportionate and transparent regulation. A number of other measures are suggested in the communications from a variety of credit unions that I will not highlight now, but I am sure they were forwarded to the Minister who I hope will take them on board.

While the Credit Union Bill contains many sensible provisions which will help to strengthen the sector and safeguard the many credit unions in communities across the nation, we must listen to the concerns of credit union members, staff and representative organisations. We must examine their concerns and act proportionately to ensure the Bill achieves its objectives and that it will not cause us to lose sight of the fact that credit unions are volunteer-run, member-owned organisations which provide access to financial services for all in a not-for-profit community-focused way.

Debate adjourned.

Education Funding: Motion [Private Members]

An Leas-Cheann Comhairle: I call Deputy Charlie McConalogue who I understand is sharing time with Deputies Micheál Martin, Robert Troy and Barry Cowen.

Deputy Charlie McConalogue: I move:

That Dáil Éireann:

agrees that:

- the new Student Universal Support Ireland central online system for processing student grants is failing abysmally to meet what is required for over 65,000 applications and this is causing undue hardship for third level students awaiting payments; and

- sufficient extra staffing should be supplied immediately to correct this ongoing problem so that student grants can be issued by Christmas;

recognises that third level students are facing year-on-year increases in their registration fees which are unfair and unjust in light of a promised reduction in these fees; and

calls on the Government to:

- refrain from further cuts to the education budget and increases in third level registration fees;

- ensure that all children who require special needs assistants are provided with them;

- reinstate the career guidance teacher provision; and

- preserve funding to Delivering Equality of Opportunity in Schools programme schools.

This motion aims to ensure that the Government moves immediately to address the growing crisis it has overseen in the administration of student grants. It also asks that the Government keeps the solemn promises it made to students in return for their votes in the midst of the general election campaign and seeks to get the agreement of the Dáil to protect the resourcing of education in the upcoming budget in recognition of the fact that young people in Ireland are entitled to an education and that education should be a key platform on which we build a successful country.

Much progress has been made in education in recent years but we must build on that. In the past decade we witnessed a transformation in the provision of education to children and young people with special needs. From a very small base at the end of the 1990s steady progress has ensured the employment of 10,000 special needs assistants catering for the care needs of children who require their help. There are now approximately 9,600 learning support and resource teachers in our primary and post-primary schools providing essential teaching support to pupils with special educational needs.

We have seen significant strides taken in ensuring our young people complete second level education. That is evidenced by the publication last week of a report by the Department of Education and Skills showing that 90% of students beginning secondary school in 2005-06 went on to complete their education to leaving certificate level in 2010-11. That is an increase of 9% compared to 11 years previously. Much of that progress was greatly assisted by the investment in our DEIS schools where the school retention rate increased significantly from 68% to 80%.

At third level, Ireland has moved rapidly up the ranks of OECD countries in terms of the higher education attainment levels of its adult population, with one third of adults now qualified to higher education level. We must ensure that progress continues to be built upon. That will take strong resolve and clear prioritisation of the education budget and ensuring that we continue to fund education properly. That will not come easily, but it is something we must do.

While many of the challenges facing us will take real effort to achieve, something that should have been entirely manageable was ensuring that those students at third level who were eligible for a maintenance grant got paid it on time. As that was so manageable with the right effort, it is a scandal that we are here tonight discussing this issue with over 45,000 students of the 66,000 who applied still waiting to hear whether they will qualify for a maintenance grant let alone be paid their first instalments.

This crisis has been growing for many weeks but despite the continuing hardship being experienced by students awaiting their grant, the Minister, Deputy Quinn, has inexcusably refused to take control of a project which is his responsibility to deliver. He had no problem stepping up to the podium in early June to announce the creation of Student Universal Support Ireland, SUSI. He said at that time that the process was quick and easy and that many students had to wait lengthy periods for their grants in the past and face undue hardship as a result of those delays. He said that this new system would erase those delays. He boasted how 65 staff would now do the work previously carried out by the 66 local authorities, 33 vocational education committees and 33 county councils, and how it was a prime example of real public service reform.

At the start of June SUSI was definitely and proudly the political baby of the Minister, Deputy Quinn, but how things have changed. Today, the Minister is scrambling to put the blame for the failure of SUSI on anyone but himself. Once the initial public relations glow disappeared the Minister, Deputy Quinn, no longer had an interest. As a result of the way this crisis has grown recently, the Oireachtas education committee invited representatives of SUSI to come before it today to examine the situation and how we can get out of it. As part of that I put the question to the chief executive officer of the vocational education committee as to the number of times the Minister had met personally with SUSI to discuss this situation but the CEO was not in a position to confirm to me that she had sat down with the Minister on this issue in the months since SUSI was established and this problem has been growing.

The staff and management of SUSI confirmed to us in committee that as of today, 13 November, only 3,010 students of the 66,000 who have applied for a grant - less than 5% - have been paid their grant. They also confirmed that only 20,000 of that 66,000 have had their applications processed to final stage whereby a decision has been made, and almost half of those have been refused whereas approximately 10,000 have had an indication that they will be awarded a grant. Of the remainder, with six weeks to go to Christmas, over 40,000 students who applied to SUSI either have got correspondence from it asking for further documentation or in the case of half of that 40,000 their applications have not even been checked by SUSI to determine if it has all the documentation.

What did the Minister have to say about that? This morning on "Morning Ireland" he stated that he was not entirely sure why there was a delay. This is the Minister's project to deliver. Real reform is not just about standing up on the podium and making a grand announcement. It is about taking responsibility for it and making sure it happens. The Minister should have sat down with SUSI, which the Minister appointed to do this job and which was obviously getting it wrong, long ago to examine where things were going wrong and to ensure the thousands of students across the country who are waiting on their grant and who are struggling, along with their families, got paid. Only 3,010 of the 66,000 have been paid their grants and they are struggling. They have instalments to meet in regard to their student accommodation. They have not been able to register properly in college. In recent weeks many of them had little more than visitor rights in the colleges they attend. They are still photocopying books because they do not have full loan rights in libraries. They are now facing into their Christmas examinations without having been able to register fully at college.

The Minister has washed his hands of that. Instead of taking control he first tried to avoid the issue until he could avoid it no more and it became such a crisis that he had to comment on it. What did he then do? All of a sudden SUSI was no longer the Minister's responsibility; it was somebody else's responsibility. He pointed the finger at City of Dublin VEC and blamed it entirely, washing his hands of it even to the extent that he stated this morning he was not sure what was going on.

Unfortunately, what we found out in committee today from the SUSI representatives was that despite having taken on additional staff it is almost impossible to work out a strategy or a pathway as to how the students currently waiting on their maintenance grant will be paid. The Minister and the Taoiseach claim these students will somehow be paid by Christmas. If the Minister teased out the issue as the education committee did today, he would ask how we can process these claims when half the 40,000 students in question have not had their packs checked while the system is still awaiting documentation from the other half. We also found out today that since it was established, Student Universal Support Ireland, SUSI, has handled 175,000

telephone calls for 66,000 applications. This works out at three calls per application on average. SUSI has 92 staff, 65 staff of its own and 27 from an outsourced agency responsible for scanning the documents. The volume of telephone calls with that number of staff works out at 2,000 calls per member of staff. If the Minister had to field that number of calls, how would he manage to do any work at all?

This is the type of crisis that has been under way in SUSI while the Minister has paid it no attention. I hope in this debate the Minister will finally take responsibility for this. Has he met SUSI in recent weeks to take control of this issue and examine it the way the education committee did today? I presume he would have arranged to meet the agency representatives when they were in Leinster House today. It is long past when that should have happened. It at least needs to happen now.

How will the Minister ensure those students who need their grant payments will get them between now and Christmas? From looking in great detail at the way SUSI has operated, it seems it does not have a pathway to ensure these students will be paid by Christmas. If the Minister also examined it in detail, he would see that too. Political responsibility needs to be taken and the Minister must ensure additional measures are taken in order that students will be paid. Up until now targets have not been met. Why should we believe the aspirations expressed today will be met? It is the Minister's responsibility to assess and make a judgment on this. If he believes payments will not be made between now and Christmas, which I believe is the case, he must ensure additional measures will be taken.

SUSI is only processing first-time applicants while county council and vocational education committee staff process existing students. The latter are almost finished those applications. There is a real opportunity to engage those staff on a one-off basis to get assistance in dealing with SUSI's backlog and ensure students do not have to suffer any longer. However, the Minister has not yet taken the responsibility or the initiative which would see proper control taken of the situation. Coming out of this, I hope we will see a plan from the Minister.

It is unfortunate this is the first time the Minister has discussed this matter in the Chamber. The first and only time I ever heard the Minister comment on it was on "Morning Ireland" last week when he could not avoid commenting on it anymore.

Deputy Ruairí Quinn: I commented on it this morning.

Deputy Charlie McConalogue: That was the Minister's second comment on this matter.

Deputy Robert Troy: That is nothing of which to be proud.

Deputy Charlie McConalogue: We do not need the Minister absolving himself of responsibility in this matter.

Our motion refers to promises made by the Minister to students when in opposition and in the midst of an election campaign. These are similar promises he made on delivering an efficient grants system. The Minister promised he would not increase the student registration fee and, instead, would reduce it from €2,000 to €1,500. Since he was elected, the Minister has brazenly done a U-turn on this. Not even being sorry about it, he then said he feels bad about it but that is the way it is. He had no such problem two weeks before election day when he put pen to paper to sign a pledge not to introduce fees. As a former Minister for Finance, he should have been well able to do the figures and know such a pledge was not possible given the

economic situation.

It is time we saw a different approach from the Minister, one that is not about grand stunts and big announcements but one about taking responsibility for his decisions, delivering on his commitments and the reforms he was going to introduce. There are 50,000 students and their families suffering because of the Minister's approach to this issue and his job. I hope in this debate he will ensure they can see some light at the end of the tunnel and have their financial worries assuaged in the coming weeks before Christmas.

Deputy Micheál Martin: During the 20 months the Government has been in office it has consistently sought to avoid responsibility for its own decisions. It has put out a never-ending stream of press releases praising its members as visionaries who are setting everything right. This has been accompanied by a constant effort to diminish, ignore and then deny flat-out the clear evidence of bad decisions and policies. Over recent months, the growing and avoidable crisis which decisions in the health sector are causing has been obvious to everyone. Even within the Cabinet trust has broken down to the extent that the Tánaiste is having the work of a Minister checked independently.

The impact of Government decisions on the education sector has not received anywhere near the same attention but this impact is real and growing all the time. Last year, the Government announced proudly that education had not only been given priority but all front-line education services had been protected. The truth was exactly the opposite. No priority was given to education and cuts were specifically targeted at front-line services. The result is obvious to anyone who cares to look at what is happening at every level of the education system. It is not just that belts are being tightened. Deliberate policy decisions are making the system less fair, more exclusive and building problems which will cause lasting damage if left in place.

No doubt we will hear shortly from Government speakers about how nothing is their fault and everything has been forced on them by a combination of the troika and their predecessors. They should be warned these speeches, always empty, are now causing the Government's support to fall every time they are used in place of seriously addressing very real problems. The public can see through the arguments because it can remember the promises made early last year when every last bit of economic data was available to Fine Gael and Labour. The public can remember the signed pledges and the ringing commitment in the programme for Government that fairness and front-line services in education would be protected. The public hears and understands the repeated statements of the troika that individual spending decisions are fully at the discretion of the Government. These are the Government's promises. No one forced it to make them and no one forced it to break them.

