



DÍOSPÓIREACHTAÍ PARLAIMINTE
PARLIAMENTARY DEBATES

DÁIL ÉIREANN

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

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DÁIL ÉIREANN

Dé Céadaoin, 29 Meitheamh 2016

Wednesday, 29 June 2016

Chuaigh an Ceann Comhairle i gceannas ar 12 p.m.

Paidir.

Prayer.

Leaders' Questions

Deputy Micheál Martin: I start by condemning the brutal and savage attack at the main international airport in Istanbul which has left 36 people dead and scores more very badly injured. It is the latest in a series of attacks in Turkey and underlines the need for ongoing co-operation between member states of the European Union and their neighbours in dealing with the enormous threat to, and the vulnerability of, citizens as they go about their daily lives because of the actions of ISIS and other terrorist groups.

I am sure the Tánaiste will agree that serious and important issues are emerging in the public sector and the public service which have the potential to sap morale, hamper recruitment efforts and perpetuate inequality in the treatment of public servants in the context of their pay. Friday, 1 July, is fast approaching and the country could be facing some form of industrial action by members of An Garda Síochána because, as gardaí see it, there are still outstanding issues under the Haddington Road agreement. As the Tánaiste knows, the Garda Representative Association, GRA, signed up to the agreement. It was agreed at the time that there would be a review of Garda pay levels and the chairman of the review group, Mr. Ray McGee, formerly of the Workplace Relations Commission, was appointed. As that review was never completed, the GRA is fully convinced that the Haddington Road agreement was not implemented in full for them, as had been agreed, and that, therefore, gardaí should not be facing pay penalties by way of possible increment freezes from 1 July for not voting to accept the subsequent Lansdowne Road agreement. Newly qualified gardaí start on a salary of about €23,000 and it is impossible for them to afford to pay rent or mortgages. There are genuine grievances, but I think there is a mechanism within the industrial relations framework to resolve them. We ask the Tánaiste to confirm that gardaí will not face increment freezes.

In addition, teachers feel exceptionally aggrieved as they have had their qualification allowances cut and there is a very clear illustration of inequality in teachers' pay. Depending on whether one started as a teacher in 2010, 2011 or 2012, the difference over 40 years can be more than €100,000. In particular, removing the qualifications allowance in 2012 had a devastating

impact on teachers' pay, with the honorary primary degree allowance of close to €5,000 being taken out in one fell swoop in 2011. There are, therefore, real issues and the INTO, the ASTI and other teacher unions have been bringing them to people's attention. We need to recruit the brightest and the best into the public service. In that regard, inequality is not acceptable. I ask the Tánaiste to confirm when the public service pay commission, as committed to, will be established to create a mechanism and a formula to deal with these vital issues.

The Tánaiste: I first join the Deputy in expressing my sympathy and that of the Government to the people of Turkey after the appalling terrorist attack at the international airport in Istanbul. It was a vicious and indiscriminate attack which claimed more than 41 lives and left many people seriously injured. I agree with the Deputy that across Europe we need to reinforce our efforts against and combat the heightened threat posed by terrorists. The only way we can do this is by enhancing our collective collaboration and working at European level to take every initiative we can to deal with the terrorist threat. That means ever closer co-operation. As I told the House yesterday, I discussed this issue with the British Minister for Immigration and Security, Mr. James Brokenshire, MP, and we expressed our determination, in the first instance, to continue the very close co-operation between the United Kingdom and Ireland.

On the Deputy's points about public sector pay and the difficulties with a number of groups, including gardaí and teachers, we remain willing and available to engage with the Garda Representative Association, GRA, to find a resolution in the coming days. We want to take every possible initiative to come to an agreement such that people will remain within the Lansdowne Road agreement. Other unions have agreed to stay within it. I ask both organisations to reconsider and continue to engage in discussions in order that whatever obstacles remain to their rejoining the agreement can be dealt with. We remain willing and open to continuing that engagement. There have been good quality discussions with gardaí on a range of the issues that remain on the table. There are solutions, although there are some outstanding issues. We are appointing a new person to lead the discussions on the outstanding Haddington Road agreement issues that were not dealt with previously. We can still engage in discussions on how it can be taken forward to avoid the GRA withdrawing from the Lansdowne Road agreement. The Minister for Public Expenditure and Reform made it clear again yesterday that the Lansdowne Road agreement was essential and that we needed people to remain within it. Every effort will be made to deal with the current obstacles which the GRA considers are in place.

Deputy Micheál Martin: The Tánaiste did not address the situation of teachers. Will she confirm that gardaí will not be penalised from 1 July until talks take place on the outstanding elements of the Haddington Road agreement and how the agreement was to apply to them? Will she confirm that they will not face punitive measures from 1 July and that there are issues pertaining to the Haddington Road agreement that must be addressed? A person who started teaching in 2011 will earn €100,000 less than someone who started in 2010. A person who started teaching in 2012 will earn €227,000 less than someone who started in 2010. This issue must be addressed and dealt with. It is a growing issue. It is incomprehensible and cannot be allowed to continue. When will the public sector pay commission be established to deal with these anomalies in the pay of teachers and gardaí and the genuine grievances that are emerging, particularly among young gardaí and teachers but also other young people working in the public service?

The Tánaiste: The Minister for Education and Skills, Deputy Richard Bruton, has invited ASTI to meet him. We want to avoid an increment freeze and every opportunity will be taken to deal with the outstanding issues. On entry levels of pay, very difficult decisions were taken

in recent years and many people, including gardaí and teachers, were affected by them, given that they were subject to the same public service pay reductions as all other public servants. Like other public servants, they have benefitted from some of the restorations introduced by the changes in the FEMPI legislation. The report on the FEMPI legislation will be laid before the House before tomorrow.

We commit to the establishment of a commission for public sector pay to examine pay levels across the public service, and this morning I inquired about its setting up. Officials in the Departments of Finance and Public Expenditure and Reform are working to establish that commission. The background work is being done and the intention is to move ahead with it as soon as the background work is completed in the coming months.

Deputy Gerry Adams: I join the Tánaiste and the leader of Fianna Fáil in condemning the atrocious bomb attack on Istanbul. I extend solidarity and sympathy to the people of Turkey and to the victims and families of all those killed or injured.

The programme for a partnership Government commits that persons with disabilities should be supported to maximise their potential “by removing barriers which impact on access to services, education, work or healthcare”. The comprehensive employment strategy for people with disabilities was launched on 2 October 2015 and was lauded as a vehicle to deliver equality of opportunity for citizens with disabilities, yet there was no funding ring-fenced for this strategy. Another group, comprising the Department of Social Protection, the National Disability Authority and other Departments, which was set up to examine the benefits and future of disability activation schemes, has met only twice and has yet to announce any plans. I am sure the Tánaiste will agree it is unacceptable. It is particularly unacceptable when one considers 600,000 people in this State live with a disability, more than half of which people are of working age.

In the constituency of Louth there is a unique programme called WALK PEER which enables young people with a disability to plot out their future by accessing opportunities in mainstream education, training and employment within their communities. In total, 119 young people have availed of this programme and have all had a very positive and empowering experience. Forty-nine have progressed to further education and 21 to the workforce. One young woman was recently granted a place at the Drogheda Institute of Further Education. Another young man is being supported in his ambition to become an usher in Leinster House. The scheme has forged vital links between these young citizens and employers, educators and the wider community. Regrettably, it was one of the 14 disability activation schemes jointly funded by the Department of Social Protection and the European Social Fund that had its funding withdrawn last summer. The one in Louth managed to stay open because it got some short-term funding from Ulster Bank. It was hoped that would be a stopgap measure while a comprehensive employment strategy was formulated. It makes no sense that a project like WALK PEER or any disability employment scheme should have to close its door because of the failure of Government to find a small amount of funding. It is only €350,000 that is involved. Given that the interdepartmental working group has still to come forward with a proposition, does the Tánaiste agree that funding should be urgently provided in the meantime to provide vital supports? Given that the Ministers, Deputy Finian McGrath and Deputy Leo Varadkar, are present, perhaps the Tánaiste will agree to this now.

The Tánaiste: The comprehensive employment strategy for people with disabilities was launched in 2015 and it was the first proper and extensive national strategy. A very important

policy agenda for supporting people with disabilities was outlined in it. The Government committed an extra €31 million to disability issues a number of weeks ago. The most up-to-date position on the WALK PEER programme is that the Minister of State with responsibility for disabilities, Deputy Finian McGrath, has met the families and individuals. He has discussed the issues with them and is working on a resolution to the issue raised by the Deputy of the ongoing support for the individuals involved in the programme.

I make a more general point, namely, that we have had a number of programmes that were time-limited, and this was one of those programmes that were very important for the individuals who were involved in them. These 14 disability activation projects were meant to finish in April 2015. Private sector funding was found to extend them for another year and that funding has now come to an end. It raises the broader point of the integration of these types of short-term projects into more mainstream funding, and that is precisely what Fergus Finlay's group - he is leading the implementation group for the employment strategy for people with disabilities - is now examining, how mainstream funding can be provided for these types of activation schemes. They will be central to the strategy. As I said with respect to the WALK PEER programme the Deputy raised, the Minister is actively involved in seeking a resolution and finding a way of ensuring the people involved can continue.

Deputy Gerry Adams: I am disappointed with the Tánaiste's answer. When I raised this question directly with the Taoiseach recently, he told me that the Minister of State, Deputy Finian McGrath, would meet representatives from WALK PEER. I knew that. The Tánaiste has now told me that he has met them. I knew that also. I spoke directly to the Minister of State, Deputy McGrath, on this issue. I also sent my question in writing to the Tánaiste's office in order that she would not be caught on the hop on this issue. I phoned the Minister of State, Deputy McGrath, this morning to give him notice that I was raising this issue. WALK PEER is going to close its doors in the next very short period.

While the interdepartmental group brings forward its proposition, can some short-term gap-filling be done? The whole project involves €350,000. The three Ministers involved are present in the Chamber. The three of them could take that decision. This matter is being batted back and forth between me and others, including Deputy Fergus O'Dowd, who also raised this issue directly. Why should these young people who have benefited so much from this effort to liberate them and bring them into the workforce and into further education, which is a great sense of pride and relief for their parents, be set to one side? Why not take a decision and allow this to progress?

The Tánaiste: This is not being batted back and forth. There are proposals under active consideration, as I said to the Deputy, to resolve the situation. The Minister is meeting the families to resolve the issue and come up with a solution. I am not putting it on the floor of the House this morning but the intention is to get a solution and to find a resolution to the matter. The Minister is actively considering that in order that people will not be left without this project or deprived of participation in it. The Minister is actively working on ensuring there is a resolution. As I said, there is longer-term work to be done about developing more mainstream projects because we have had many projects in this country, not only in the area of disability. We have also had, for example, Atlantic Philanthropies which funded many different projects throughout the country. How we transfer those into mainstream funding is an issue that is under active consideration not only in the disability area but also with respect to projects around early childhood intervention. There is active work going on and a resolution is being sought.

Deputy Thomas Pringle: On behalf of the Independents 4 Change group, I express our sympathies to the people of Turkey after the horrific terrorist attack at Istanbul airport last night.

This week's European Council summit has been dominated by the fallout from the Brexit vote, but very important issues were also being discussed, which I believe also contributed to the vote result in the UK for many people, and that is the ongoing militarisation of the European Union, something it seems the Government is happy to participate in despite that the majority of Irish people, when asked, support the protection of our neutrality in our Constitution, but then the Government would not dare ask them officially because it would not get the answer it would like.

The Council has not only been attended by the Taoiseach, Deputy Enda Kenny, but the Secretary General of NATO, Jens Stoltenberg, to receive the European global strategy on foreign and security policy from the High Representative, Federica Mogherini. The strategy states that Europeans must be better equipped, trained and organised to act autonomously if and when necessary. It goes on to say that we must develop the capacity for a rapid response including by tackling the procedural, financial and political obstacles which prevent the deployment of the battle groups, hamper fourth generation and reduce the effectiveness of military operations. According to Ms Mogherini, defence co-operation must become the norm within Europe. The document stops short of the creation of a European army, but says the EU should systematically encourage defence co-operation and strive to create a solid European defence industry.

This document comes very quickly after NATO played war games in Poland, modelling an attack on Russia which even included potential nuclear strikes according to some reports. It is intended that in the coming days the President of the European Council and NATO will sign a pact in Warsaw at the weekend. That is a pact he will be signing on our behalf. How will the Government protect our neutrality as the majority of the Irish people want? Did the Taoiseach remain at the European Council meeting while it met with the Secretary General of NATO and, if so, why?

The Tánaiste: The first thing to say on the broader issue of Brexit is that the discussions in Brussels are ongoing and the European Council is the appropriate place to deal with all of the issues which are arising for the whole of Europe and which have particular relevance for Ireland given our very close relationship with the UK. There will be statements in the House next week on the outcome of the European Council. There is a long way to go and many issues are on the table. Clearly, the position of the Government has been to say the United Kingdom needs space before it can be expected to formally begin the process.

As far as our approach to neutrality is concerned, there has been no change in the view of the Government. We remain committed to the triple lock process on any engagement of our Defence Forces. That remains absolutely in place. We have already made clear our commitment as a Government to the Partnership for Peace and engagement around that. Our armed forces have a very proud tradition of engaging in peacekeeping internationally and we intend to continue that. Our troops are currently in a number of countries where they continue that tradition. The intention is to continue to do that and to continue to uphold that tradition in this country. That is the approach of the Government and nothing has changed. Brexit does not change that as far as the Government is concerned. We remain committed to the situation as I have outlined it as far as neutrality is concerned.

Deputy Thomas Pringle: Unfortunately, the Tánaiste did not address the question in regard

to whether the Taoiseach participated in the European Council in the presence of the Secretary General of NATO. That is key for a so-called neutral country. The Tánaiste reiterated the Government's response that the triple lock mechanism governs our participation in any military exercise. The previous Government watered down the triple lock through the Defence (Amendment) Act 2006 to the extent that a senior diplomatic official has been quoted as saying that at this stage all that is needed for Ireland to enter into a war is a benediction from the UN. That is the strength the triple lock system has at this stage. As far as I am aware, the invasion of Afghanistan did not have a UN mandate. It was mandated by the UN Security Council, which is dominated by the Americans, the French and the British. It was not sanctioned by the total body of the UN itself. The question, which the Tánaiste might answer with one word, is whether the Taoiseach participated in the European Council with the Secretary General of NATO or if he removed himself for that part of the discussion.

The Tánaiste: Regardless of who attended or did not attend a particular meeting, the situation is as I have outlined it to the Deputy. Clearly, Government, Dáil and UN resolution approval are required before we can be involved in any particular initiative. That remains the case. It has not changed. The legislation to which the Deputy referred did not change it. The triple lock remains in place and we continue to participate primarily in Partnership for Peace and the peacekeeping efforts being made internationally. Our Defence Forces will continue to be engaged in peacekeeping based on the precedents for every engagement we have had to date and where the triple lock has been the basis for our approach. It continues to characterise it irrespective of who attends what meetings. That is the clear position of the Irish Government on neutrality. I do not have the details of who attended at that but the key issue at stake here is the approach of the Government to neutrality, and that has not changed.

An Ceann Comhairle: On behalf of the Rural Technical Group, I call Deputy Harty.

Deputy Michael Harty: On behalf of our group, I express our horror at another terrorist attack on defenceless people, this time in Turkey.

Will the Tánaiste address the status of the negotiations between the Department of Health and the IMO on developing a new GP contract that will allow for the development of a new GP-led primary care model to drive change in our health service? The present contract is 44 years old, outdated and increasingly unworkable. It was introduced to replace the dispensary system, which itself was 100 years old. Thus, the basic contractual structures of Irish general practice have changed only once in the past 160 years, which seems difficult to believe. The present contract was introduced in 1972 to provide acute care for the most vulnerable patients who had medical card entitlements. We have moved a long way in those 44 years and modern general practice has developed beyond the confines of the contract, yet it remains constrained by it.

The future of modern general practice should include providing and leading the management of chronic and acute illnesses. As our population ages, people's complex care increases due to their development of multiple degenerative diseases and cancers. The burden of care for these chronic diseases will be best and most cost-effectively provided in GP-led primary care rather than in the more expensive hospital setting.

The present contract requires GPs to provide 24/7, 365-day services. Most contract holders are working in excess of 60 hours per week. GP workload is increasing due to our ageing population and the eventual extension of free GP care to cover the entire population. Waiting lists to see GPs are developing for the first time, as general practice capacity is being overwhelmed by

the increased workload. A new contract is required to expand that capacity and allow general practice to cope with the increased workload of delivering chronic disease management and free GP care to all children. Indeed, it is open to question whether giving free care to healthy children rather than patients with established chronic illnesses is the best way to spend scarce resources.

Deputy Mattie McGrath: Hear, hear.

Deputy Michael Harty: If we have a GP service that is constrained by an outdated contract and unable to deliver chronic care in the community, our hospital system will be further overwhelmed. We will face the prospect of rising trolley counts, increased accident and emergency unit overcrowding and increased hospital waiting lists.

Will the Tánaiste assure the House that negotiations are being pursued as a matter of urgency and indicate a target date for their completion? It is imperative that, as a first step in planning our health care reform, the Government develop and build a modern, GP-led primary care service that is underpinned by a new GP contract.

The Tánaiste: I thank Deputy Harty. I certainly agree with the last statement that he made, namely, that we need a new GP contract and the service to be underpinned properly by that. Under the framework agreement that was entered into between the HSE, the Department of Health and the IMO in June 2014, a process was agreed under which the parties could negotiate on all publicly funded health sector contracts, including general practice and General Medical Services, GMS. In this context, the parties have committed to negotiations on a new GP contract to replace existing arrangements. These talks have commenced. The Deputy will be aware that the Minister for Health has met the representative bodies. He has had very good individual meetings with both of them, but I agree as well with what the Deputy said, namely, that we need to plan ahead, given the ageing population that we have. People are living longer and their needs will be greater and more diverse. We also have the highest birth rate in Europe. Huge pressures are building up on GP services.

We have increased the health budget in recent weeks. We have made very clear in this partnership Government our commitment to primary care. There is a clear consensus that is the best approach for patients. We need to look at how to advance that. We have the all-party health committee and we have the agreement in respect of rural practices that was reached last year. I am informed by the Minister for Health that he intends to consult and engage further with the stakeholders in primary care in the autumn, hopefully in September. This engagement will include GPs, dentists, pharmacists and others to consider how best to ensure joined-up thinking, greater integration and the world-class integrated primary care service that we absolutely need around the country.

Deputy Harty said that during the negotiations on the programme for Government, we agreed on building GP capacity to respond to patient needs, for example, by providing access to X-rays, ultrasound and other investigations and through the expansion of chronic disease management in general practice. We have made progress but it will require additional GPs. Recruiting GPs remains a challenge for the health service. We will need to identify the clear pathways for patients from GP care to hospital care, etc.

There will be further discussions from September onwards. The Minister is hopeful in this regard, and we have made progress. We have 90 primary care centres across the State, with 47

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having been delivered in the past five years despite the economic circumstances. Another 80 will be built by 2021. We have delivered free GP care to children under six. However, we want to see progress being made on the GP contract.

Deputy Michael Harty: I would like the Government to address a number of issues concerning the contract. There are four main issues resulting in considerable pressure in general practice. One is the application of the FEMPI legislation. It was applied to general practice in a very disproportionate manner. Some 40% of the support structures to finance general practice were removed under FEMPI, which was unfair. This has had a devastating effect on general practice.

The second aspect is that the contract needs to be flexible. A one-size-fits-all contract will not help general practice. We need flexible contracts, part-time contracts and, perhaps, salaried GPs.

Third, there is a manpower crisis in general practice. Some 20% of GPs are over the age of 60 and will retire soon. Our new graduates are not coming into general practice because of the unattractive nature of the contract. Established GPs are leaving the country to move to more attractive areas.

Finally, our out-of-hours services are struggling to cope with the lack of indigenous GPs and locum GPs to man them.

The Tánaiste: On the Deputy's point on the recruitment of GPs, it is not just a national issue but also an international one, as he will be well aware. Every effort is being made regarding this. A higher number of training places has been agreed in recent times.

With regard to the FEMPI legislation, it is the Government's intention to unwind as much of that in as timely a way as possible. That brings itself to bear on GPs in addition to others working in the public sector. Clearly, the Summer Economic Statement outlined a very strong economic position that I hope will continue to put the Government in a position to improve conditions. Central to that is a positive outcome to the GP contract negotiations. I hope they go well. Everybody is committed to ensuring we will have the new GP contract. As the Deputy stated, it is out of date and we need to conclude a new one.

An Ceann Comhairle: That concludes Leaders' Questions. In light of the points raised by Members, I invite everyone to stand in his or her place for just one minute as a mark of respect to those who have lost their lives in Turkey.

Deputy Brendan Howlin: Those of us who were not in the House would like to be associated with those points.

Members rose.

Questions on Proposed Legislation

Deputy Micheál Martin: A landlord and tenant (law reform) Bill is expected to deal with the shortage of accommodation and the legal framework governing the landlord-tenant relationship. In that context, I welcome the long-awaited and long-resisted increase in rent allowance. It took three or four years to convince the Government of the importance of such an increase in

preventing more people from becoming homeless. Many landlords are still refusing rent allowance applications. This issue needs to be tackled and the landlord and tenant (law reform) Bill will provide an opportunity to do so.

The programme for Government includes a commitment to establish an electoral commission to “examine the voter registration process and in particular the possibility of the PPS system being used to automatically add people to the electoral register once they reach voting age”. When will the commission be established?

The programme for Government states that within 100 days the Government will establish a mobile phone and broadband task force involving various Departments to provide immediate solutions to the broadband-phone coverage deficit. Has this task force been established?