During the election when the Minister for Education and Skills, Deputy Quinn, attended a photo opportunity outside Trinity College Dublin and gave his and Labour's solemn commitment not to increase charges at third level, he knew the fiscal situation. The only thing which has changed since then is that the Ministers for Finance and Public Expenditure and Reform say things are actually better than planned. The Minister's election pledge was no solo run by an over-eager campaign manager. It was reinforced by the Tánaiste himself when he said on 19 February 2011: "Labour is opposed to third level fees by either the front door or back door."

In this debate we will clearly not hear anything new from the Minister about his cynically made and quickly abandoned promise. The nature of that promise, its *raison d'être* and the manner in which it was carried out was sickening and a new threshold in cynicism. It is well

past time for the Minister to acknowledge what has been done. The increases in fees which he has implemented are causing real hardship, especially because of his decision to target cuts on maintenance grants at the same time as increasing fees. The evidence of a significant increase in student hardship in the past year is overwhelming. The scale is such that the next step will be a fall-off in third level attendance by the most economically marginalised groups.

As we have heard, during the past two months the situation with regard to late payment of grants for those who qualify has become a full crisis. Many thousands of students have not received their reduced payments because of administrative chaos and problems under the direct control of the Minister. The Student Universal Support Ireland, SUSI, system is failing students and the Government should accept and rectify this. Despite promises given last week by the Tánaiste about students having full access to all they needed in college, we heard last night from students on “The Frontline” that this is not the case. Since this problem emerged students and families from all parts of the country have been pressing for urgent action. However, upon examination not one of the lengthy list of press releases and speeches made by the Minister during this time addresses this crisis.

Deputy Charlie McConalogue persisted with parliamentary questions to get to the bottom of this issue and only subsequently did the full truth come out. At least the relevant Oireachtas committee met staff from SUSI today. It is obvious to all - it has been for some time - that 65 staff is not enough to deal with more than 66,000 applications. This needs urgent attention.

The two fee increases implemented under this Government are part of a larger series. Currently, it is the Minister’s intention to increase student fees by far more than any of his predecessors. In opposition, the Labour Party promised to cut these fees and during the election it promised never to increase them. Now it is implementing an unprecedented series of five increases. What makes this a great deal worse is that cutting funding for access to third level is accompanied by targeted cuts at schemes to help disadvantaged students in first and second level. The Minister has delivered many speeches in which he has said that he will rescue an under-performing system.

Sometimes the Minister’s criticisms of the system are balanced and reasonable but more often they have involved putting the worst possible spin on statistics. Last week he found himself in something of a quandary because he had to release a report showing that school completion had increased significantly to 90% under his predecessors, a vindication of policies during the past decade. At the same time the greatest improvements were seen in the most disadvantaged schools, the under-performance of boys was being addressed and there was greater equality between different types of schools. The Minister launched this report in as low-key a way as he could and he did so without acknowledging the work of teachers, parents, communities and public servants in delivering a fairer, more successful system. He also failed to acknowledge that the DEIS programme is being targeted for cuts precisely when it is delivering major progress.

Although Government speakers will obviously ignore it in their speeches, the facts show that cuts to disadvantaged schemes were first proposed by the Minister in his review of spending dated 9 September 2011. The cuts which have been implemented since were not imposed reluctantly; they were proposed by the Department as merely removing anomalies and damaging no one. The cut of 700 career guidance posts was also suggested by the Department last year. In the internal documentation the cut was referred to as the “termination” of the dedicated guidance service. When the backlash occurred, the Taoiseach and many Ministers claimed that

nothing was being terminated and that schools were simply getting the flexibility they had asked for, an appalling and disgraceful statement to make and the Minister is continuing in this vein. I have met career guidance teachers and I invite anyone to meet them in schools throughout the country. There is much talk about cyberbullying, mental health and suicide among young people. This was a disgraceful act. It cut at the heart of the infrastructure in our second level schools, which is in place to deal with vulnerable young people. Teachers and principals will explain that the volume of the issues with which they are dealing is growing. It was a mistake and it should be reversed.

It was a shame that the Labour Party made that particular cut. It refers to fairness and equality but it continues to work against these principles in its education policy. I believe in a greater diversity of patronage at primary level but it is difficult not to compare the time the Government has spent on that issue to the time spent on real equality issues, including those to which I have referred. We will be setting out a constructive alternative approach to the budget to be announced next month. We acknowledge the many areas where tough decisions must be implemented but we do not accept that there is no alternative to every decision taken by every Minister.

Education deserves to receive the priority it was promised before the election and in the programme for Government. The Labour Party and Fine Gael will be held to account by the people for their broken promises, but they will also be held to account if the people see their decisions doing immense damage but do nothing to reverse them. I call on the Minister to reverse the career guidance decision. We saw what occurred in Wexford and in certain schools. Following these events the Department and the Minister made a belated intervention to return hours to the schools involved but this is a generic system-wide issue and it should be applied across the board. We should not simply wait for incidents to happen, especially with regard to young people in certain schools, and then move to reverse them. The Minister should acknowledge that this happened. We know it happened and I have the details on file of the schools concerned in respect of which, because of the cuts and the absence of guidance, the Minister subsequently intervened. We must be serious. There is no point in Oireachtas committees meeting with various groups working in the area of mental health when we neglect the one relevant structure in place, a dedicated, ring-fenced service which was doing a good deal of work in terms of helping young people at a vulnerable stage in their lives. The Minister unilaterally decided to take it out and leave it up to the schools. A more honest approach would have involved doing it differently or not doing it at all.

Acting Chairman (Deputy Tom Hayes): I call Deputy Robert Troy.

Deputy Robert Troy: I propose to share time with Deputy Cowen. He wishes to speak for seven minutes and I will take eight minutes.

Acting Chairman (Deputy Tom Hayes): Is that agreed? Agreed.

Deputy Robert Troy: I thank my colleague, Deputy McConalogue, for bringing forward this Private Members' motion. It is a critical issue and it is timely to debate it. Tonight, tens of thousands of students are waiting to see whether they are eligible for support and funding to attend third level education. Those lucky enough to know they are eligible must wait until 2013 before they get their payments.

Tonight, tens of thousands of students are looking at this debate and feel totally betrayed by

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the Minister. Despite the infamous pledge he made at the gates of Trinity College, the Minister plans to continue to increase fees. I call on the Minister to be man enough to stand up and use this debate as an opportunity to apologise to the third level students of Ireland for his blatant use of a cynical electioneering plot three weeks out from the general election in February 2011. At the least the Minister owes the students of Ireland an apology for blatant lies because the students of Ireland turned out to vote for the Labour Party in the majority.

Last night I attended a meeting held by the students' union in Athlone Institute of Technology. It is no laughing matter. They acknowledged that they voted for the Minister in the majority. They also came out and canvassed for the Labour Party. When people were signing up to the supplementary register students were openly advocating voting for the Labour Party because they believed it was the party that would protect student supports. They took the view that not only would the Labour Party not increase student registration fees but it would reverse the previous increase. This was the party they then wished to see in government. However, there were not too many Labour Party people in support of the students at the meeting last night.

There are serious difficulties facing funding at third level. I understand in 2011 registration fees contributed approximately €100 million. The Higher Education Authority predicts that we will need an additional €500 million to ensure we maintain a first class education system. I will not be disingenuous in the way the Minister acted prior to the last election. I acknowledge that the Minister has a difficult job. However, when we refer to a knowledge economy we must be mindful that we must continue and maintain the level of investment in our education sector.

One of the strong points of the Irish economy is that we have the highest *per capita* graduate population, that is, people coming out of universities.

8 o'clock

Over 32% of the population have graduated with a third level qualification.

I watched "The Frontline" programme last night and heard a party colleague of the Minister refer to him as being one of the most reforming education Ministers of all time. I wonder how reforming he is when his answer to the funding difficulties at third level is to increase fees year after year. He predicted they would increase right up to 2015. Entry to third level education should not depend on one's socioeconomic group, rather it should be based on an student's ability, willingness and eagerness to attain a third level education. We must look at how we can further cut costs and rationalise services, but is it not cynical given that in the four years prior to becoming Minister, Deputy Quinn stated year after year that he had an alternative to increasing student fees? I remind him that he is now 20 months in office. If he has an alternative, will he bring it forward and maintain the promise he made prior to the last general election?

One of the other big issues raised at the meeting last night was that of SUSI. What is the Government's opinion? When its establishment was being announced in June, the Minister welcomed it as a great initiative. Today, during Leaders' Questions, the Taoiseach said it was brilliant, that it had reduced the number of authorities dealing with applications from 66 to one. Last night a Government Deputy mentioned that there should be a grants officer on every campus in every county. Of course, at last night's meeting it was indicated that it was the previous Government's fault because SUSI was its idea. Would the Minister at least acknowledge that it was his responsibility? He launched it in June and the shambles that it is today is his responsibility.

Last night I listened to horrific stories. I do not wish to blame the staff of SUSI because it is clear the office is not adequately staffed. It is extremely disappointing to hear from my colleague that in the debacle the Minister has yet to meet the staff responsible for administering the scheme. That is worrying as thousands of students wait to receive their grants. Only last week a student contacted my constituency office to tell me he was withdrawing from college because he did not have access to college facilities. He wished to withdraw from college because he did not have the capacity to pay his rent. The Taoiseach stated today that the Minister had written to the heads of the universities and third level colleges to ask them to ensure students would retain access to facilities. As of last night, at Athlone Institute of Technology that was not the case. I ask the Minister to bring up that matter again.

Last night I spoke to students encountering difficulties in applying for the back-to-education allowance because they did not have proof of registration for the local social welfare office. Perhaps the Minister might speak to his Cabinet colleague about this. Also last night there was the unbelievable story of Fr. Shay Casey, the welfare officer at Athlone Institute of Technology, who stated there was no money left in the hardship fund-----

Acting Chairman (Deputy Tom Hayes): It is inappropriate to name names in the House.

Deputy Robert Troy: -----and that he knew of students whose only source of food on a weekly basis was a bag of pasta and a jar of tomato ketchup as they awaited their grants to come through.

I hope the Minister will take on board the concerns raised on this side of the House and, no doubt, by his own backbenchers. This is an issue that should not be allowed to fester any longer. I hope the Minister will be able to give a clear and unambiguous commitment that this matter will be resolved without further delay.

Deputy Barry Coven: This is an extremely important issue. As stated, it is causing untoward problems and difficulties, as well as stress and anxiety for students and their families. This should not be the case. Students should not face such a brutal distraction from their studies. They should not fear incurring the wrath of their colleges, as has been explained, rather they should be enjoying the facilities and services on offer within them.

The body set up to deal with the new applications must be somewhat culpable, but not to the same extent as the Minister with responsibility in this area. My colleagues and I have received numerous representations from student constituents and our pleas to elicit answers, explanations and solutions are falling on deaf ears, whether by means of correspondence with SUSI or the Minister's office.