The programme for Government also contains a commitment to ask “the Central Bank of Ireland to instigate a review of the continued appropriateness of the savings limit within a year of the formation of the new Partnership Government”. This proposal is to deal with the savings limit that applies to the credit union movement. In addition, it commits to asking the credit union advisory committee to conduct a review and report by the end of this year. Has the Government asked the advisory committee to conduct such a review? Is the Minister confident that the report will be produced by the end of 2016, as the Government has committed?

The Tánaiste: The landlord and tenant (law reform) Bill has been approved and work is continuing on it. Landlords are accepting 1,000 new tenancies each month for people who are on rent supplement. It is illegal to refuse a tenancy on the basis that the prospective tenant is in receipt of rent supplement. If the Deputy has information on particular cases, he should make us aware of them.

Deputy Micheál Martin: It is a widespread practice.

The Tánaiste: There are-----

Deputy Micheál Martin: That is a smart aleck response.

The Tánaiste: Let us recognise the facts.

Deputy Micheál Martin: The practice is widespread.

The Tánaiste: Landlords are accepting rent supplement recipients for 1,000 new tenancies each month.

Deputy Micheál Martin: Leo must have given the Tánaiste that line.

Minister for Social Protection (Deputy Leo Varadkar): If the Deputy provides details of cases for my Department, we will pursue them.

Deputy Micheál Martin: We are hearing the usual smart aleck response.

An Ceann Comhairle: We cannot have a debate on the matter.

Deputy Leo Varadkar: If Deputy Micheál Martin is aware of someone who is breaking the law, he has a responsibility to pass on the information. I am not being a smart aleck.

An Ceann Comhairle: The Minister is not in order.

Deputy Leo Varadkar: My apologies.

The Tánaiste: On the second point raised by Deputy Micheál Martin, as he will be aware, a consultative process was carried out on this issue and the Minister for the Environment, Community and Local Government is considering its outcome.

On the point the Deputy raised about credit unions, this is a priority for the Minister for Finance. I do not know the precise timetable, but I will ask the Minister to revert to the Deputy on the issue.

Deputy Gerry Adams: Tá dhá cheist agam: ceann amháin faoi chlár an Rialtais agus an ceann eile faoi Ibrahim Halawa. I am advised that the Minister for Foreign Affairs and Trade told the family of Ibrahim Halawa that he was to be sentenced today and that the Government was poised to submit an immediate request thereafter for a presidential decree to be issued to have him released and returned home. Today the trial was postponed again and this young citizen is still being held in horrendous conditions. Will the Government submit the request for a presidential decree to ensure this young man will be returned home?

Tá ceist eile agam on the commitment in the programme for Government to cancer care pathways. The programme commits the Government to ensuring “appropriate care pathways are in place to improve cancer services”. I have been contacted, as, I am sure, other Teachta Dalaí have, by numerous citizens suffering from a form of cancer known as sarcoma. They have informed me that the locum contract of the consultant medical oncologist at St. Vincent’s University Hospital will expire at the end of the week. They are concerned that the necessary expertise will be lost. Can the Tánaiste assure them that the expertise in sarcoma care will be retained at St. Vincent’s University Hospital?

The Tánaiste: I wish to express my deep disappointment and concern - the Minister for Foreign Affairs and Trade has already done so - in respect of the further delay in the Ibrahim Halawa case. I wish to assure the House that our ambassador in Egypt was once again present in the court for the hearing and embassy officials have been present for all hearings in this case. Many members of Government including myself have spoken with the Egyptian Foreign Minister. The Minister for Foreign Affairs and Trade, Deputy Flanagan, and our officials are constantly in touch in advocating on Ibrahim’s behalf with the Egyptian authorities. It is very disappointing. I was speaking to the Minister, Deputy Flanagan, yesterday and he had expected that the court case would finally take place today. I will convey the concerns of Deputy Adams to the Minister. He will be outlining further action when he speaks on this issue in the House in the coming days.

There is concern about the particular specialist who has indicated that the contract has ended. The HSE has said that a consultant medical oncologist will be assuming the responsibility for the sarcoma service in St. Vincent’s University Hospital and that ongoing care for patients undergoing treatment for sarcoma cancer will not be compromised in any way.

Deputy Brendan Howlin: I wish to associate myself and the Labour Party with a vote of sympathy and solidarity for the people of Turkey and Istanbul in particular following the horrific attacks yesterday.

My first question relates to secondary legislation. As the Tánaiste is aware, the previous Administration introduced the Regulation of Lobbying Act. It seems some well-established businesses, including major banks, are confused by the Act. When will the other sections of the

Act be brought into place in order that powers will be given to the Standards in Public Office Commission to ensure full compliance with lobbying regulation?

I understand that when speaking on Newstalk “Breakfast” this morning the Minister of State, Deputy McGrath, indicated that members of the Independent Alliance in Cabinet did not like the advice given by the Attorney General in respect of a Private Members’ Bill submitted by Deputy Wallace and indicated that they were seeking separate advice. Is that the case? If it is the case, what is the Tánaiste’s view of it?

The Tánaiste: I will have to come back to Deputy Howlin on the implementation of the important lobbying Bill, which the Deputy brought in himself. Some sections have been commenced and there are others yet to be commenced. I will liaise directly with the Deputy on the matter.

It is not accurate to say that members of the Independent Alliance said they were getting separate advice. We had a discussion on the Bill that is being introduced. The Attorney General has advised that it is unconstitutional. I have concerns about any Bill that creates false hope for people and the view that such a Bill would deal with the issue of fatal foetal abnormality. In fact, serious constitutional issues are at stake which the Attorney General has advised on.

Deputy Bríd Smith: Cuirfidh mé an cheist chéanna a chuir mé uair agus uair eile arís. Bainneann sé leis an FEMPI legislation. Amárach an lá deireanach chun an tuarascáil faoin FEMPI legislation a chur os comhair an Tí seo. When are we going to see the legislation adhered to? A report is to be brought before the House. The only time we can discuss it is tomorrow, but at the moment it is not on the Order Paper. The FEMPI legislation, in case people listening in or here in the House do not understand, is the Financial Emergency Measures in the Public Interest Act that was imposed to cut the pay of those in public sector, most of whom earn less than €42,000 a year. The legislation is affecting them very badly. In the autumn, it will be used to penalise teachers in the ASTI which is involved in a dispute over pay.

An Ceann Comhairle: We cannot get into a debate about the legislation. The Deputy has asked the question.

Deputy Bríd Smith: There is an urgency in not just laying the report before the House to rubberstamp it-----

An Ceann Comhairle: Can we have an answer from the Tánaiste?

Deputy Bríd Smith: -----but giving us an opportunity to discuss it in a real and meaningful way.

An Ceann Comhairle: On the same-----

Deputy Bríd Smith: This is the Government’s second last opportunity; tomorrow will be the very last opportunity.

An Ceann Comhairle: If the Deputy takes all of the time, there will be no opportunity to answer.

Deputy Sean Sherlock: I raised this issue yesterday and we hope to get an answer to the same question.

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The Tánaiste: The report must be laid before the House by tomorrow and it will be.

Deputy Bríd Smith: Will there be plenty of time for discussion?

The Tánaiste: Of course, there will be discussion. Deputies discussed the issue this morning at the Business Committee. It is up to the Business Committee to decide when the debate will take place. Deputy Bríd Smith has a representative at the committee. It is a question of agreeing when the debate will take place. The report will be available tomorrow. We will give people time to read and assess it. We will have a debate in the House when the Business Committee decides the debate should take place. There is no problem with doing that whatsoever.

Deputy Bríd Smith: We need to have the debate before the report is signed off on, which means that it has to be done by tomorrow.

An Ceann Comhairle: The Deputy needs to take to her-----

Deputy Bríd Smith: Does the Government want to shut down the debate tomorrow?

An Ceann Comhairle: The Deputy needs to have a discussion with her own Whip.

The Tánaiste: The report has to be laid before the Houses by tomorrow. That is what has to be done by tomorrow and it will be.

Deputy Jack Chambers: Is there any update on the gambling control Bill which seems to have been delayed for a considerable period?

The Tánaiste: The Minister of State at my Department, Deputy David Stanton, is working on the Bill. He is examining whether some elements of it could be dealt with separately from the overall Bill. He is examining how best to progress the Bill. There are some very important current issues in the country that need to be addressed in the Bill.

Deputy Carol Nolan: It is envisaged that the heads of the health and transport support Bill will be published in July. Is it on schedule? The discontinuation of the transport grant and the mobility scheme has caused great hardship for people with disabilities. Does the Government envisage that the scheme to be put in place will be put in place by the Department of Social Protection? Will it be a new scheme or will there be an extension of the previous scheme?

The Tánaiste: It is intended that the heads of the Bill will be published, as I said previously, in July.

Deputy Willie O'Dea: There is a very firm commitment in the programme for Government to establish a special court to deal with mortgage arrears cases. Many people are anxiously awaiting the establishment of that court. When will it be set up?

The Tánaiste: Departmental officials and I have had some initial discussions with the Judiciary on how best to meet that obligation in the programme for Government. Therefore, we have started discussions. Obviously, setting up a new court is quite complex. We are examining how best to deliver on the commitment to have a dedicated court dealing with mortgage arrears cases.

Deputy Martin Kenny: As the House will be aware, Deputy Caoimhghín Ó Caoláin I met representatives of GSOC some time ago. One of the things that came up was the legislation that imposed time limits for complaints. GSOC has advised us that it may take on investigations

with interconnecting issues where it has to open up new lines of inquiry arising from information coming to light owing to statements it may have received or disclosures made to it, but that it is bound by legislation and cannot investigate such matters. Does the Government have proposals to amend legislation to give GSOC the necessary powers in these cases?

The Tánaiste: The GSOC legislation was reviewed and this House made changes to it last year. There are no plans to change it, but it can, and obviously will be, kept under review. There may be a need to update it and GSOC may approach the Government with changes it would like to see implemented. It approached us about quite a number of changes when we were reviewing the legislation and we included as many changes as we could at the time. I do not doubt that there will be further discussions about the matter.

Deputy Brendan Howlin: There will be a public sector standards Bill before that.

An Ceann Comhairle: I am sorry, but the time available to us, 15 minutes, has elapsed. I apologise to the seven Deputies who have indicated. If they indicate early tomorrow, we may be able to take them then.

Deputy Micheál Martin: On a point of order, it is clear that having a 15-minute time slot for the Order of Business is not satisfactory for many Deputies.

Deputy Brendan Howlin: I think so.

Deputy Micheál Martin: I know that this is up for review. It is just not a workable operation. I do not know whether it can be reviewed in the short term.

An Ceann Comhairle: We will be reviewing all of the changes-----

Deputy Micheál Martin: In six months.

An Ceann Comhairle: -----at the end of term.

Deputy Micheál Martin: There are issues in this regard.

Deputy Brendan Howlin: It is clear that we need a longer time slot.