As a party, no more than anyone else, we are in the process of preparing an alternative budget to that which the Government will produce. We acknowledge the gap between income and expenditure must continue to be closed. In recent times we have passed budgets which closed that gap by the tune of €20 billion; in one budget €8.5 billion was taken out in one swoop. The decisions on necessary adjustments left the Minister and his colleagues under no illusion about the task that lay ahead of them should they enter into government. When we propose our alternative budget, we will seek to have adjustments made which are fair and progressive and protect areas such as education, enterprise, disability and mental health.

Prior to the last general election, the Minister and his colleagues gave the public the distinct impression that there was an easier, softer way. The Minister also gave the impression that edu-

cation would be prioritised, protected and cushioned against cuts, but independent observers made the comment after the announcement of the budget that it was neither fair nor progressive and that education had definitely not been prioritised, given the cuts for rural schools? The cuts affected two, three and four teacher schools, but they also affected DEIS schools. The numbers of special needs assistance hours and career guidance counsellors were cut. Foreign language initiatives in primary schools were also cut. In addition, the Minister reneged on the infamous Trinity College pledge on fees and registration charges.

It is not too late to act in a damage limitation exercise. The Minister should now do what he should have done in the first place in June when he announced SUSI, that is, adequately staff the office, adequately train the staff in it and adequately fund the office to do the job it was set up to do. If he does this, he will be correcting what has been a colossal cock-up and allow students to concentrate on student life, rather than waiting for Santa Claus to deliver a grant come Christmas.

It is rumoured in great circles around here that the Minister and the Minister for the Environment, Community and Local Government, Deputy Phil Hogan, aspire to be Commissioners in Brussels. If that is the case - it may not be - the pair of them are going about it in the right way. The unfortunate part is, however, that it is having an effect on students and home owners, while the most unfortunate part is that the pair of them cannot be appointed. I commend the motion to the House.

Minister for Education and Skills (Deputy Ruairí Quinn): I move amendment No. 2:

To delete all words after “Dáil Éireann” and substitute the following:

“notes that:

— the annual cost of attending college increased by over 950% during Fianna Fáil’s time in office, from €190 in 1996-97 to €2,000 in 2011-12, effectively bringing to an end the era of free third level education in Ireland;

— sixty-six bodies around the country were previously tasked with the awarding of student grants – a system which involved significant duplication of functions and under which students in many parts of the country faced very significant delays in receiving student grants; and

— arising from its disastrous economic mismanagement of the public finances, the previous Government oversaw cuts to the staffing of primary schools, the dismantling of schemes to support those from Traveller backgrounds, reductions to the additional teaching posts for children who require support to learn English and the introduction of a cap on the number of special needs assistants, SNAs, who could be employed in schools;

further notes that:

— the Government continues to exempt more than 40% of students from any requirement to pay the student contribution, as well as providing tens of thousands of students with maintenance grants to assist with the costs of third level education; and

— the Government has protected the overall number of SNAs and resource teachers in schools, is rolling out high-speed broadband to every post-primary school in Ireland and has created programmes such as Springboard and the Labour Market Education and

Training Fund that will provide more quality education places for those who are looking for work or seeking to upskill;

recognises that:

— there have been some delays with the awarding of grants by the newly established Student Universal Support Ireland, SUSI, service;

— the City of Dublin Vocational Education Committee has arranged for the employment of additional staff by SUSI to bring such delays to an end and to ensure that all successful applicants receive grant payments by the end of December 2012;

— the Higher Education Authority, at the request of the Minister for Education and Skills, has written to all third level institutions asking them to avoid taking any action targeted at students who are awaiting the processing of student grant applications; and

— the establishment of SUSI in place of 66 separate grant awarding bodies will, in time, ensure that students continue to receive payments directly to their bank accounts and that student grants are administered in the most efficient way possible; and welcomes the significant reform agenda which has been undertaken by the Minister, including a new national literacy and numeracy strategy, the establishment of the Forum on Patronage and Pluralism in the Primary Sector, the overhaul of the existing junior cycle, a new examination of the points system and transitions between second and third levels, the announcement of a five year building programme, the reform of the VEC sector and the creation of a new national further education and training agency and the creation of a new landscape document for the higher education sector.”

I understand I am sharing time with Deputy Joanna Tuffy.

I thank the Fianna Fáil Party for tabling the motion for discussion. It is both useful and timely.

I want to address the issues which have arisen in relation to student grants in recent weeks. As all Deputies are aware, I followed through on the work started by my predecessor when I was appointed Minister for Education and Skills, merging the 66 grant-awarding bodies into one new body known as SUSI. I still believe that policy decision was correct and nobody, to my knowledge, has challenged the nature of that policy decision. I believe the establishment of a single grant-awarding body will serve our students better in the long run.

However, it is clear that we have had problems with the first year of the new system. All of us - not just Opposition Deputies - have been approached by students who are experiencing real difficulties because of delays in processing their grant applications. Sadly, this has been a repeat of the difficulties of previous years, and we all thought the new system would work better than it has done.

Deputy Charlie McConalogue: It has never been as bad as this before.

Deputy Ruairí Quinn: I have already made it clear to the Higher Education Authority that it is not acceptable for students to be placed at any disadvantage because of any delay. In response to Deputy Troy’s contribution, I must point out that it is not my role to communicate directly with individual colleges in this regard. The intermediary is the Higher Education Authority, to which I have written on a number of occasions asking it to make sure that the colleges

under its authority do not penalise students because their grants have not come through yet. The HEA has written to all higher education institutions to convey this message on two occasions. Let me state clearly that it is not acceptable for colleges to prevent students from accessing libraries, e-mail accounts, lecture notes or any other resource because their grants have not yet been processed.

Even after such issues are resolved, I am conscious that some students are still facing significant financial difficulties because of these delays. Let me put it clearly on the record of the House that I apologise formally to those students and their parents for the distress these delays are causing. Ultimately, as the Minister for Education and Skills, I accept responsibility.

I am aware that representatives of SUSI attended a meeting of the Joint Committee on Education and Social Protection this morning. In fact, I happened to listen in to most of the debate, and no doubt other Deputies will refer to that discussion. I wish to clarify one particular point: all of the requests related to staffing and other resources that the Department has received from SUSI to date have been granted. SUSI has not been denied any request for resources or staffing. I further assure the House that the Department remains open to any further request from SUSI for additional support. SUSI is now staffed to the level it has requested and I expect it to get on with the job it has been asked to do and to ensure that all students receive their grants as soon as possible. There will be plenty of time to learn lessons from the problems and delays that occurred this year and to ensure these never arise again. For now, however, I want all eligible students to be paid their grants and to get on with their third level education without the worry and distraction of wondering when they will be paid.

When the Fianna Fáil Minister for Education and Skills brought in the proposal to merge the 66 different organisations that were responsible for administering and allocating student grants, it seemed to me - and still seems - a no-brainer. I am hearing nothing from the movers of this motion to indicate that they want to go back to the past. That is a fair interpretation of the position articulated-----

Deputy Robert Troy: The Minister should have been at last night's meeting and heard what his own backbenchers had to say.

Deputy Ruairí Quinn: Let me just describe the process of how we arrived at SUSI. We invited expressions of interest from all of the grant-awarding public sector agencies in taking the lead role and becoming the sole grant-awarding agency. The principle of having one agency to do this work was accepted by everybody, both in opposition and in government.

Subsequent to the change of Government on 11 March 2011, I advanced what had happened up to that point, but the minute I advanced it, I accepted total responsibility as Minister. The fact that I agree with the policy initiative of the previous Minister is a bonus, but I am now responsible for it.

We invited expressions of interest, through the Department of Education and Skills, from the grant-awarding organisations. It was not an open tendering system because they were already in the space. A number of different groups presented and were interviewed. Their business cases were evaluated by a specialist group of former and current senior public servants and the responsibility was awarded to the City of Dublin Vocational Education Committee, CDVEC. The CDVEC constructed the model that is now known as SUSI. Any request that SUSI made to my Department for resources and staff was acceded to and was not questioned or

second-guessed. SUSI, in turn, outsourced part of its work.

Many Deputies who are in the House now, including Deputy Jonathan O'Brien, attended this morning's committee meeting and will be aware of most of this information. However, the rest of the House may not necessarily be aware of the details. I am sorry if I am repeating what many Deputies already know but I am anxious to ensure this information is on the record of the House.

I regret - as does the chief executive of the CDVEC, according to her own testimony - that the system that was put in place has not worked as well as we had hoped it would. I put my hands up on this: it has not worked as well as expected. It is probably working a little better than the previous system, but that is no consolation to anybody. What we set out to do is not working as well as we hoped it would. I do not want to get involved in the blame game, although I am responsible; Deputies can have a go at me as much as they like and I will accept it. I am the person to blame at the end of the day, not the people who are trying to administer the grants. What we are saying to SUSI is this: what can it do to sort out the difficulties that have arisen, both foreseen and unforeseen? What we did not foresee with the online system was that many students would not provide the additional information required. The Deputies will know from the records that a number of-----

Deputy Charlie McConalogue: A comment like that proves that the Minister has not assessed the situation properly.

Deputy Ruairí Quinn: The Deputies have raised a legitimate issue in a responsible way and I am responding in that manner. Most of us in the House this evening have already received our education. We are talking about students who are struggling now, in very difficult times, when trying to get alternative finance by way of a loan is extremely difficult. I am acutely conscious of that. What we want to do between now and Christmas is to provide confirmation to approximately 33,000 students that they will receive the grants to which they are entitled. I remind the House that 42% of students at undergraduate level receive a grant of some kind, either a complete grant comprising both maintenance and fees, or a partial grant. That is what I am setting out to do. It is not for the Department of Education and Skills to run the system, but the Department - including the Minister - is completely responsible and accountable to this House for the effectiveness of the system. It is not working the way it should at present. I acknowledge that and everyone in this House acknowledges it.

Deputy Jonathan O'Brien: Everyone acknowledges it except SUSI.

Deputy Ruairí Quinn: My own party colleagues and the Fine Gael Deputies acknowledge that it is not working the way we had hoped. If there are mistakes in the system, I assure Deputy O'Brien that it is easy for me to say I did not make them, but I am responsible.

Deputy Jonathan O'Brien: I am simply saying that SUSI has not accepted that the system is not working.

Deputy Ruairí Quinn: Clearly it is not working as well as we had hoped and we have to learn from that. There is nothing wrong with saying that it has not worked as well as we had hoped and we have to learn lessons from that.

Deputy Jonathan O'Brien: I agree.

Deputy Ruairí Quinn: My approach to this is twofold. First, let us fix the problem and get the confirmation and grants out to all eligible applicants so that they can draw down the money. Second, let us go back, having done that, and examine what went wrong. I do not want to have an inquiry in the middle of trying to solve the problem.

Deputy Charlie McConalogue: Is the Minister satisfied that the 30,000 applicants will be processed by Christmas?

Deputy Ruairí Quinn: I would love to say that I am satisfied but I cannot do so because I do not know. I have spoken with the chief executive of SUSI, Jacinta Stewart, and I heard all the questions that members of the committee put to her. She was accompanied by just two officials to assist her in responding to questions.

My priority is to ensure that every student who is entitled to a grant and has applied through the new system receives a payment before Christmas. I am not going to divert the energy of the organisation into a postmortem or inquiry when it is in the middle of delivering acknowledgements. A large number of students have not yet responded, however, and the principal officer from the City of Dublin VEC is wondering whether e-mails should be sent to these students to find out whether they intend to proceed with their applications.