An Ceann Comhairle: If Deputy Micheál Martin takes up the matter with his delegates to the Dáil reform committee, it can be dealt with there.

Deputy Micheál Martin: I am afraid I had better do it myself.

Garda Síochána (Appointment of Senior Officers) Bill 2016: First Stage

Deputy Gerry Adams: I move:

That leave be granted to introduce a Bill entitled an Act to amend the Garda Síochána Acts 2005-2015 to provide for the appointment of persons to the ranks of Garda Commissioner and Deputy Garda Commissioner by An tÚdarás Póilíneachta.

The purpose of the Bill is to amend the Garda Síochána Acts to provide for the direct appointment of the Garda Commissioner and the deputy Garda commissioner by the Policing Authority, as is the case in making other senior Garda appointments, including the appointment of

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assistant commissioners and superintendents. It is Sinn Féin's view that the Policing Authority should be robust and have appropriate and adequate powers. The Bill would provide for the transfer of more responsibility to it and specifically for the transfer of this function to it from the Minister for Justice and Equality. I look forward to receiving the support of all Teachtaí Dála for the Bill in the time ahead.

An Ceann Comhairle: Is the Bill opposed?

Tánaiste and Minister for Justice and Equality(Deputy Frances Fitzgerald): 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 Gerry Adams: I move: "That the Bill be taken in Private Members' time."

Question put and agreed to.

Topical Issue Matters

An Ceann Comhairle: I wish to advise the House of the following matters in respect of which notice has been given under Standing Order 29A and the name of the Member in each case: (1) Deputy Frank O'Rourke - the development of public transport and park and ride facilities in north County Kildare, including bus services to Dublin city, interconnection services within the area and to Blanchardstown hospital in Dublin 7 and rail fares and services from Kilcock to Dublin city; (2) Deputy Martin Ferris - the implications of a British withdrawal from the European Union for farming and fishing communities in Ireland; (3) Deputy Brendan Smith - the job losses at Liberty Insurance in counties Cavan and Dublin and the need to retain the maximum level of employment in the company; (4) Deputy Peter Burke - the need to find a future sustainable use for the former Columb Barracks site in Mullingar, County Westmeath; (5) Deputy Eugene Murphy - the level of insurance quotations for wheelchair-accessible taxis, despite the existence of the wheelchair accessible vehicle grants scheme; (6) Deputies John Brassil, Catherine Murphy and Pat Buckley - the status of Console which provides services for people in suicidal crisis and those bereaved through suicide; (7) Deputy Maurice Quinlivan - the ongoing crisis in the emergency department at Limerick University Hospital, including the number of patients on trolleys, and the need to prioritise the opening of a new department at the hospital; (8) Deputy John Brady - the implementation of the 12-month price freeze on bin charges and whether the use of plastic bags will remain in place for households; (9) Deputy Colm Brophy - the establishment of a fixed date in the calendar year for the National Day of Famine Commemoration; (10) Deputy Jackie Cahill - the provision of an emergency funding package to repair local roads, given their dangerous condition following the reduction in funding for local authorities in recent years; (11) Deputy Mary Butler - school transport in County Waterford; (12) Deputies Bríd Smith and Gino Kenny - the trial of an Irish citizen, Mr. Ibrahim Halawa, in Egypt; (13) Deputy Fiona O'Loughlin - the shortage of primary school places for children diagnosed with autistic spectrum disorders; (14) Deputy Imelda Munster - the funding of a seven-classroom extension for Scoil Naomh Fheichín in Termonfeckin, County Louth, in the context of an earlier commitment to begin construction in 2016; (15) Deputy Dessie Ellis - the need for a reappraisal of the ban on the rent supplement scheme in Ballymun, Dublin 9,

owing to the regeneration project which is nearing completion; (16) Deputies Clare Daly and Mick Wallace - the spike in the use of Shannon Airport in County Clare by the US military and whether this is connected to NATO's military exercises in Poland; (17) Deputy Richard Boyd Barrett - today's protest outside Leinster House concerning the ending of the contract of the locum consultant with a special interest in sarcoma at St. Vincent's University Hospital in Dublin 4 on 30 June 2016; (18) Deputies Anne Rabbitte and Eamon Scanlon - the inefficiencies in the provision of the school transport scheme; (19) Deputy Martin Heydon - the retention by Rathangan boys national school, County Kildare, of its tenth teacher in the 2016-17 school year; (20) Deputy Declan Breathnach - the measures the European Union could take in co-operation with the United Kingdom to establish a compromise position that would avoid a British exit from the Union; (21) Deputy Mick Barry - the public discontent expressed by employees of Deliveroo at the company's switch from paying an hourly rate to an extreme form of "if and when" contracts, resulting in effective pay rates that fall below the minimum wage; (22) Deputy Paul Murphy - the proposed provisional application of a comprehensive economic and trade agreement between the European Union and Canada; (23) Deputy Charlie McConalogue - the need for a sheep support scheme; and (24) Deputy Ruth Coppinger - the possible sanctions against members of the ASTI for not complying with the provisions of the Lansdowne Road agreement.

The matters raised by Deputies John Brassil, Catherine Murphy and Pat Buckley; Brendan Smith; and Martin Heydon have been selected for discussion.

Ceisteanna - Questions

Priority Questions

Local Government Reform

1. **Deputy Barry Cowen** asked the Minister for the Environment, Community and Local Government if and when he will re-establish town councils. [18786/16]

Deputy Barry Cowen: This question relates to the Government's intention to re-establish or re-instate town councils, not necessarily in their previous form but around those towns which have certain population numbers. Will the Minister seek to respond to that commitment? As we all know, and the Labour Party found out to its cost towards the end of the last term, it is not reform when 1,100 councillors are got rid of. While many town councils needed to be streamlined, what we had was a hatchet job which needs to be corrected.

Minister for the Environment, Community and Local Government (Deputy Simon Coveney): The decision to replace town authorities with a new model of municipal governance under the Local Government Reform Act 2014 was designed primarily to strengthen local government within counties and to address widely acknowledged and long-standing weaknesses and anomalies in the previous system, including divided administration between town and county authorities, for example, in matters such as planning, rating and charges.

Municipal districts now cover the entire territory of each county, reflecting European norms, removing outdated boundaries and ending the anomaly of small towns having municipal status

and dual representation, while some larger centres and rural areas lacked any sub-county governance. As well as creating a more rational and comprehensive structural arrangement, the new system enables more effective and community-focused decision-making and implementation. Under the new arrangements, there is full integration of local authority resources across each county and elimination of duplication both in administrative and electoral terms.

In 2015, the first full year of the revised local government structures, a broadly based advisory group was convened to carry out a review of their operation in conjunction with a local government forum for engagement with the Association of Irish Local Government. Feedback from these deliberations, as well as the results of surveys of local authority members and chief executives, indicate that the revised structures are generally operating well but will need more time to bed down fully. The results of this operational review will provide a key input to the consideration of issues in the preparation of a report for Government and the Oireachtas by mid-2017, pursuant to the Programme for Partnership Government, on potential measures to boost local government leadership and accountability and to ensure that local government funding, structures and responsibilities strengthen local democracy, including the issue of town or borough council status.

Additional information not given on the floor of the House

Initial scoping work in relation to the development of proposals to address the requirements in the Programme for a Partnership Government is being undertaken in my Department.

Deputy Barry Cowen: I thank the Minister for his answer, despite the fact I cannot agree with all that is contained in it. It states an ongoing review is taking place and many city and county managers are happy with the progress being made.

Deputy Pat Casey: Not so.

Deputy Barry Cowen: That is not the case on the ground and it is not what is being relayed to me by local authority members and constituents. The Minister spoke about the number of councillors per head of population being over 2,800. In Denmark, a country of a similar size, it is one councillor per 1,115. In County Offaly, two electoral areas were joined together, Birr and Ferbane. The new area has six councillors, five centred in Birr with the remaining large geographical area with only one councillor. That councillor has little hope when it comes to seeking the repatriation of funds for roads and services in that wide geographical area.

The block grants for towns and roads are no longer the case. Equalisation has not gone well in many cases. The Boundary Commission will report on foot of the new census. Will serious consideration be given then for an engagement or reinstatement of some county councils?

Deputy Simon Coveney: I take the Deputy's point. When considering new reforms around local government in the programme for Government, we are ensuring local government funding structures and responsibilities will strengthen local democracy. There will be the devolution of new powers to local authorities, the reduction in the size of local electoral areas, the possible introduction of directly elected mayors in cities, the possibility of extending the remit of the Comptroller and Auditor General and the Committee of Public Accounts to include expenditure by local authorities and a review of supports for councillors in consultation with the Association of Irish Local Government and the Local Authority Members Association. We have committed to reviewing how local government functions and is funded, and the devolution of powers from the centre to local authorities and we will do that by the middle of next year. Within that

context, we will seriously look at whether we should revisit town councils and how they would be structured. We are not going to replicate what was there previously, whereby some towns had councils but others did not for historical reasons. We want consistency where, if a town's population chooses, then they would have the option but that there is fair treatment of towns across the country to give everybody the same opportunity.

Deputy Barry Cowen: The Minister has committed to a review to address the functionality of what has taken place and the functionality of what may emanate from a review, how it is funded and the devolution powers. I have mentioned some instances where these were not at all appropriate or have not turned out as one would have expected or wished. There is also the area of facility services available to councillors in local authorities from an administration perspective and for assistance on a professional level on development plans and so forth. The Minister for Social Protection recently commented on the PRSI contribution made by councillors as S class and the meaningless value associated with that in regard to the return that does not accrue to them.

Will the Minister consider how this might be addressed? Some thought might go into a package to improve their lot, given their service and the commitment they have shown in their communities.

Deputy Simon Coveney: On that last point, we need to value democracy, and that includes local democracy as well as what happens in this House. We need to encourage people into politics, and to do that, we need to ensure it is properly resourced in order that councillors can do a professional job and represent people properly. The demands on local councillors are now more severe than they would have been in the past and the way people communicate with councillors is much more immediate in terms of demanding answers. Of course, because of the changes, many councillors in rural areas in particular are representing huge geographical areas. For example, the area of west Cork is bigger than many Dáil constituencies in terms of physical footprint. We need to ensure councillors get the support they need in order that we can keep good people in local government. We should not shy away from that just because it might be controversial.

This is one of the areas I would like to deal with first to ensure we send out a message that local government is valued and will be properly resourced, within obvious parameters and limits, and in a transparent way in terms of how that money is spent. I take the Deputy's point. I hope I can look forward to the support of other parties in the House on issues of general resourcing such as this.

Emergency Accommodation Provision

2. **Deputy Eoin Ó Broin** asked the Minister for the Environment, Community and Local Government the action he will take prior to publishing his action plan for housing to deal with the rising level of family homelessness, given the dramatic rise of 86% in the past 12 months, that 2,177 children are homeless, that an increasing number of families are being forced to self-accommodate and that local authorities are turning away an increasing number of families who are seeking emergency accommodation. [18770/16]

Deputy Eoin Ó Broin: As the Minister knows, the number of families presenting as homeless continues to increase. The lack of emergency accommodation, particularly for families

with children, means two acute problems are being experienced. The first is that a large number of families are being asked to self-accommodate, that is, to leave the homeless sections of the local authorities and to ring around to try to find hotel accommodation for themselves. We are also finding a significant number of families with children being turned away from the local authorities, having not been deemed eligible for housing, even though they are eligible. What emergency measures will the Minister introduce before his housing action plan commences to address this growing crisis?

Deputy Simon Coveney: We have spoken about this issue a number of times and we will continue to do so. There is no silver bullet, as the Deputy knows. Many of the actions that will be announced in the housing action plan are under way. Key measures implemented or under way include the programme of rapid delivery housing, whereby 500 units are to be provided in Dublin to accommodate homeless households currently in hotels. There has been a significant increase in homeless funding for 2016. As the Deputy knows, there was an intervention in regard to Brú Aimsir, which is a very important emergency hostel in the city, to keep it open when it was due to close. The Department of Social Protection's tenancy sustainment measure has benefited 9,000 people who are on rent supplement but need extra assistance, which they are receiving. An extensive public awareness campaign is being implemented by housing authorities, the Department of Social Protection and the Residential Tenancies Board. We have made huge progress in returning void social housing units to use, with more than 5,000 units being returned to use in 2014 and 2015 and with further provision having been made to do more in 2016. Yesterday, we announced significant increases in the limits for rent supplement and housing assistance payment, which in a full year will cost approximately €55 million. I believe this was welcomed by the majority of stakeholders. Some people want more, of course, but it is a significant funding commitment.

I have just come from Dominick Street, where a €29 million regeneration project was committed to this morning that will provide 76 new units. Some of these units will house people currently living across the road from the site, but this will certainly free up more housing units.

The core issue is supply. It is going to take time to address the supply deficit that clearly exists around social housing availability. In the meantime, we have a responsibility to try to manage what are emergency cases of homelessness in a more effective way than has been the case. We are trying to do this working with local authorities and many of the stakeholders involved.

Deputy Eoin Ó Broin: While many of these measures are welcome, and Sinn Féin has welcomed them publicly, none of them address the specific question I put to the Minister. We have a situation right now in the city of Dublin that when a family including children presents as homeless there is not enough emergency accommodation and these people are sent away to telephone hotels to try to find emergency accommodation for themselves. These are low income families under a huge amount of stress, who often have no telephone credit, and they are pushed out of the system.

We also have a situation where growing numbers of young families with children are being turned away by the local authority and deemed ineligible for emergency accommodation. This is not through the fault of the local authority but because there is not enough emergency accommodation in the system. Focus Ireland's intake team did some research. In April, 35 families were turned away by local authorities in the city of Dublin, and more than half of these were subsequently deemed to have an urgent need for emergency accommodation. Last Tuesday, ten families were turned away by local authorities and some of them were not accommodated until

12.30 a.m. or 1.30 a.m., including a young mother with a four month old child.

An Ceann Comhairle: Thank you, Deputy Ó Broin.

Deputy Eoin Ó Broin: What will the Minister do before the action plan is implemented to ensure families are not left sleeping on the streets?

Deputy Simon Coveney: Many organisations are combining to try to provide better outcome for families in very vulnerable situations. The primary responsibility, of course, is with local authorities to be able to put systems in place that can respond quickly to people's needs. It is true to say, particularly in a peak tourism season such as now, there is pressure to find hotel accommodation for the many families temporarily there, in unsuitable but temporary emergency accommodation. The numbers in the past month have reduced very slightly but they are still dramatically increased on where they were this time last year and I accept this. It is up to us, by which I mean the Government and the Department, working with local authorities to look at ways in which we can, in the short term, put in place more emergency accommodation that may be more suitable than hotel accommodation. We are looking at options in this regard.

An Ceann Comhairle: Thank you, Minister.

Deputy Simon Coveney: I assure the Deputy that funding will not be an impediment to this.

An Ceann Comhairle: Thank you, Minister.

Deputy Simon Coveney: I will finish on this.

An Ceann Comhairle: I am afraid we must abide by the clock.

Deputy Simon Coveney: We will launch our housing strategy in approximately three weeks, so it is not as if people will have to wait for very long to see the strategies we will adopt.

An Ceann Comhairle: I am not trying to be awkward, but if we do not abide by the time schedule set out we will not reach several of the questions other Deputies have tabled.

Deputy Eoin Ó Broin: I emphasise that in April, 35 families were turned away by local authorities. The number of families in May was 55, and more than half of these were subsequently deemed to have a need for emergency accommodation. I understand and welcome the fact the housing action plan will be published early, and I hope we will have time to debate it in the House and in the new Oireachtas committee, but tonight, tomorrow and the day after families will be presenting for whom either no emergency accommodation will be available or whom the local authority will be forced to turn away. Are there additional measures which can be taken now to ensure that whether it is ten, 20 or 50 families who present between now and when the action plan is published, they will not be left out on the streets until the early hours of the morning or left to sleep rough because of the lack of emergency accommodation available in the city?

Deputy Simon Coveney: The response this evening to this type of pressure will be to find more bed and breakfast or hotel accommodation, which is exactly what Dublin City Council and other local authorities have been doing. Everybody knows this is not a medium-term solution for families. It is a short-term solution while more sustainable solutions are found. It is important to say that so far this year in Dublin, almost 500 families have been rehomed in

permanent sustainable accommodation, and it is predicted that by the end of the year this figure will be somewhere between 800 and 900. Good outcomes are being found, but there is simply not enough of them and there is not enough temporary or emergency accommodation which is more suitable than hotel rooms. This is something we need to try to address. People need to be realistic. We cannot do this overnight. In the immediate term, hotel accommodation will continue to be used.

Tenant Purchase Scheme Administration

3. **Deputy Barry Cowen** asked the Minister for the Environment, Community and Local Government his plans to reform the conditions attached to the tenant purchase scheme for social housing; and if he will make a statement on the matter. [18787/16]

Deputy Barry Cowen: Notwithstanding the fact that we have a housing crisis and great difficulty in providing the units for those on the housing list, as alluded to by the previous speaker and many others on several occasions, there are ways, means and methods to provide units in the coming years. These include implementing the recommendations of the all-party special housing committee, the Minister of State's strategy, and the use of on- and off- balance-sheet funding. I have always believed, however, that those in long-term tenancies should, like anybody else in this country, have the right at least to aspire to own their own homes, hence the need for tenant purchase schemes. There was one announced by the previous Government towards the end of its lifetime but, unfortunately, it did not deal with the potential for people in Part V accommodation to purchase their units. We will produce a Bill on this issue in the coming days which I hope the Minister of State will support but there are other issues regarding social welfare recipients, age barriers and the commitment regarding the funds raised by local authorities to be retained by them for use in their local authority areas.

Minister of State at the Department of the Environment, Community and Local Government (Deputy Damien English): There are three incremental purchase schemes currently in operation for new and existing local authority houses and for local authority apartments. The new tenant purchase scheme for existing local authority houses, to which the Deputy refers, came into operation on 1 January 2016 and it is open to eligible tenants, including joint tenants, of local authority houses that are available for sale under the scheme. To be eligible, tenants must meet certain criteria, including having a minimum reckonable income of €15,000 per annum. All tenants of houses included in the scheme who meet the eligibility criteria can apply to purchase their houses, provided they are not disqualified from doing so under the provisions of the legislation.

In line with the commitment in the new programme for a partnership Government, we intend to undertake a review of the 2016 scheme following the first 12 months of operation. We will bring forward any changes to the terms and conditions of the scheme which are considered necessary based on the evidence gathered at that stage. Any relevant changes made to the 2016 scheme will, as appropriate, also be reflected in the other incremental purchase schemes. To be clear, we are open to suggested changes in that regard. The committee has recommended this as a priority area as well, and we accept and acknowledge that. The scheme has been up and running for nearly seven months at this stage. More than 73 applicants have gone through it. I agree with Deputy Cowen that it should be an aspiration for the majority of people who wish to, to avail of and eventually purchase their own home. It is something that we encourage and

if we need to adjust the schemes and add more schemes, we are willing to consider and to do that. There is a commitment, as the Deputy knows, in the programme for a partnership Government that this money be reinvested to increase activity in this area so that there can be greater reinvestment in more council housing stock.

I also agree with the Deputy that we need to see whether we can expand the range of applicants who can qualify for the scheme. We must find a way to make it possible for a person with a long-term disability or who is on long-term disability benefits or allowances to aspire to owning his or her own home. We must find a solution to this because for a long time such people have been locked out of that option. I therefore fully agree with the Deputy that we should try, where possible, to make changes to the scheme. I am willing to work with the Deputy on that, together with others in this House who are genuinely concerned to do the right thing. It is something that we will work on in the months ahead.

Deputy Barry Cowen: I thank the Minister of State for his answer. He mentioned that certain criteria are to be reviewed after 12 months, and the figure he has given of 73 applicants tells its own story. Clearly the criteria are not expansive enough to allow people the opportunity to take advantage of any such scheme, hence our bringing forward a Bill in the first instance regarding those who should have the opportunity to purchase Part V units, like anybody else has the opportunity to purchase local authority units because he or she is a tenant. No discrepancy should exist between the two.

I question the methodology behind waiting 12 months and I ask that the Minister of State set about informing his Department to carry out an immediate review and to refer back to us at the beginning of the next session of the Dáil. As I said to him, many people - for example, social welfare recipients - could take out a loan with a 60% reduction of the value of the house and they would be paying less in repayments than they would in the rent they are paying at present.

An Ceann Comhairle: I thank Deputy Cowen. We must go to the Minister of State.

Deputy Damien English: I agree with Deputy Cowen. I would have thought more would have come forward too, but we are only in the first six months of the scheme. I will be honest with the Deputy in that not many people are knocking at my door saying the scheme does not suit them. On the face of it, it is quite a good scheme with quite generous discounts which are now based on a person's income, unlike the discounts in the past that were based on the number of years one was in the house. It is therefore a very good offer. We also must be conscious, however, that there is a shortage of housing stock at the moment so we do not necessarily want a big sale of stock. It is quite a generous tenant purchase scheme, which we can enhance as we improve our supply of housing stock, but I would have thought there would have been more applicants, even with the offer that is there. It is subject to ongoing review. The Deputy speaks of changing something today but it will take until January or February. I am prepared to work with the Deputy on it if he has ideas and solutions, but the scheme is quite generous. Even as it stands, I am surprised it is not working, but we will work on that. Deputy Cowen and I share the same goals.

Deputy Barry Cowen: Rather than wait the 12 months for the review, I ask the Minister of State to commence it immediately if possible. I further ask him to consider our proposed Bill this week which would seek to include Part V housing in the criteria, allowing those in Part V units the opportunity to purchase them. There should be no discrepancy, and I hope the Minister of State accepts that. I will put the other issues in writing to him with a view to his seeking

to address them in the review, to be ready by January, as he rightly said. If it were published by then, I would be happy with that.