My priority is to fix the system as best we can and to introduce certainty as quickly as we can. The target is 33,000 between now and Christmas. I hope we can reach it but I cannot say with certainty that we will do so. I will be having a conversation with SUSI and, on foot of this Legislature stating publicly and democratically that we have a problem, I will ask officials whether they need additional resources. If they need resources I will ensure they are made available.

Deputy Charlie McConalogue: The Minister should have been asking these questions a long time ago.

Deputy Ruairí Quinn: There was no reason for me to intervene.

Deputy Charlie McConalogue: There was.

Acting Chairman (Deputy Tom Hayes): I do not want Members to interact across the floor. This is a very serious issue and I ask the Minister to address it.

Deputy Ruairí Quinn: Some day Deputy McConalogue will be standing over here as a Minister, and I wish him well in that regard. When he occupies this position, he will find that he cannot have overall responsibility for his Department at the same time as supervising its day-to-day operations. He will need to delegate authority and management. One responds to organisations when they request additional resources to deal with a problem. Did my Department or I receive an indication that-----

Deputy Charlie McConalogue: If he had listened to students he could have responded to the issue before it became a crisis.

Acting Chairman (Deputy Tom Hayes): I ask the Minister to speak through the Chair rather than provoke Deputies.

Deputy Ruairí Quinn: I accept that the Chair, acting as the referee, cannot interfere with the game. Perhaps it is the democrat in me but I would sooner have a dialogue than allow

people to make speeches to each other. I listened carefully to what Deputy McConalogue had to say on behalf of Fianna Fáil. I also listened to Deputy Martin, who left a number of hostages to fortune given his record in this area. However, citing his record will not accelerate a single application or make it easier for the student who is, as Deputy Troy pointed out, living on pasta and tomato sauce. That is a reality for some students.

Deputy McConalogue pointed out that six weeks remain until Christmas. That is the time-frame in which we are trying to deal with the 33,000 applications in the system. Every student who has a problem should use the online facility to ensure he or she has communicated the information requested by SUSI. The students who have decided against pursuing their grant applications because they know they do not qualify would facilitate other students if they informed SUSI they are terminating their applications. At least 8,000 students - I put a question around that figure because I am not entirely sure - are not advancing their applications, as has been the case in the past, because they cannot provide the information requested. If these students indicated online they are no longer looking for grants it would be like moving a line of cars out of a traffic jam to allow others to proceed. I appeal to Deputies and those following the debate in the Visitors Gallery to ask those who are not actively pursuing applications, because they know in their hearts they will not qualify, to communicate that to SUSI in order to reduce the numbers which have to be processed. I would prefer SUSI staff to be processing live applications from people who really want grants than to be working on an application from somebody who knows he or she does not qualify.

I deeply regret this has happened. We were given to understand that the information technology had been processed and the systems were in place. There was optimism that the new system would work but it has not worked as well as we wanted. This is its first year of operation. The students come first. My priority is to process the applications as quickly as possible so that we provide certainty to the vast majority of applicants this side of Christmas. I hope the figure is 33,000 but I cannot be certain of that. When it is all over let us learn the lessons from what did not work so that we can remove the obstacles and barriers and ensure the system works much better next year.

Deputy Joanna Tuffy: I will speak briefly about the meeting between the Joint Committee on Education and Social Protection and SUSI officials which was attended by Deputies McConalogue and O'Brien, among others. We arranged the meeting because our constituents have raised concerns about the system with individual Deputies and Senators. Unlike in previous years, we were able to bring in a single grant authority so that we could ask questions and make suggestions. While the answers may not always have brought satisfaction, it was an informative meeting. The Oireachtas is now able to hold the new single unit directly accountable and it also has a direct link to the Minister. While I am generally in favour of local government, we did not have the same relationship with the local authorities, some of which were more reticent at providing information than others.

The system has encountered a number of hiccups and problems. The chief executive officer of SUSI, Jacinta Stewart, admitted that mistakes were made and agreed that the scale of the task had been underestimated. However, the situation is no worse than in previous years. I dealt with many constituents who did not get their grants on time. Sometimes students were still waiting for their grants as they prepared for their exams in May. There were long delays in the past and the current figures are similar. The problem is that SUSI was established to streamline the system and to provide greater efficiency. There is much room for improvement, therefore. When grants were provided by 66 different bodies, they dealt with their own applications and

we as representatives raised problems with the local authorities and VECs in our constituencies. The problems were dispersed, whereas now that they are concentrated in one authority they have become more visible. People may disagree with me when I say the problem is no worse than before but that is my impression.

Deputy Ruairí Quinn: The objective was to make it better, however.

Deputy Joanna Tuffy: I accept that. Ms Stewart confirmed that she has the staff she requested.

It is quite clear the scale of the task was underestimated and enough staff were not trained from the outset. Many of the problems were identified by SUSI officials today as being historic problems. For example, some 15,000 applicants to SUSI appear not to be proceeding with their applications. They were probably never even eligible for a grant in the first place. Apparently, a similar number of ineligible applications were made in previous years. There is a historic problem of more people applying for grants than are eligible for them. This contributes to a significant backlog in the system. These applications remain on the system as grants awaiting processing, which is an issue. SUSI needs a system - this was suggested by Oireachtas Members at the meeting - that will allow it deal with these 15,000 applications so they can be removed from the application list and we have a better picture of the number of outstanding applications.

There may be particular reasons for there being so many applicants this year. Some 56,000 students completed their leaving certificate this year, so at most there are 80,000 first year applicants for grants. We could also take into account the postgraduate students who might have to apply through SUSI, but the number remains around approximately 80,000. If only half of these are eligible for grants, which would be more than in previous years, we are talking about 40,000 valid applications. SUSI has suggested it expects to award approximately 40,000 grants. Therefore, approximately 20,000 to 50,000 students are not eligible for grants.

One of the issues for SUSI is that students can go online and register without supplying any documentation. This was not the situation in the past in the case of local authorities and VECs. While it is not something new, some students try and buy time by applying for a grant, but they do not have the money put together for the registration fee. This situation is exacerbated in the current economic climate. People might not qualify for the grant, but are nearly in the range, and they might put in an application but be unable to pursue it because they are just above the threshold. This could be another factor in the number of applications.

A number of issues were raised apart from this. The problems with the telephone service were raised with SUSI officials. This issue has also been raised with us as public representatives. SUSI hopes to improve the situation next year. Deputies and Senators at the meeting made a number of good suggestions and I hope not only SUSI, but the Minister too, will take these on board. A helpline for student union representatives was suggested. A helpline and an e-mail facility exist to allow Deputies and Senators make contact with SUSI and there are obviously e-mail and helpline facilities for applicants. A line of communication should be established between SUSI and student union representatives in the various colleges also.

A suggestion was made with regard to using the experience and knowledge of people on the ground in places like Donegal who could go into the colleges and help students with difficulties with their applications. They could help with communication between SUSI and the students so that students understand fully what they need to do to complete their application.

I already mentioned the suggestion to ensure the 15,000 applications that are not proceeding are removed from the system and processed. SUSI raised the issue of the need for sharing of information in this regard. Information should be shared between the Revenue Commissioners and SUSI or the Department of Social Protection or the colleges in order to help speed up the processing of applications.

Many people raised the issue of the problem students face with regard to access to college facilities. Something must be done in this regard. Colleges must treat all students equally. I agree people should not be permitted to abuse the system and delay the paying of fees they must inevitably pay and still use the system if they have not paid up. However, there must be some system applied that will allow genuine grant applicants use the facilities. SUSI needs to communicate with colleges on that. I understand the HEA has written to the colleges, but the Minister must do something to make the colleges play ball on this.

Outsourcing some of the processing of applications should be considered. Has it worked where tried? There is significant expertise among those who have dealt with the grant system over the years and that knowledge should be tapped. These people are aware of the problems of getting some applicants to complete their documentation properly. We know from our experience as Deputies with regard to applications for social welfare that some people are not good at filling out forms, often with reason. Members might suggest that third level students should be better at this, but that might be a prejudice towards people who are disadvantaged in some way.

Many good ideas came forward at our meeting and the Minister should read the transcript and take these on board. The reason we had the meeting was because constituents contacted their Deputies. We are Teachtaí Dála who are elected to represent the concerns of our constituents, although people sometimes downplay this. We cannot legislate and deal with issues from an ivory tower. What we do here is very much linked up with our work in our constituencies. We talk to our constituents about how things work out in practice. If someone highlights a problem he or she is experiencing with SUSI, it is very important we go back to that person and ask whether he or she wants us to make inquiries on his or her behalf. That is not clientelism, rather it is holding SUSI to account on behalf of a constituent. That is what we did at our committee today and is what we are doing now here.

An Leas-Cheann Comhairle: I call Deputy Jonathan O'Brien, who is sharing time with Deputy Pearse Doherty.

Deputy Jonathan O'Brien: Like previous Deputies, today's engagement at the Joint Committee on Education and Social Protection was an important step towards trying to resolve this issue. It is unfortunate it had to come to this, but, nevertheless, the fact we had SUSI officials before the committee today went some way towards explaining some of the issues relating to the backlog.

I cannot speak on behalf of any other Deputy or Senator who attended the committee meeting, but I found the engagement with the SUSI CEO and the other two officials unsatisfactory. I felt many of the questions posed went unanswered. For example, it took almost two hours to get the information from the CEO that all of the resources SUSI asked for from the Minister were put in place. There was a complete lack of understanding on the part of the SUSI officials of the hardship facing tens of thousands of students. For example, during the debate one of the SUSI officials, Mr. Tom Prizeman, stated he could guarantee no documentation was being lost. He stated that SUSI had only received one official complaint of a lost document among

all the applicants who had forwarded documentation. This is incredible. We have received many e-mails from students who sent in documentation and who were asked to resend their documentation. Some of the e-mails state the students were told the documentation had been misplaced. Therefore, I do not accept the comment that documentation has not been lost. Most of the problem was caused by the decision to outsource to a company in Cork responsibility for scanning the documents into electronic format and sending them on to SUSI. There is no doubt that documentation has gone missing.

It was suggested at today's committee meeting that City of Dublin VEC underestimated the size of the task it was undertaking. I think the Minister is responsible for this area. Obviously, awarding criteria were used when a decision was made on the operation of SUSI. Perhaps the initial criteria were flawed, or else they are not being met by City of Dublin VEC. Nobody can dispute the contention that this process has ended in disaster. Students are facing real hardship.

Although I welcome the apology that the Minister extended to students tonight, we need more than an apology now. The Minister has said he will raise the issue of SUSI's staffing resources when he meets the CEO tomorrow. Like other Deputies, I do not believe the number of staff currently dealing with this issue within SUSI will be enough to get through all the applications by December, as the Minister hopes. On the basis of the figures we were given today for the number of packs SUSI can process and the number of SUSI staff dealing with this matter, it is just not credible to suggest it is possible. When the Minister meets those officials tomorrow, he should ask them to go through how SUSI proposes to get through 30,000 applications between now and the end of December.

The Minister mentioned that he has twice instructed the Higher Education Authority to ensure that colleges do not place students at a disadvantage as a result of these problems. He said that "the HEA has written to all higher education institutions to convey this message on two occasions". Perhaps the letters written by the HEA were not stiff enough, or else they are being ignored by the colleges. The reality is that students in those colleges are being denied access to vital resources and facilities. I received an e-mail from a student who could not access the laboratory and as a result was unable to submit an assignment as part of a course. We have heard about students who have received letters from their colleges warning them that a late penalty charge will be imposed on them if they do not pay the registration charge by a certain date, or if the colleges do not receive confirmation from SUSI that the students in question are eligible for the registration. This is the stuff our students are facing.