Deputy Damien English: I have not yet had the chance to review the Bill Fianna Fáil is bringing forward. Regarding Part V units, which I meant to address during the first part of my reply to the question, I do not necessarily agree with the Deputy's views. The Department has a very clear view on this as well, and it is a view I will share until someone convinces me otherwise or that we are wrong on this. The reason Part V units are excluded from the scheme is to ensure that units delivered under this mechanism will remain available for people in need of social housing support and that we get the mixed tenure we are trying to achieve. That is the logic of the Part V provision. I accept that perhaps there was a different logic when it was first brought in. I know there was also a lot of pressure at the Committee on Housing and Homelessness for Part V to be changed and reviewed, but it is the best way to generate a proper mixed tenure of housing in housing development. It is the right idea and the right scheme. There is a danger if one allows Part V houses to be sold off that the aims of the original Part V provision will be diminished, we will not achieve mixed tenure and we will be back to square one. I therefore disagree with the Deputy but I am willing to tease out the matter, as we all are. There is a genuine reason for its exclusion, but if the Deputy could convince me otherwise, I would change it.

Housing Provision

4. **Deputy Ruth Coppinger** asked the Minister for the Environment, Community and Local Government if he can resolve the housing crisis while adhering to the European Union's fiscal rules; and if he will make a statement on the matter. [18709/16]

Deputy Ruth Coppinger: The housing committee, the Minister for Finance and the Taoiseach himself have all expressed real concerns about the EU fiscal rules impinging on our ability to resolve our housing crisis. The structural rules, the structural balance rule, the expenditure benchmark and the debt rule have now become clear barriers to our investing in public, social and affordable housing, and I want to know what the Minister will do about this.

Deputy Simon Coveney: The European fiscal rules, which are designed to ensure that countries in the EU maintain sound public finances, are not an insurmountable obstacle to providing the investment required for social housing over the coming years. If they were not there, we would not have to look at other vehicles and ways of funding; we would be able to do it in a much more direct way. The Government, however, has been able to provide significant levels of funding for social housing provision since 2014 and is committed to ensuring that funding for the provision of social housing continues to be prioritised. We have already prioritised in the capital programme almost €3 billion in that regard within the fiscal rules.

There are a number of inbuilt flexibility mechanisms within the fiscal rules to incentivise investment in projects that have lasting growth impacts. In Ireland's case, there is flexibility around what is called the expenditure benchmark treatment of capital formation, where such expenditure is treated more leniently than other expenditure. This is to help incentivise investment in projects that have long-term positive growth impacts, including new building such as schools, hospitals and social housing.

The programme for a partnership Government provides for a comprehensive range of policy

measures to address issues with housing supply, including in respect of social housing. The Government has committed, as part of that programme, as the Deputy knows, to publish an action plan for housing in about three weeks' time, certainly before the end of next month. Our challenge, therefore, and what we have been doing, is to consider creating vehicles that can provide significant funding for social housing. We already have some of those models. Consider what NAMA has been doing in respect of what is called a National Asset Residential Property Services, NARPS, funding model, whereby it essentially builds or purchases and then effectively leases over a long-term period to an approved housing body, which is essentially significant investment into social housing that is off-balance sheet. We are looking to expand on that now, using the financing power of the Ireland Strategic Investment Fund, ISIF, to do a lot more of that.

Deputy Ruth Coppinger: On 13 June, the Taoiseach wrote to Jean-Claude Juncker about the impact of the EU rules on public investment. He said there was a significant threat to the ability to fund major projects in housing, transport and water. Despite this, the Government is not seeking any derogation from those rules. Why not? Why is the new Minister with responsibility for housing going to the European Commission and saying a housing committee, which met for nine weeks and interviewed many witnesses has said social housing is hampered in particular by the application of domestic and EU fiscal rules and that the financing of social housing by the State is restrained by the EU fiscal rules? The Minister for Finance, Deputy Noonan, said money is not the issue, but our ability to spend it. We have €5.4 billion in ISIF that we are not able to spend on social and affordable housing. The Minister should be going to Europe demanding either a derogation from the rules or saying we will breach the rules to house our homeless.

Deputy Simon Coveney: The correspondence to which the Deputy referred, which was sent from the Taoiseach's office, was regarding EUROSTAT definitions around what is off-balance sheet and what is on-balance sheet, which is confusing. It is very difficult to get certainty about what is on and what is off-balance sheet. In the UK, much of the social housing build programme which the UK Government thought was off-balance sheet was subsequently reclassified by EUROSTAT as on-balance sheet. The UK had put a vehicle in place which it was convinced had solved a funding problem. This is not a satisfactory situation. We cannot get clarification from EUROSTAT or the Central Statistics Office, CSO, before a new funding vehicle is signed off on as to whether it is on or off-balance sheet. We can get an indication, but not certainty, and it is a frustration for the Government. We are trying to work within it.

Deputy Ruth Coppinger: The Minister has just answered my question and explained why we produced a minority report and digressed from the Committee on Housing and Homelessness. Off-balance sheet funding is a mirage and nobody has been able to explain how it will work. Although it is the only alternative that has been suggested, nobody could come before the committee and explain it. The Minister has admitted it is confusing and that EUROSTAT keeps changing the rules. It is making it more difficult by the month to get things off-balance sheet. RTE's "Prime Time" did an investigation and identified that no new model that would be capable of providing and financing social housing on an off-balance sheet basis has emerged. Given this never-ending quest, one would think off-balance sheet funding would be cheaper or easier. However, it is not. If we have to build houses on an off-balance sheet basis, it will be much more expensive and take much longer than if we could spend a fund we have saved up, namely, ISIF, formerly known as the National Pensions Reserve Fund. It should be very simple for us to spend it.

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Deputy Simon Coveney: Off-balance sheet funding is not necessarily more expensive and does not necessarily take longer. We are working to try to put new vehicles and models in place that we are satisfied will allow for significant investment that is off-balance sheet. We are working through it. I still maintain that it is frustrating trying to get clarity before signing off on a vehicle from EUROSTAT, about which the Taoiseach was corresponding. Many countries face the issue regarding investing in social infrastructure and infrastructure for transport, education and so on. If we are going to have an EU that can invest in the future, particularly while funding is low cost, we need more clarity on the issue.

Local Authority Housing Provision

5. **Deputy Joan Collins** asked the Minister for the Environment, Community and Local Government if he will reverse his Social Housing Strategy 2020 from 70% of social housing needs being met through the housing assistance payment, HAP, scheme and rent supplement scheme, RSS, and 30% through local authority and approved housing bodies build, to 70% local authority and approved housing bodies build and 30% through HAP and RSS, given that he has stated that the solution to the housing crisis is to increase housing supply; and if he will make a statement on the matter. [18710/16]

Deputy Joan Collins: The Government's policy, stated in its Social Housing Strategy 2020, was that 70% of social housing need was to be met by the rent supplement scheme and landlords and 30% by social housing. The Minister and the Government have repeatedly said the way out of the crisis was to build housing. Their priority seems to be to build private housing, not social housing. I am asking the Government to reverse the policy and aim for 70% social housing and 30% private housing.

Deputy Simon Coveney: While I take the Deputy's point, it is important to be realistic. While we are going to revise our social housing build targets, even if we were to build the number of social houses the all-party committee report has asked for, it still would not be anywhere near 70% of total housing output. We need to build as many social houses as feasible, given what can be funded and built through local authorities and approved housing bodies between now and 2020 or 2021, which is the kind of timeframe we are trying to plan for. We will also need to rely on the private sector to deliver the majority of houses, some for the rented sector, and some of the rented sector will have a social housing element, whether by way of HAP, rental allowance or rent supplement. This suits some people, such as those who may be in one place for a short period. The HAP scheme allows people to get back into the workforce and increase their incomes.

I agree that we need to ramp up, prepare for, fund and deliver more social housing in an integrated way within communities, which we are going to try to do. However, there is a limit to the scale of the build programme. We will also need to rely on very significant private sector investment to ensure we have balanced development over the next five to ten years, which we are trying to achieve.

Deputy Ruth Coppinger: The Minister is not interested in building social housing.

Deputy Joan Collins: I challenge the Government's dependence on the private sector to build the housing we need. The Minister is not interested in pumping money into social housing. Social housing stock decreased from 18.4% in 1961 to 9% in 2011. More than 100,000

people are on the housing waiting list. While the Minister is correct that not everybody wants a home, people want stability. With the Government's 2020 strategy of 70% rented and HAP, the Government is pumping money into landlords' pockets rather than building the housing and getting the money back into the Government coffers to meet costs. Will the Minister fundamentally consider changing the strategy from 70% social housing in the future down to 30% reliance on landlords?

Deputy Simon Coveney: I said we were going to review the social housing output targets. We will do it-----

Deputy Joan Collins: The Minister is talking about 10,000.

Deputy Simon Coveney: Let me answer the question. Deputies have raised the issue of families who are homeless in Dublin this evening. We are not going to be able to build houses for them by tomorrow, next week or in two weeks' time. However, we may be able to access rental accommodation for them in the meantime. I agree that we need to build many more social houses, and there are many ways we can do it. In Northern Ireland, nearly all social housing is built by approved housing bodies working with a housing agency. Something similar is happening in mainland UK. We are considering models that will deliver much more social housing. We have committed nearly €3 billion to the programme and may commit more, I hope. We will also have to rely on the private rental sector to house many families. To begin committing to an exact 70:30 mix is not to accept the realities we face. We need to ramp up dramatically the build and acquisition programme and conversion from vacant to useful properties in social housing stock. I am committed to all this. I also recognise that, for many families, the private rental sector will be a solution to their social housing need.

Deputy Joan Collins: I find it strange to listen to the Minister's response. He is right to say we need emergency accommodation but the families concerned also need hope. They need to believe that perhaps a year down the line they will be in a local authority house in permanent accommodation to enable their kids to go to school. The Minister's strategy with a 70:30 split between private and public housing is a slap in the face for them. Some 70% of those on social housing lists do not want to have a landlord and depend on the RAS and the HAP to provide for their future. They want something permanent. Why is the Minister so reluctant? He says he wants to build more social housing and that that is the task, but why not aspire to a change of ethos and build houses that will serve the country for the next 100 years?

Deputy Simon Coveney: That is exactly what we are doing.

Deputy Joan Collins: It is not.

Deputy Simon Coveney: We also need affordable private housing as otherwise more and more people will join social housing lists.

Deputy Ruth Coppinger: What is wrong with council housing?

Deputy Simon Coveney: There is nothing wrong with it.

Deputy Ruth Coppinger: The Minister has not mentioned-----

Acting Chairman (Deputy Eugene Murphy): Please allow the Minister to speak without interruption.