I would like to read extracts from two e-mails I received from students. It is important for the voices of students to be heard during tonight's debate. The first e-mail is from a mature student:

My college on the 17th of October refused me access to vital resources which I needed for my course. This left me unable to access any lab assignments and notes that I needed for projects which were due to be handed up. I struggled on hoping to hear that SUSI had awarded me tuition fees, but then I got a letter asking for further documentation. Upon receiving this letter and speaking to SUSI on the phone, I knew that I would be at least another month if not longer waiting to hear back from their office. As I had already been blocked access from my college to vital facilities and resources, there was no other option for me but to leave my course. I was hoping to start a degree in my chosen discipline. I was hoping to start a new chapter in my life, hoping to better myself in these tough economic times for the sake of my two children - not only for their future but also for my own. This dream has

now been dashed due to the inadequate system of SUSI.

That is just one example of a student who has been forced to leave her course because she was denied access to facilities on her campus. We have been told tonight that the HEA wrote to every third level institution twice to instruct them to ensure that would not happen, but it is happening. The Minister needs to take that up with the HEA tomorrow.

The other e-mail from which I would like to read is an important one. We heard tonight about people who have been awarded grants but are facing difficulties because they are being given the wrong rates. There has been confusion about the adjacent and non-adjacent rates. A resident of Cork who is doing a nursing course e-mailed me to tell me of being awarded an adjacent grant despite studying in Dundalk. As a result, the person in question cannot pay rent or put food on the table. The e-mail states:

I received a letter approving me of my maintenance grant, and then I read on. I was to get the adjacent rate and I am far from adjacent. I live 100 km from the college. I phoned SUSI and was told by a nice lady not to worry, that there had obviously been a mistake and do not appeal the decision, that we will review it.

This particular student was told they would hear back within two or three days. Five days later, after receiving no phone call back, the student rang SUSI again, only to be told “sorry, we gave you the wrong information, you actually have to appeal the decision”. The person was initially told not to appeal because it would be sorted out as part of the review. When they rang back five days later, they were told to appeal. The principal officer of SUSI told today’s committee meeting that there is no need to appeal in cases in which adjacent and non-adjacent grants have been allocated wrongly because a review process is in place. It is obvious that the officials who are working on the helpline do not know that, however. One member of the support staff said not to appeal, but when the person in question rang back, a different member of the support staff said to appeal. I do not think the staff know the procedures with regard to some of the grants that have been awarded.

It is all well and good to say there is a target of getting through all the applications and awarding as many grants as possible to those who are entitled to them. Some students are going to have to come back to appeal decisions. Some 1,100 appeals have been submitted to date in respect of grants which have been awarded. Some 600 of those appeals are still outstanding. No timeframe has been put in place for when those 600 appeals will be finalised. There is a bigger problem here. When the Minister speaks to representatives of SUSI tomorrow, he should go through line by line how it is proposed to get through all of these applications by Christmas. In addition, he should engage with the Higher Education Authority again to instruct colleges and third level institutes not to penalise students because that is happening.

Deputy Pearse Doherty: Cuirim fáilte roimh an díospóireacht seo. Ní hé seo an chéad uair a rinne an Dáil plé ar an ábhar seo. Tá a fhios agam go bhfuil an Teachta O’Brien ag plé na ceiste seo le tamall fada. Tá leithscéal á ghabháil ag an Aire chuig scoláirí na hÉireann, ag deireadh na dála, as an mess millteanach atá déanta ag SUSI agus ag an Rialtas ó thaobh na ndeontas seo a fhaigheann mic léinn tríú leibhéal. While I welcome the apology the Minister has extended to students, it has to be said this is not the first time this issue has been debated in this House. Our education spokesman, Deputy O’Brien, has been raising it for many weeks. It has been the subject of a special Topical Issue debate. Deputy O’Brien insisted last week that the Joint Committee on Education and Social Protection would bring in representatives of SUSI to

answer questions and that happened today. Why did it take until mid-November for the penny to drop and the Minister to realise there is something horribly wrong with the processing facility known as SUSI? Why did it take so long for him to take a hands-on approach or acknowledge and issue an apology to students? The fact the Minister had to be dragged kicking and screaming to that position means it is very difficult to accept the sincerity of his comments.

Other Deputies have referred in the Chamber to the impact this is having on individual students. I want to pick up on a point made by Deputy O'Brien in terms of the mess and chaos this facility is causing. Our offices in Donegal town, Ballybofey and Gweedore have been inundated with people who either have not had their grants processed by SUSI, have had grants refused by SUSI in the wrong or have been awarded the wrong level of grant payment. I point to one example of a person from south Donegal who was awarded the adjacent grant. We telephoned SUSI to explain that the person is going to college in Galway only for the SUSI staff member to ask where is the town in Donegal. The lack of understanding of the fact south Donegal is four hours travel from Galway is simply not good enough.

Everybody makes mistakes but the future education of these young people is dependent on this system working. As we heard earlier from Deputy Adams in regard to the letter he received, this situation is not unique and people drop out of college every year as a result of delays in processing grant applications, which has been verified by students and the USI. Therefore, this is really a life decision, but one that is being taken away from the students themselves.

It would be different if this was just a glitch. For example, we cannot blame the Government if it snows tonight, all of us are snowed in and there is not enough salt on the roads - that is, if something unexpected happens. However, in all the years since I was elected to the Seanad, this has been a complete and utter disaster, including under the Fianna Fáil Administration. Students were waiting until January and February in some cases for their first payment instalment, and access to services within the universities and colleges was being denied. This was supposed to sort it out. There should have been a hands-on approach and an oversight role by the Minister and the Department to ensure this was happening and we should not have had to wait until the middle of November to start taking a hands-on approach.

I want to make one point to the Minister. The students of Ireland whose grant applications have yet to be processed by SUSI are entitled to this grant money under legislation. This is not a handout to these students; it is something to which they are entitled. They have decided to go to college, their income meets the requirement test and they are entitled to it. What the Minister should do is forgo his payment for the next three months and see how he gets on. There is a big difference between what students get and what the Minister for Education and Skills gets paid to do his job to make sure young students who want to be the future leaders of this country are able to get their educational attainment.

In my own county, students have been absolutely hammered. This Government increased the registration fees and one of the last dying kisses from the previous Government, and the then Minister for Education and Skills, Ms Mary Coughlan, was to extend the criteria for the non-adjacent grants. Some 700 Donegal students saw their student grants reduced by some 60% as a result of the previous Government's action. Some of them dropped out, and those who have struggled on are now in this system which is still not working. We and the students of Ireland deserve a better system than the Government has delivered.

I listened with incredulity to the Taoiseach today saying that the institutions should not pun-

ish them and it is the students' fault because they have not given the information. The Minister and the Taoiseach need to stand up and say they got it wrong, have made a mess of it, and are going to fix it. Waiting until the end of December or the start of next year is simply not good enough.

Deputy Luke 'Ming' Flanagan: I wish to share time with Deputy Mattie McGrath.

An Leas-Cheann Comhairle: Is that agreed? Agreed.

Deputy Luke 'Ming' Flanagan: There are times when we in this country seem to go out of our way to make ourselves look stupid. There was a perception from some people around the world, unfortunately, that Irish people were stupid. I do not believe that but there are times when I think successive Governments go out of their way to prove it correct.

In September 1989 I went to college and - some things never change - I got my grant in the middle of November. By the time November had come, I was sick and tired of college, something I went into with great enthusiasm, and my family were sick and tired of college because I would be coming home every week with the long face on me, looking for money that was not there. The purpose of going to college was pretty much put on the backburner, namely, the purpose of educating myself.

The best way to educate oneself is in an environment where there is a minimum amount of stress. For 23 years now, the same thing has been going on. I actually failed that year. I found the transition from secondary school to third level quite difficult but this made it even more difficult. The following year, I went to Sligo RTC, now Sligo IT, and - guess what - the grant came in at the end of November. Many of my classmates dropped out, although I did not drop out because I had got used to it from the previous year. Despite the amount of resources put in through the lecturers, who it could be argued are paid too much in the first place, and through building and heating the colleges and all of that investment, the Government cannot get the little bit right it needs to get right, the bit whereby the students have the money when they need it.

I was at a meeting in Athlone last night where Deputy James Bannon suggested we go back to the old system. I do not really care what system is used so long as it works. However, in Ireland we have this habit of claiming things are impossible that are not impossible in other countries. At this stage, I believe the Government has convinced the public it is impossible to run a health service. Even though they are run in other countries such as Germany and Holland and all over the world, we have this lame excuse that is very difficult. How difficult is it? It was not difficult for the Government to put into our bank accounts all the various different payments it pays me and everyone else in this House. We are talking about one payment in this case, yet it cannot get it right.

I heard one of the Deputies suggesting people have a problem filling in forms. There are two sides to this. There is a problem in the way forms are designed. They are designed in a way that suggests the person who designed them never filled in a form in their life. Just get this right. There is no point even telling them how to get it right. It should be obvious. Just get the money out to these people.

Deputy Mattie McGrath: I am delighted to speak on the motion. I compliment Deputy McConalogue on tabling it, although it should not have been necessary to do so. It is another fine mess the Government has got us into.

13 November 2012

I welcome the students in the Visitors Gallery, in particular a student from County Cork, Miss O'Brien. Why can we not learn anything in this country? Why do we change everything that is not broken? It was said there were 66 agencies dealing with this. In south Tipperary the VEC and the county council always dealt with this humanely and with dignity. They knew the people and the parents, and there was always compassion. What did we do? We dreamt up this lovely SUSI. I tell the Minister I do not know who SUSI is, or her sister or her mother, or where she was born or bred. He can tell SUSI to go back to wherever she came from. Send her back to the people who understand this. It is no laughing matter. It is an outrage.

We did the same thing with PPARS in the HSE. It cost millions to bring in this new payment system but what happened? It created a mess. It was the same with the county council tendering sections, which were all relocated to Kerry, so there is no local contact and contractors are upset and have to tender three or four times a year. Big is not wonderful. We centralised the medical cards system to Dublin and that was a fiasco.

I told the Minister to come in to apologise to the House, which he did, but he is not half contrite enough because it is disgraceful to have students in colleges, sometimes without food or any type of resources and denied access to their rightful places. I say to the Minister that this is another fine mess he got us into. The Minister waved a solemn promise to students that there would be no fees. What he wrote was not worth the paper we have out here in the bathroom. This is a mess. The sooner he gets rid of SUSI and brings back Siobhán, which I think is the Gaelic for Susie, and bring back the other Siobháns and the ladies I dealt with in Tipperary and other counties, the better. They dealt with this sensitively and humanely and understood the problems of going to college and the difficulties faced by families.

9 o'clock

The Government wants to centralise everything, drive people into penury and put students out of college. I never had the liberty of going to third level college but I did come through the university of life and it was a much better education than the kind of system the Government is putting in place. Government Members should hang their heads in shame.

Debate adjourned.

Credit Union Bill 2012: Second Stage (Resumed)

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

Deputy Éamon Ó Cuív: I am pleased to have an opportunity to speak on the Credit Union Bill. Before we get into the minutiae of the Bill we should look at the background and purpose for which credit unions were founded. The basis of credit unions was that people's savings, in the form of shares, would be used to lend money to the same group of people. In other words, they were mutual societies and mutuality was at the core of everything they did. One could not get one's money in the form of a loan unless one bought shares and one had a stake in the society. Every member of the society had a vote at the AGM. Credit unions were also based on a common bond, be it a work bond or geographic bond. That was crucial to their operation.

The other characteristic was volunteerism. Credit union committees were manned by volunteers and in many cases in the early years those who ran credit unions were volunteers as

well. The final characteristic of credit unions and why they were so important to people who would not otherwise get access to credit is that credit decisions were based on local knowledge not on a big, complicated form that gave one a credit rating in the conventional way utilised by banks. That meant people could borrow money from a credit union where the credit union believed the money would be repaid and in the vast majority of cases that trust was honoured. The same people had to have savings in the credit union because the basic principle on which they operated is that one could not borrow unless one saved.

Some credit unions have grown to a considerable extent over the years. Perhaps that is a good thing. There is room for an alternative banking system based on mutuality, but there is still room for the small credit union based in the community and working on local knowledge. No matter what could go wrong with such a credit union it could not in any way upset the national finances. Therefore, when one considers regulation, one cannot compare large credit unions with hundreds of millions of euro at their disposal with the small local credit union that still operates in a valid field on the basis of the original concept of the credit union, namely, the small mutual society that takes in small deposits and gives out small loans.

The regulation of the sector is focused on the bigger credit union operations. I will be told that there are criteria governing the regulation but it seems that it is very much focused on the higher end rather than the needs of a small society. There seems to be big pressure for amalgamations and the corporatisation of credit unions. It is interesting to note that of the 404 credit unions, 295 have less than €40 million. Everyone who has spoken in the debate has placed emphasis on that issue. It is interesting also to note that more than 100 credit unions have more than €40 million and some of them are very large. I have noticed this growth over the years.

I was involved for many years in a small co-operative. It was not like the big dairy co-operatives but a small community co-operative. I worked for it, was chairman of it and am still involved in it. I always worried that the credit unions were going the same way as the building societies. Building societies started as mutual societies. The idea was that people saved for their housing and that the only thing for which the building society loaned money was housing. The only people they loaned money to were the people who saved with them. Perhaps the Minister of State, Deputy Alex White, remembers the system. One could ask what went wrong. Building societies became big as they got more money. First, they got rid of the rule that one could not get a loan if one did not save. Then, they got into all sorts of activities that had nothing to do with building houses for ordinary people as their primary purpose. Following that, they lost a pile of money and had to go to the State to get bailed out. If they had not been bailed out the consequence for depositors would have been unthinkable.

Elements of the credit union movement are going through the second phase, namely, the big mutual phase. I have no doubt that as organisations get bigger those that run them get even bigger aspirations. In time they aspire to become even bigger organisations and eventually the whole idea of any connection between the saver, that is, the member, feeling that it belongs to him or her, will be lost. If one does not believe that happens then one should look at the co-operatives that turned into ples and the building societies that turned into something that was very different to what building societies were originally about.

Therefore, before we start talking about the minutiae of the Bill, we must decide what is the role of the credit union. I accept that in the case of bigger credit unions their role is to act as an alternative banking system. I hope they will remain as mutual societies but I would not have any particular objection if they developed a plastic card system. However, the bigger they

get and the more one amalgamates them, the more one will depart from the original purpose of catering to the needs of the person needing a small loan for a first communion or confirmation or burst pipes in the house or other disasters people face. What will happen is that just as credit unions replaced building societies to a certain extent with their mutual philosophy, one will get a new growth of small credit societies. One can call them what one likes.

Credit unions will grow bigger and become more professional. They will require longer forms to be filled and they will become more strict on credit controls not based on local knowledge but on objective criteria - whatever that is. The term "objective criteria" has become such a catch-cry. However, objective criteria are not objective. As is the case with the Department of Health, it depends on the criteria one says are the objective criteria. That is not an objective exercise. The more one does all of that, the more one will leave a vacuum for the small person who needs a loan that was previously given based on trust and knowledge, not on a credit rating by filling a complicated form. The biggest tragedy is that with the corporatisation of credit unions making it difficult for a person of limited means to get a loan as they do not have the asset backing because, for example, they are living in a local authority house, there will be nowhere to go for a small amount of money and people will have to resort to moneylenders. Perhaps we should be discussing an urgent Bill to control interest rates for moneylenders. I fear that because of what we are doing the small co-operative idea with which I am familiar will be lost, in some cases by big credit unions. Can people not see the danger of over-regulation, in particular of the lending of small amounts of money by credit unions, through form-filling? Can the Minister of State not see that this will push people back to the moneylending, both legal and illegal, that credit unions did so much to reduce?

When he replies he might answer the following question. His senior colleague stated he would have to put about €1 billion into the credit unions. In relative terms and compared to what was lost in all the other financial institutions, that is a modest sum. How much of that sum arises because of the investments made by credit unions, and how much because of their loans? I understand that only 40% of credit union funds were lent which, even with a bad debt rate of 20%, makes only 8% of the total number of shares. There will always be bad debts: that sum has always been factored in. I am very curious to know what would have happened if the credit unions had not lost money on their investments, in other words, if the big financial system had not collapsed and if credit unions had not bought the subordinated bonds for which the Labour Party were so keen to get a good discount.

As with everything else there are unintended consequences. I attended a meeting of credit unions recently and was told, "You burned the credit unions when you were in government." I asked how this was the case and was told that some credit unions had subordinated bonds and were paid some 10 cent in the euro. I pointed out that it had been amazing how many people had been shouting at us not to pay anything. Not many people thought there would be collateral damage to credit unions with such a policy. This is the problem arising from the complexity of the financial system. When one does not discriminate there are unforeseen problems but if one does discriminate it is not legal. The Minister of State might give us that figure. If I am right about the investments providing the big hit, the irony is that if they had lent more to the small people and invested less in the big banks they might not have needed the €1 billion after all.

There are all kinds of fancy rules being introduced here about membership of boards, connected people and so on. A person cannot be on the board longer than a certain period. That is fine with big credit unions that have a turnover of €20 million, €40 million, €60 million or €100 million. There is a credit union on the Aran Islands, however. With what will the Minister

amalgamate it? Why should it be amalgamated? Can the Minister of State tell me how in God's name that credit union can follow all these rules and have a person who is related to nobody else on the board? How will the union have a turnover of board members when there is a small population of 1,500 to 1,800 between three islands? Did anybody think about that? Are we saying that small places cannot have small things? If that is the way we are going we are losing the plot. If one thinks of the real essence of the credit union movement the Aran Islands would surely be a perfect example of a community that would have an intimate knowledge of itself and be able to make very wise lending decisions. These would be very humane but would also be based on a fantastic knowledge of the local community.

I can think of other credit unions, such as Comhar Creidmheasa Cholmcille, which was founded in Indreabhán in south Connemara. When the bank pulled out of Carraroe it was able to put an office in its place. There is another small credit union in Cashel and another at Tullycross which has been fantastically successful and a huge driver of development in the area. If one wished to have the kind of structures the Minister has proposed one would have to take in all of Connemara. The Minister would probably tell us the area in question should be 60 miles long and 50 miles wide. How can people base local knowledge in such a way, whether in the Gaeltacht or the Galltacht? We will be told that is the way to go, the modern thing to do. It is the same in the city where there are locally based credit unions. It is very important that we look to have a system of credit unions that allows flexibility for small credit unions to function and for new ones to be founded within small local communities. That goes back to the heart and soul of what the credit union movement is about.

There is another issue of great concern, namely, the interaction between the Personal Insolvency Bill and credit unions. The banks, or the secured lenders, have the veto. When that Bill was being drawn up and the regulatory impact analysis being done, was there any calculation made as to possible financial damage to credit unions? The banks have effective control over the system of personal insolvency. It seems unfair and wrong that banks which could not look after their own affairs are now being given a veto over the affairs not only of individuals but over decisions in respect of unsecured creditors of organisations such as credit unions.

There is a need to ensure that our financial systems operate properly. When something goes wrong the greatest tendency is to over-regulate the small entity which did not cause the problem simply because the big entity made a big mess. I am not convinced. Mistakes were made in credit unions but the biggest one they made was when they did not follow their own rules. I remember dealing with a particular case in which a lady had managed to borrow far too much money from far too many organisations. The thing that really puzzled and annoyed me was that she had managed to borrow money from four or five different credit unions, this being contrary to their own rules, and on two grounds. The first was that she did not have any savings in the credit unions and should not have been able to borrow in the first place. The second was that most of the credit unions were far beyond the common bond, geographically speaking. She lived in one house only, in one area. Of course, like everybody else, the credit unions had become slipshod, lazy and easy going. They broke their own rules. Rather than making a myriad of rules that in time people will not heed because it is all too complicated, would it not be better to have simpler rules and apply them? If we went back to the basic tenet of the credit union, whereby a person puts in a deposit or shares and gets loans proportionately, the credit unions would be very secure places to invest.

It is true that the bigger an institution is the more it must be regulated. There is much in the Bill I have no difficulty with in respect of big professional financial organisations which need

regulation just as banks do. However, there appears to be total overkill when it comes to small societies that either exist today or those which I suspect will spring up all over to try to help people when bigger financial institutions no longer will. I believe that in the next five to ten years, if there is a suitable vehicle for so doing, we will once again see a springing up of small mutual societies. I hope that this time they will stay mutual and be self-supporting community organisations. People will put their money in and get money out within a small circle. They will work on the basis that made the credit unions what they were - a place where a person with no credit rating could go because he or she was part of a common bond.

When one considers the difference between those on high incomes and those on low incomes in the context of accessing credit, one of the biggest determining factors relates to the capacity of the former to borrow money much more easily when something unforeseen arises. The creditworthiness of those on high incomes is generally much better than people on basic incomes. During the boom times it became far too easy for such individuals to obtain loans of €5,000 or €10,000. To whom will a person on a low income who needs €600 to pay for a family occasion go in the future? Such an individual will discover that all of the normal institutions will be so regulated that, on his or her income, he or she will not be able to borrow the money. What the Government is doing is pushing those to whom I refer into the arms of the moneylenders.

An Leas-Cheann Comhairle: I call Deputy Heather Humphreys who, I understand, is sharing time with Deputies McLoughlin and Breen. The Deputies have six minutes each.

Deputy Heather Humphreys: I thank the Minister for bringing forward the Credit Union Bill 2012. I commend the members of the credit union review commission on all their hard work and commitment and I acknowledge the huge effort and time they invested in producing their interim and final reports. It is on these reports the legislation is based. I also wish to recognise and pay tribute to the huge work done by and commitment of credit union volunteers who continue to play a crucial role in the credit union movement. Without those volunteers, credit unions would not exist. Their voluntary contribution to the movement throughout the country can never be overestimated.