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Deputy Simon Coveney: We are trying to provide homes which are affordable and in areas where people want to live. For people who are not able to afford to rent or buy their own homes we want to make sure we will have social housing to meet their needs. That is what we are trying to do with multiple challenges in a housing market that is fundamentally broken and we are trying to fix. While we are building 12,000 or 13,000 housing units a year, we will have huge pressures in the private sector and the social housing sector to provide more and more stock, regardless of the split between social and private housing. We need to increase dramatically the supply of both private and social housing stock in order that we will have permanent homes to enable people to live in diverse and positive communities.

Acting Chairman (Deputy Eugene Murphy): Question No. 6 is in the name of Deputy Carol Nolan but will be taken by Deputy Eoin Ó Broin.

Other Questions

Housing Provision

6. **Deputy Carol Nolan** asked the Minister for the Environment, Community and Local Government to review the criteria being used by the Dublin homeless executive and the Dublin local authorities to determine whether a household is accepted as in need of emergency accommodation, given the growing number of households being refused emergency accommodation by local authorities only to be subsequently placed in emergency accommodation by the free-fone or rough sleeper team. [18509/16]

Deputy Eoin Ó Broin: When a family presents as homeless to a local authority, they have to provide evidence of the reason for their homelessness. If they have been put out of private rental accommodation, evidence of notice to quit is sufficient, but the homeless agency tells us that about 28% of families are presenting as a result of family relationship breakdown. It is very difficult for many of these families to provide written evidence unless, for example, a social worker has been involved with them. Will the Minister, with the homeless agency and the four local authorities, review the criteria being used to ensure these families will not be left out on the street?

Deputy Simon Coveney: One particular case which the Deputy mentioned earlier has triggered this question. I have looked at it and its outcome. Ultimately, it is up to local authorities to make the judgment on whether a family are homeless or not before they provides emergency accommodation for them. It is important that I do not try to micro-manage by telling them what to do. There is a judgment call that needs to be made and the legislation which will guide that judgment is the Housing Act 1988. Clearly, there are huge pressures on councils, particularly in Dublin but also in other parts of the country. They need to make sure the people most in need of emergency accommodation get it first. If there are mistakes made in these judgment calls every now and again, we need to make sure we minimise them. There is a big need to put the emphasis on trying to keep people in their homes through the provision of counselling, support and outreach services in order that the first option is not simply to declare oneself homeless but to try to work through problems within families and so on. Obviously, there are cases of domestic abuse where this is simply not an option and there is a need to protect people by rehoming them and considering and classifying them as homeless. There are two to three cases

every day in Dublin alone where Dublin City Council has to make judgment calls and re-house people in emergency accommodation, which is not easy. That is the situation in which we will find ourselves until we can do what I was talking about earlier in what will be a medium term project to dramatically increase supply.

Deputy Eoin Ó Broin: Unfortunately, it does not involve just one case. The Focus Ireland intake team carried out research in April and May. In April there were 35 families who were turned away, many of whom were subsequently deemed to be in need of emergency accommodation. They were turned away from the local authority because, acting on the criteria it had been given by the homeless agency, it considered they were not in need, primarily because they had come from their parents' home. The figure increased to 55 in May. Subsequently many of the families concerned were deemed to be in need of emergency accommodation. I am not asking the Minister to micro-manage. He should not be involved in individual decisions, but clearly there is a problem with the guidelines that the homeless agency and the local authorities have developed. However, I am not blaming them. This is the result of the very difficult decisions council staff have had to make when trying to determine if somebody has a need. Ultimately, the problem is the lack of emergency accommodation. There is a need to review the criteria. I urge the Minister to consider that proposition.

Deputy Simon Coveney: The criteria are included in the legislation. The Housing Act 1998 states: "A person shall be regarded by a housing authority as being homeless for the purposes of this Act if (a) there is no accommodation available which, in the opinion of the authority, he, together with any other person who normally resides with him or who might reasonably be expected to reside with him, can reasonably occupy or remain in occupation of, or (b) he is living in a hospital, county home, night shelter or other such institution, and is so living because he has no accommodation of the kind referred to in *paragraph (a)*". That is legalistic language for making a judgment call on whether an individual or a number of people have a place where they can reside safely. I will speak to the local authorities about this issue. If the Deputy thinks there is a serious need to review the criteria, we will look at them, but we need to make sure the limited spaces we have available in emergency accommodation are prioritised for those most in need of them. We need to make sure we minimise mistakes in not providing emergency accommodation for those who absolutely need it.

Deputy Eoin Ó Broin: I absolutely agree with the Minister on the last point. In addition to the legislative criteria, there are criteria on which the homeless agency has worked with the four Dublin local authorities to assist front-line staff in making these very difficult decisions. It is that aspect which needs to be reviewed, not the legislation. I urge the Minister, in addition to talking to the homeless agency, to talk to Focus Ireland and its intake team, to look at the initial research they carried out in April and May this year and to consider whether it provides at least some evidence that what is in place is not working. I am in no way criticising front-line local authority staff. More than anybody else, they know the implications in making a wrong decision, but they are being placed in an impossible position. The guidelines could be improved in the context of the Minister's closing remarks.

Deputy Simon Coveney: Perhaps the best body with which to raise this issue is the Dublin regional homeless executive which is trying to co-ordinate responses. I will raise it with it and we will have a look at the guidelines. We need to make sure the most genuine cases are prioritised and that we minimise mistakes. There can be serious consequences if and when that happens.

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Irish Water

7. **Deputy Mick Barry** asked the Minister for the Environment, Community and Local Government if he has instructed Irish Water to discontinue with the installation of water meters; and if he will make a statement on the matter. [18477/16]

17. **Deputy Paul Murphy** asked the Minister for the Environment, Community and Local Government if he discussed with Irish Water whether they plan to continue with the installation of water meters; and if he will make a statement on the matter. [18468/16]

Deputy Mick Barry: The Minister has effectively been forced to suspend water charges. Will he take the logical next step and suspend water metering also? Will he instruct Irish Water to do so or will it be like a bad B movie?

Deputy Simon Coveney: I propose to take Questions Nos. 7 and 17 together.

Since 1 January 2014 Irish Water has statutory responsibility for all aspects of water services planning, delivery and operation at national, regional and local level. This includes the domestic water metering programme. Irish Water's revenue shortfall arising from the proposed suspension of domestic water charges in 2016 is under consideration. I intend to bring my proposals on this matter to the Government shortly. The future of the metering programme and its associated costs will be part of these deliberations and particular account will have to be taken of the very significant benefits in terms of conservation, leakage detection and the efficiencies in the management of the water network more generally, which the programme has delivered. If Deputies have any queries on specific issues with respect to water services, there is a dedicated team within Irish Water which can respond to those.

My view on this is clear. There is a contract in place to finish phase 1 of the roll-out of the metering programme. My belief is that this should be finished out. The charging we have seen in recent years, which I accept has been controversial, has shown that many people have changed their behaviour as a result of that. In fact, approximately 40% of people were paying charges at below the cap because they were using their meter; they were conserving water in a way that meters were designed to encourage. It has also been useful in detecting leaks. I accept that many of the leaks in the Irish Water infrastructure does not happen between the meter and household dwelling but a percentage of it does and there has been significant detection of leaks as a result of meters.

My view is that we should continue to roll out the metering programme. I believe people will see sense to metering in the medium term. It makes sense to understand how much water is being used, where it is going, where the leaks are and so on. Certainly the evidence to date shows that when people have meters and are paying for water linked to the amount of water they use, that they use those meters, change their behaviour and use less, and thereby conserve more, which is a good development.

Deputy Mick Barry: I do not imagine the Minister has ever been at a community based anti-water meter protest. Therefore, I will give him some flavour of what it is like. It is a community event. It is not like a bill coming into one's letterbox, it is like Irish Water crews coming into one's community. Discussion starts in the community and members of it begin to get organised. Cars are driven around scouting for the Irish Water meter vans. People are watching and waiting; they are texting and going on Facebook. Women in particular come out and organ-

ise. They go door to door and get other women and neighbours to come out and join the protest.

I have sat here listening to the Minister several times in recent weeks say that with the new water commission he wants to take the heat out of the water charges issue. Carrying on with water metering is precisely how he will not do that. How does he square the contradiction between those two?

Acting Chairman (Deputy Eugene Murphy): I call the Minister.

Deputy Paul Murphy: Acting Chairman-----

Acting Chairman (Deputy Eugene Murphy): I will let Deputy Paul Murphy in next. As the time allocation for these two questions is doubled, the Deputy will have ample time.

Deputy Paul Murphy: Does that mean I will have four interjections? Is that how this works?

Acting Chairman (Deputy Eugene Murphy): I will give the Deputy the time; there will be plenty time for interaction.

Deputy Simon Coveney: I do not mind allowing the two Opposition Deputies put their questions and I can respond to the two of them.

Acting Chairman (Deputy Eugene Murphy): We can proceed that way if the Minister wishes. I call Deputy Paul Murphy to make his case.

Deputy Paul Murphy: I thank the Minister for that. Last week we had a debate that concluded yesterday in regard to the Water Services Bill and I made a definite point of saying clearly to the Minister that if the Government does not stop the water metering programme, it will be stopped by protesters and heat will not be taken out of the issue but rather it will become more hot. Yesterday, as if to test that hypothesis, Irish Water workers appeared in Carrigmore in my constituency where they were immediately met by residents. Tens upon tens of residents came out to stop them and they stayed there all day peacefully protesting to ensure that no meters were installed. I can assure the Minister that people do not see the sense of water metering because they know that the purpose of it is to prepare for the imposition of water charges and for privatisation. Therefore, water meters will not be accepted. Surely the Minister can see that the project has to be halted. Is he going to continue to have huge numbers of Garda resources imposed on communities to get the water meters installed in the remaining areas, which are the ones where there is the strongest opposition to water meters? Are more people going to go to prison in opposition to water meters even though the water charges have been suspended?

Deputy Simon Coveney: To put this into context, approximately 840,000 water meters have been installed and many people do not have a problem with that. The Deputy talks about this issue as if every person in the country is trying to block water meters being installed in respect of their own water systems, but that is not the case. Some people have real objections to this but many people do not. Many people have been using water meters to manage how they use water and to conserve it. We know that because 40% of people, which is way beyond what most people were expecting, were paying water charges at below the cap. We cannot operate as a Government on the basis of people threatening protests and therefore we must not do anything.

With regard to the metering programme, we are concluding phase 1 of the metering roll-out,

which will be finished in the next few months-----

Deputy Paul Murphy: It will not.

Deputy Simon Coveney: -----or in the next six months or so, that is my understanding. I can stand corrected on that. It is pretty close to being concluded. Phase 2 of the metering roll-out was always going to be more complicated because it involved flat complexes and so on, which is more complicated in terms of metering. My view is that we have a very significant number of water meters in the ground. They have served a useful function and they will do so in the future also.

Acting Chairman (Deputy Eugene Murphy): Thank you, Minister.

Deputy Simon Coveney: I am answering the questions put by two Deputies.