Credit unions are not immune to the current economic difficulties. The volunteers and staff continue to work their way through what is a very difficult period. I commend them on their massive commitment and effort in the context of serving their communities. I worked as a credit union manager for 12 years and I previously worked with Ulster Bank. Having experienced these two very different types of financial institutions, I wish to state in very clear terms that I remain a strong advocate for credit unions and the ethical banking values they uphold. Those values ensure the member or customer comes before profit or gain. I have seen at first hand the benefits a credit union can bring to a community. I am committed to the credit union movement and I am of the view that this legislation will support and allow credit unions not only to continue to provide the services they currently offer to their members but also to strengthen and enhance such services.

The membership of credit unions is vital to their survival in an ever-changing world. A previous speaker noted that virtually everyone in the country has used his or her credit union at some point. This can be often the problem. People use their credit unions when they cannot obtain credit elsewhere. When their financial position has improved and their credit rating re-established and as their needs become more complex and demanding, they move their business to a bank. To survive, credit unions need to retain their members and increase their market

share. The Bill will allow them to use synergies within the sector - through co-operation and amalgamation - to provide a broader range of services that will assist them in retaining their members and serving their needs.

The credit unions are at a crucial juncture in their development. While it could be stated that they are victims of their success, they are also the victims of their reluctance to move to another stage in their development. They have been unable to progress and there have been fragmented attempts at offering a wider range of services which have resulted in some credit unions facing serious financial difficulties. In recent years there has been no clear vision for credit unions. I am of the view that the Bill will give them the impetus and encouragement they require and will, with the assistance of ReBo, assist them in progressing to another level. The Bill also takes cognisance of their special place within our society, their mutual nature and their strong voluntary ethos. The latter has allowed them to expand and grow during the past 50 years and has facilitated them in providing a vital service to the less well off.

I ask the Minister of State to reconsider the position regarding the time limit of nine years relating to voluntary directors and the three-year term relating to voluntary officers. If implemented, these restrictions will mean some credit unions will have difficulty in attracting volunteers. They could also lead to valuable expertise and skills being lost. Credit unions are being asked to upskill their directors and develop their knowledge base. It is important, therefore, that the experience which has been gained should not be lost as a result of people being forced to retire. We do not want some volunteers to feel like conscripts. It is important, therefore, that every effort be made to attract new volunteers.

I wish to address a number of issues in respect of the Central Bank. There is nothing in the legislation which supports the Central Bank putting in place a set of rules and standards for credit unions. The Bill refers to the Central Bank deciding what is a viable credit union. However, the criteria that will be used to assess what constitutes such a credit union are not included in the Bill. A set of prudential rules have not yet been issued. I urge the Minister of State to ensure that as much clarity as possible is provided by the Central Bank in this regard. Credit unions are being asked to take on board these new standards and I am of the view that it is only proper that the Central Bank should clearly outline what is expected of them. In the recent past, the bank has issued directives and instructions without first carrying out any impact analyses. Neither did it provide justification for its diktats. In consultation with the credit unions, the Central Bank should establish a clear plan in respect of how its directives and decisions will impact on their business.

Having listened to credit union representatives and as a result of my experience of credit union regulation, it is my opinion that the Central Bank does not communicate well. It appears guidelines can be introduced or altered without prior consultation with the credit unions. The Central Bank regularly changes the goal posts. On some occasions, the attitude of its staff towards credit unions has left much to be desired. Volunteers have been made to feel incompetent, incapable and very vulnerable. There is a need to introduce a code of conduct for staff of the Central Bank in the context of how they deal with credit unions. At times, the bank has been erecting artificial and unnecessary barriers.

If the credit unions embrace the legislation and if the Central Bank improves its delivery of service, we can look forward to a sustainable credit union movement that will continue to be led on a voluntary basis and to meet the needs of those it serves. I want credit unions to be supported in order that they can continue to serve communities in cities, towns and villages

throughout the country. I also want to ensure no community will be left without a credit union to serve the needs of its people.

Deputy Tony McLoughlin: To understand fully the importance of the credit union movement, it is necessary to remind the House of its history. The Irish credit union movement was founded as a result of the efforts of three dynamic, pioneering and entrepreneurial people, namely, a teacher, a civil servant and a bakery worker. In Dublin in the 1950s, these individuals witnessed the effects of high unemployment, such as sickness, malnutrition, moneylending, hunger, poor clothing, poor housing and, inevitably, the emigration of a parent or of entire families. In addition, State unemployment benefits were low and did not last indefinitely. This meant many families lived in abject poverty.

The founders of the credit union movement recognised that the root of the problem lay in the scarce availability and poor management of money and resolved to identify a system which would allow people to gain more control over their finances. Tomas O’Hogain, another pioneer of the movement, suggested that credit unions would give individuals economic independence and responsibility by taking part in common activities and aims. In November 1954 the National Co-Operative Council was established to promote non-farming co-ops and a Mr. Denis Byrne, a member of the council, wrote a letter to the newspapers to point out “the scandal of the moneylender whereby those who can least afford it are charged the highest rate of interest – is seldom referred to in learned documents on banking and finance”. The letter told how credit unions in the US protected American wage earners from loan sharks and suggested that if the idea were taken up in Ireland, it would surely “be an attractive pastime for those who not only believe in the principles of social and economic justice, but are prepared to work a little to foster them”. Mr. Byrne’s comments sum up in essence why credit unions have been so important to Irish society during the past 50 years. Many people from the poorer sections in our society were saved from the claws of moneylenders. However, we must recognise that there are those who still engage with these unprincipled individuals.

In 1957, Mr. Seán Lemass, the then Minister for Industry and Commerce and a future Taoiseach, set up a special committee to advise on legislative changes which would help to foster cooperative enterprise in the non-farming sectors. The deliberations of this committee were an important part in the process which led to the introduction of what became the Credit Union Act 1966. The latter provides the legal framework under which the credit union movement operates in the Republic of Ireland. When we, as legislators, reflect on the history of the movement and the involvement with it of many decent and honourable people, we must be mindful of those people’s ideals and goals. The Ireland of the late 1950s was impoverished and, like today, was experiencing an economic downturn. It is incalculable to judge how much the credit union movement assisted its members with finance to provide, transport, education, heat, light, business, a bed to lie in or perhaps the table on which to put the food. It is against this background that we must ensure this Bill will mean that the spirit of the original founders lives on and that the 3 million members with their almost €13.5 billion savings are protected.

Regulation and prudence are two words that were missing within the Irish banking sector from 2002 to 2008. The blame for the collapse has been well documented by political commentators and economists and now is not the time to debate it again. It is imperative that any Government engaged in the clean-up of a mess should identify the cause and legislate so that nothing like this can happen again. The Irish League of Credit Unions has played a significant role over many years in regulating its members and bringing forward best practice procedures for member branches.

Some issues have arisen which are of concern, such as the bad debts that some of the 500 branches have incurred. The Government has already shown its commitment to the credit union sector by putting aside a figure of €500 million to address problems in the sector at a time when the Government faces difficult budgetary choices and competing needs for scarce resources. It has been reported that up to 40 credit unions are in difficulty with some in need of help from the league. It is further reported that up to €1 billion of loans are either behind or not performing. This is an issue which needs prompt Government action.

The Bill sets out the framework for the prudential requirements that are to apply to credit unions in areas such as reserves, liquidity, and lending and risk management. The policies and principles in respect of each area are set out in the Bill, with scope for Central Bank regulations in relation to standards, procedures and other more detailed matters. Regulatory requirements will be calibrated according to the nature, scale and complexity of credit unions. This will allow for the tiered regulatory approach recommended by the Commission on Credit Unions.

Communities have expressed their concern to me about proposals which were agreed by the commission but which are of concern to many individual credit union members. These include the imposition of term limits, prohibitions on membership of boards and a board oversight committee. I ask the Minister to re-examine these proposals on Committee Stage against the implications for smaller credit unions which have been managed in an exemplary fashion and which will face significant difficulties looking for the necessary volunteers to serve on their local credit union. The rule for eligibility of persons to become directors seems to be a little too strict. Anyone related to a volunteer or employee of a credit union is debarred. Term limits for directors are provided for, allowing a director to serve nine years on a credit union board in any 15-year period.

Restructuring is recommended for credit unions who are experiencing difficulties. Approved mergers will be provided with funding where required and subject to conditions to ensure that they have adequate capital and to upgrade systems. This will not apply to all credit unions. I am aware of the many credit unions in my own constituency which have a strong and healthy balance sheet due to prudent and competent management over the past 20 years. I have written to the Minister on behalf of some local credit unions based in rural and low population areas. Small credit unions from low populated areas will be threatened by some of these proposals. I suggest that some thought be given by the Minister on Committee Stage. Overall, this is positive legislation and I welcome the Bill.

Deputy Pat Breen: I welcome the opportunity to contribute to this debate. I wish to acknowledge the work of the Minister for Finance, Deputy Michael Noonan. I compliment him on the priority he has given to securing the future of the credit union sector. I note that John Hume served as Ireland's youngest ever president of the Irish League of Credit Unions, from 1964 to 1968. He stated that "[of] all the things I've been doing, it's the thing I'm proudest of, because no movement has done more good for the people of Ireland, north and south, than the credit union." I concur with his comments.

The credit union movement is the bedrock upon which our communities have been built and have survived in every corner of Ireland. With 399 registered credit unions in Ireland serving 3 million members, the credit union movement is substantial. Credit unions could be best described as our grassroots banks because they are the champions of ordinary people in our communities throughout the length and breadth of the country. They have retained their popularity because they are owned and run by their members who know and understand the needs of their

members and customers. There is also a strong culture of credit unionism throughout Europe and in the United States. Given the difficult financial situation which has arisen in the banks since 2008, the regulation of credit unions will allow the credit union movement to expand and grow its membership. International experience supports this view. When regulation was introduced during President Reagan's Presidency in the US in 1992, the membership of credit unions swelled and today, there are in the region of 89 million credit union members in the US. In my view, the reason credit unions have retained their popularity is because they have a strong customer-friendly ethos and a strong culture of volunteerism. Unlike the banks, credit unions treat their customers as persons rather than as numbers. The retention of these attributes presents real opportunities for credit unions to grow particularly during this financial crisis.

I recently read an article in a financial magazine which cited the experience in the United States over the past month. Credit unions experienced a surge in membership when one of the bigger banks indicated that it intended to introduce a \$5 increase in its fees for debit cards. I believe that the same opportunities exist here for credit unions. This is why they must be supported and given every opportunity to develop their business.

Like many Members of this House, I have been contacted by credit union members. The credit union movement is very strong in my constituency of Clare. It plays an integral part in the lives of people in west Clare, Kilrush, in my own parish of Lissycasey, Ennis, Clarecastle, Shannon and Sixmilebridge. I welcome the Minister's commitment to engage in this debate and consider any good ideas which may be put forward. I understand from the Minister's comments that the exclusions from board membership and the situation regarding treasurers were recommended in the report on the Commission on Credit Unions and agreed with the credit union stakeholders. The credit union movement depends on its volunteers but there is concern that the restrictions and limitations on board membership, coupled with the additional responsibilities and the extra committees which are being introduced, will undermine the movement by overstressing the demands of their volunteers, upon which it depends. We must ensure that volunteers continue to play a very active role in credit unions, that involvement is encouraged and that no obstacles are placed in the way of volunteers continuing to support their local credit union.

Many credit unions wish to expand the provision of facilities to customers. They would like to be in a position to offer electronic payment accounts. This has not been addressed in the Bill. However, I understand it is not necessary to include a clause in this Bill to facilitate electronic fund transfer, EFT, as only 10% of credit unions affiliated to the Irish League of Credit Unions currently have the ability to provide this service. I am aware that the Irish League of Credit Unions is working with its members to develop this service. It is anticipated that EFT services will be available by the end of December. It is certainly timely given that the issuing of cheques looks likely to be a thing of the past as early as 2016. I am a strong advocate of the credit union movement. I welcome the commitment and ability to secure the viability of credit unions, which is what the Bill is all about. However, I am anxious that volunteerism, which underpins the success of the entire movement, be supported. This has been reflected in the speeches of all speakers on both sides of the House. I look forward to hearing the Minister's summation at the end of the debate.

Deputy Brian Stanley: I welcome the opportunity to speak on this Bill. The State is in a difficult position financially, as are many households. I am thankful that there are institutions such as the credit union movement that are unique to Ireland and of which we can be proud. An interesting aspect of the movement - along with the GAA, another great organisation rooted

in the community - is that it covers the whole island. It has a branch and cumann in every corner of every county. The GAA and credit union movement have shown themselves to be very resilient. All such progressive movements draw their strength from the fact that they are community-owned and people-centred. They are based in the community. They are solution-based organisations addressing social need. It is interesting to note that the credit union movement, with its co-operative ethos, is based on socialist principles. The Minister of State, Deputy Alex White, will share with me his appreciation of that fact.

The credit union movement was founded because of the efforts of three people, Ms Norah Herlihy, Mr. Sean Forde and Mr. Séamus P. MacEoin, all of whom were based in Dublin during the very difficult recession of the 1950s, whose effects they witnessed. I have but a vague memory of the pawn shops that were widespread in Dublin city at the time. There was considerable unemployment and other problems associated with poverty in that decade. In the 1950s, unemployment benefit was very low and did not last indefinitely. Many families were left in poverty.

Some 60 years later, more than 2.9 million people throughout the island have recognised the value of the credit unions and have savings approaching €11.9 billion. Over 9,200 active volunteers are involved in the movement. We know them in our communities. There are more than 3,500 people in very good employment in the credit unions. I have been a credit union member for a long time. I have been a member of two branches, one of which is near where I live now and another near a former residence. I acknowledge the benefits of having been a member. I used the credit union at times of greatest need and was always offered a sympathetic ear when trying to borrow money for essentials. The credit union was there for me. I have seen it play an essential role in the lives of people with low incomes.

Credit unions play an important role in their communities. Credit is difficult to obtain from banks at present. This is rehearsed in the House week in, week out. Where possible, credit unions try to facilitate their members. I salute the staff and volunteers of the credit unions across the State, including those in my constituency, Laois-Offaly, where there is a strong movement. It provides a great and very professional service and has been very important for people. Having spoken to representatives of the credit union movement, I can confirm that they are the first to admit more regulation is needed. They require a better regulatory context in which to operate and there is a need for reform. The credit union movement has been the primary advocate of this. We support the reform of the credit union movement. In doing so, we believe it must be achieved in a manner that reflects its unique ethos and community-based, not-for-profit and volunteer-based approach.

While I broadly welcome the Bill, I must highlight a number of concerns I share with the credit union movement. The first is the proposal to apply to credit unions the historic Central Bank legislation dating from 1942 to 2011. The legislation is inappropriate and fails to recognise the difference between the banking sector and credit unions. This was not considered by the Commission on Credit Unions and may have far-reaching and negative consequences for credit unions. We are also concerned about the application of the Central Bank (Supervision and Enforcement) Bill 2011 to credit unions. This view is shared by the credit union movement.

The commission's report recommended certain enhancements for the credit union movement but none of these is contained in the Bill. These include service sharing, social finance, micro-finance for small business, co-operative ventures and the introduction of electronic payments. I urge the Minister to consider my sincerely held views and ensure that the final Bill will

be capable of enjoying the support of every Member such that it will be passed successfully.

Deputy Caoimhghín Ó Caoláin: I welcome the opportunity to speak on this important Bill. I echo the comments of a number of previous speakers, from my own party and others, in commending the credit union movement on its contribution to Irish life and communities right across the island. As outlined by my party colleague and spokesperson on finance, Deputy Pearse Doherty, in his contribution to this debate last week, Sinn Féin broadly supports the Bill but will be tabling amendments intended to improve and strengthen it.

We recognise the vital role local credit unions play in the communities they serve, founded as they are on an ethos of community service, volunteerism and not-for-profit activity. As ordinary people struggle on a daily basis to pay bills and manage their household budgets in the face of further and seemingly endless cuts by the Government, as with its predecessor, the importance of the local credit union becomes further pronounced. Credit unions, for as long as I can remember, have helped people by way of neighbours helping neighbours, through short-term loans to help send children back to school or to provide for Christmas. They stepped in when banks did not want to know. In doing so, they ensured low- and middle-income families could avoid the clutches of loan sharks and unscrupulous lenders who charge exorbitant interest rates. Credit unions have provided and continue to provide a vital social service.

The Bill deals with four broad areas: prudential regulation, governance, restructuring and stabilisation. We support the demand for good practice, transparency and probity, the implementation of agreed standards and necessary accountability. It is agreed by all that the regulatory context in which credit unions operate is in need of substantial reform. The movement itself has been among the leading voices in calling for this reform.

We support strong, effective and appropriate regulation for the credit union sector. We want credit unions, their members and the communities in which they are rooted to have the highest levels of protection, probity, and governance. This is in the best interest of all who provide these services and all who avail of them. However, we firmly believe this can be achieved in a manner that is consistent with the distinctive ethos and values of the sector. It should not be the case that that which is applied to the banking sector is automatically extended to credit unions. It must be recognised that appropriate regulation for one type of financial institution may not be appropriate for another.

If credit unions are to be able to grow and service the increasingly varied needs of the members and communities they serve, they will need to be able to offer a wider range of services. I include the ability to undertake transactions and access services above and beyond those that are currently available. The sharing of services should be facilitated and promoted. We have the opportunity and responsibility, with this Bill, to address specific restrictions on credit unions that go completely against the spirit and purpose of the organisation. The decision by the Financial Regulator to cap a family's borrowing at €25,000 is one such example. This outrageous restriction has resulted in dire consequences for many families. It is wholly too limiting and fails to appreciate and understand the demands that present in a household, particularly where there are a number of children, and especially if they are third level college attendees or aspirants. This diktat by Mr. Elderfield must be revisited and, at the very least, significantly relaxed.

I ask the Minister to note the situation that applies. No cognisance is taken in regard to the collective income in a household or the number of income earners. It is literally a blanket restriction applying to the members of a particular household, and that is outrageous. I repeat that

where the banking institutions are failing in their lending responsibilities, despite the fact that we continue to bail them out on an ongoing basis, credit unions are incapable of responding to members' needs because of the diktat of Mr. Elderfield who does not belong to any community on this island and who does not, I suggest, have the same experience and appreciation of what the credit union movement stands for and what it has meant in the lives of its members throughout the length and breadth of this island.

Deputy Michael Colreavy: I sometimes like to simplify issues. During the late 1980s and early 1990s when I was younger, a number of other people and I used to think about how north Leitrim might be a better place, the problems it faced and the opportunities available. I recall listening to people in the community and although we had three banks in the town in which I lived, many people felt the commercial banks were for the guys with plenty of collateral and that any financial support they required would have to be met by moneylenders. I believe they were legal as well as illegal moneylenders at the time. I recall thinking that a credit union would make a great difference to the area in which I lived if it could be established, but the group I was working with knew that would not be easy because a number of unsuccessful attempts had been made to establish a credit union. They were unsuccessful mainly because of the difficulties in recruiting and retaining voluntary people from a rural, sparsely populated area. That was the main problem. However, we took on the challenge. I recall it was difficult to get a sufficient number of people from a low population to meet the credit union board of management and the regulatory requirements set down, but we got them. We went through six months of intensive study, training and preparation. It was great that voluntary people would do that. I often refer to them as ordinary people doing extraordinary things. I recall the great support we got from the Irish League of Credit Unions and from credit union officers from adjoining chapters.

It took a while but eventually we founded the credit union in 1996. Unfortunately, I do not have the opportunity or the time to play an active role in the management of the credit union although I remain an enthusiastic member and I am privileged to have been one of the founding members but from those humble beginnings in 1996 we now have a credit union in our own premises on Main Street, Manorhamilton with approximately 2,500 members which, if I calculate correctly, is about one in every three men, women and children in the catchment area. We have approximately €7 million in shares and €2.5 million out on loans. We hope, subject to approval, to pay a 1% dividend this year and a 10% interest rebate. Of the loans this year a total of €8,900 was written off. That covered eight loans, just over €1,100 per loan, and there was a surplus of €339,514 at the end of September, which is the end of the accounting year.

The big banks and the investors who are used to talking in billions and trillions of euro would probably chuckle patronisingly at the figures I have mentioned and might call them peanuts, but Manorhamilton and District Credit Union, mainly through the voluntary work of many people, has done more for those 2,500 members than the commercial banks ever did. The bigger institutions perhaps should stop the chuckling long enough to ponder how an institution such as a credit union, with mainly voluntary workers and a voluntary board of management and its ethos of neighbourliness and community solidarity, has managed to continue in successful operation when they crashed their own businesses, their country and their people. Big is not necessarily beautiful, nor is it necessarily safe, efficient or effective.

I disagree slightly with what Deputy Ó Cuív said earlier. I would want a much wider societal role for institutions such as the credit unions. There is nothing wrong with widening the role provided it is a societal role, not just for the credit unions but for the post office network also. We should be reducing our over-reliance on for-profit financial institutions.

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On the Credit Union Bill, Sinn Féin understands that citizens need trust and certainty in their dealings with all financial institutions. They must be satisfied that their investments are safe and cannot be plundered, pilfered or recklessly managed in an attempt to increase profits for shareholders or for senior officers of the various institutions. Government had and still has a responsibility to ensure there are adequate systems and checks in place to ensure no more financially disastrous surprises are visited upon the people. Consequently, we support the broad intent of this Bill and commend the Commission on Credit Unions, the Minister and the Department, and the wider credit union movement on their work because they were involved in bringing this legislation before the Dáil, but I repeat that bigger is not necessarily better or safer. We must remember that credit unions are generally smaller, community and volunteer-based institutions with a not-for-profit ethos and what is clearly necessary to regulate the banks, given their recent history and their continuing dysfunctionality, could cause irreparable damage to smaller credit unions.

Most of our specific concerns were laid out earlier. The proposal to apply 70 years of historic Central Bank legislation to credit unions without consultation is inappropriate and fails to recognise the fundamental difference between credit unions and commercial, for-profit banks. The new Bill affords sufficiently enhanced powers for credit union regulation. Likewise, the Central Bank (Supervision and Enforcement) Bill 2011 should be modified to reflect the different ethos, operations and management of credit unions. There should be right of appeal to the Irish Financial Services Appeals Tribunal in respect of any regulatory directive.

There is an urgent need for a simple, plain English memorandum of understanding between credit unions and their members and the Central Bank and regulators to ensure that regulation and regulatory practices are proportionate and transparent.

The width of bands for regulatory tiering of credit unions is too wide. We would argue that it must be based on a model of risk and business complexity rather than on size alone. The office of treasurer should be retained for the purpose of ensuring timely preparation and presentation of annual accounts.

Debate adjourned.