Acting Chairman (Deputy Eugene Murphy): I will allow the Minister back in; we have ample time. I must allow Deputy Paul Murphy back in and then I will come back to the Minister. I will bring in both Deputies Paul Murphy and Deputy Barry and Deputy Paul Murphy has a minute if he wishes to come back in.

Deputy Paul Murphy: Yes. I would say to the Minister that phase 1 will not be concluded. He is now approaching the areas where there are big communities who are opposed to the imposition of water meters who will simply not accept them. The Government will have to make a choice, and Irish Water will make a choice, as to whether it will push ahead against the opposition of these communities even when it has suspended water charges. It would be madness for the Government to do so.

The talk of conservation is a cover. Water meters are not about conservation, they are about charging for water and about pushing privatisation in the future and privatisation over the revenue stream. According to Irish Water figures, extrapolating them to the full imposition of water meters, we are talking about 3% of water being saved, that is, 3% out of 41% of water that is lost. That is where we need investment in our water infrastructure and that is also where Deputy Coveney, as the Minister with responsibility for housing, needs to change the building regulations in terms of grey water harvesting, rainwater harvesting and dual flush toilets being mandatory for the new builds that are taking place. That is where it would make a difference in terms of water conservation.

Deputy Mick Barry: The Minister spoke about the number of meters that have been installed. The Irish Water target is for somewhere between 1 million and 1.1 million. Irish Water has said that approximately 850,000 have been installed so far. The bulk of the areas where the meters have yet to be installed are the working class communities where people have organised to resist their installation, areas such as Tallaght, the north east of Dublin and in Cork city areas such as Churchfield, Gurranabraher, Knocknaheeny and Ballyphehane whose communities have successfully kept the Irish Water meter installers out. Does the Minister seriously believe that he can calm things down on the issue of water charges and try to send the water metering crews into these areas over the next few weeks and months? I suggest he is sadly mistaken if he thinks he will be able to do that.

Acting Chairman (Deputy Eugene Murphy): I wish to point out to Members in case there is any confusion that I am going strictly by the rules of the House, as agreed by all Members. Where two similar questions are taken together the time allocated is doubled to make sure there

is fair play for all involved and that the Minister is also given adequate time. I am going strictly by the rules of the House, in case some Members might think I am not doing that.

Deputy Simon Coveney: The question is whether I am going to instruct Irish Water to discontinue the installation of water meters and the answer to that question is “No”. I expect there will be a pragmatic response from Irish Water where there is significant resistance. I think that in time many people, who do not have water meters now, will want them.

Deputy Mick Barry: Does the Minister mean that they will back off?

Acting Chairman (Deputy Eugene Murphy): Deputy Barry, allow the Minister to respond.

Deputy Mick Barry: I think he is saying that they are going to back off.

Acting Chairman (Deputy Eugene Murphy): Allow the Minister to respond.

Deputy Simon Coveney: The Deputy wants heat in this issue because he has built a whole political campaign around it. He wants to keep people and communities divided. They want to try to keep-----

Deputy Paul Murphy: The Minister is dividing people.

Deputy Simon Coveney: The Deputies do not like to hear it because it is the truth. This is what they have built their political campaigns and careers around: division, anger and protest.

Deputy Paul Murphy: It is what the Minister’s career is going to falter on.

Acting Chairman (Deputy Eugene Murphy): Deputies Barry and Murphy have a minute left each. If they allow the Minister to finish, I will allow both of them in.

Deputy Simon Coveney: When I answer questions honestly, I get threats, just as when we had questions on waste charges. When we were trying to resolve those issues, Deputy Paul Murphy’s sole contribution was, “When you come to Tallaght, there will be protestors waiting for you.”

Deputy Paul Murphy: And there were and the Minister backed off.

Deputy Simon Coveney: That had nothing to do with the solutions. The Deputy does not offer solutions. He wants to make people angry so that they will be divided and create political opportunity for him. I am in the business of trying to provide solutions-----

Deputy Paul Murphy: No solutions.

Deputy Simon Coveney: -----and there are others in the House who are doing the same.

Acting Chairman (Deputy Eugene Murphy): I thank the Minister.

Deputy Simon Coveney: I will finish because I have been interrupted.

Acting Chairman (Deputy Eugene Murphy): The Minister will have another minute.

Deputy Simon Coveney: Water meters play an important role and will continue to play an important role in terms of water policy in Ireland regardless of the charging system which may

or may not be voted for in the House in nine months' time. That is why Irish Water will finalise the phase 1 roll-out of the metering programme where possible.

Deputy Mick Barry: I note with interest the comment of the Minister that he expects Irish Water to take what he describes as a pragmatic approach. In reality, he is saying that Irish Water is likely to back off where there is strong community resistance to the installation of water meters. I hope all the activists and campaigners in those communities listen carefully to the point the Minister has made, draw the appropriate conclusions and redouble their efforts to stop his and Irish Water's metering programme.

On the issue of anger, I am a reasonably calm and relaxed individual and the anger I have seen stirred up in Gurranebraher, Churchfield, Knocknaheeny and the other communities was stirred up by the Minister and his Government who tried to impose an unjust charge and ram it down people's throats.

Deputy Paul Murphy: To continue with that point, what has divided people and angered them has been that by December of last year, 188 people had been arrested at water protests. The majority of them were involved in protesting against water meters in their communities. Just three or four weeks ago, three people were in jail for protesting against water meters. Just last week, two people were up in Tallaght District Court for protesting against water meters.

Deputy Damien English: It is not that simple.

Deputy Paul Murphy: When the Government is imposing water meters on communities that do not want them and using the force of the law to try to ram them in, it is going to divide people. I encourage people to heed the message that if there is resistance, the water meters will be stopped. That is the lesson. The solutions here have come from people organising to resist. The reason there is suspension of water charges is not because any of the Government members had a change of heart or Fianna Fáil had a change of heart but because of a protest movement that built pressure. The reason there was a partial step back in terms of bin charges was again because people protested. Protesting and organising achieve change. We are offering the Minister a solution here, which is to stop the water metering.

Deputy Simon Coveney: It is the same question, or rather statement, over and over again. It is important to say that people are not put in prison for peaceful protest.

Deputy Paul Murphy: They are. It is in the Water Services Act.

Acting Chairman (Deputy Eugene Murphy): The Deputy has had his time. Please allow the Minister to finish.

Deputy Simon Coveney: I have answered the question repeatedly. My view is that meters have a value and that many households are using them effectively. Some communities referred to by Deputies have resisted the imposition of water meters and feel very strongly on the issue. I accept that and I do not pretend that is not the case. My point is that the roll-out of meters as envisaged by Irish Water is a significant and important addition to our water infrastructure in terms of understanding how water is being used and in terms of changing behaviour in a way that encourages conservation. From that point of view, it is a positive thing and it should continue.

Housing Policy

8. **Deputy Ruth Coppinger** asked the Minister for the Environment, Community and Local Government if he has completed any independent research into the component costs of building a new house and renting residential properties; and if he will make a statement on the matter. [18472/16]

Deputy Ruth Coppinger: The cost of a house emerged as a key issue in the Committee on Housing and Homelessness. If we want to be able to supply 140,000 families with housing, plus those who are not on the social housing list who are paying massive rents and need affordable housing, the issue must be tackled. Will the Minister get independent research on this issue as he takes over in his Department and not just that of the Construction Industry Federation or from surveyors? I refer to research from workers who work in the industry as well.

Deputy Damien English: I thank the Deputy for the question. In the context of social housing provision, my Department has undertaken analysis in respect of the average costs associated with the delivery of a range of differently sized social housing units, both in terms of construction costs and all-in costs. These costs are based on an analysis of returned data from local authorities on social housing schemes and as such it is on actual costs. Nevertheless, information on the average cost of current social housing developments of various sizes is preliminary at this stage and will be better informed when a greater number of projects have completed the tendering stage over the months ahead. My Department has also had an input into work led by the Department of Finance on construction costs which was undertaken under the Construction 2020 strategy.

In general terms, the cost of delivering housing is largely dependent on the type, size and geographic location of the development concerned, the availability of services, access to infrastructure and on the contractual arrangements leading to its construction. Against this background, construction costs can vary greatly throughout the country which gives rise to difficulties in developing more accurate costings for the various house types in the absence of site-specific and evidence-based information. The prevailing economic conditions appear to suggest that without intervention, housing costs, including social housing costs, are more likely to rise rather than fall during 2016. This is due to the fact that, in general, housing supply currently falls significantly short of housing demand and construction input costs are subject to inflationary pressures as the construction industry transitions from under-activity over an extended period to significant growth in all sectors, including residential, commercial and civil construction.

On residential renting, the market has grown significantly in recent years and now accounts for around 20% of total households. In Dublin, rents are back to 2007 peak boom-time levels. While the most recent Residential Tenancies Board rent index shows that in the first quarter of 2016, rents have continued to increase, the rate of growth has slowed in most sectors. It is anticipated that this is the first stage in a welcome stabilisation of the rental market as the measures introduced through the Residential Tenancies (Amendment) Act 2015 begin to take proper effect.

In accordance with the programme for a partnership Government, my Department is preparing an action plan for housing to be finalised in the coming weeks. In that context, one of the issues being considered is the scope to reduce construction overheads in a manner that will support an increased level of housing output into the future. The action plan will also contain a

commitment to publish a strategy for the rental sector this autumn, which will chart a path for the future of the sector.

Acting Chairman (Deputy Eugene Murphy): The Minister of State is over his time.

Deputy Damien English: One more line might just help the answer. Built into the plan is a gathering of information from all sides and stakeholders on the costs of construction. That includes those in the business, those who work for developers and those with various skills as well as departmental officials across Government. There is a lot of analysis there and we going deeply into the figures to see what we can do.

Deputy Ruth Coppinger: That was a great rehearsed reply but it did not answer my question. The Construction Industry Federation representatives came crying into their soup before the Committee on Housing and Homelessness and argued that 36% of the cost of a house was going on taxes. Thus, they argued that the Government should reduce VAT and taxes on builders. However, 36% is not the correct figure. It is 16% according to chartered surveyors. This demonstrates the need for independent research. In the programme for Government, there is a huge array of tax reductions for developers and there is no evidence that it will lead to housing being cheaper. In fact, quite the opposite is the case. All the evidence suggests that previous tax incentives were simply pocketed by developers and not passed on to unfortunate buyers. There is also a hoarding of land taking place while owners wait for house prices to increase. The developers are on strike and should not be rewarded with a range of tax cuts as indicated in the programme for Government.

Deputy Damien English: If it is of help to the Deputy, I note that the programme for Government and the action plan for housing being developed are focused on increasing the supply of housing both in the private and social markets by a combination of all the various arrangements.

Part of that is ensuring houses are affordable and available to people in the right place, facilitating them where they want to live and work. If it was the case that developers were ripping people off and making a fortune, more than 12,000 houses would have been completed last year and supply would not be an issue. However, it is. There is something wrong across the sector. The aim of the programme for Government and any action plan developed is to find the barriers which are affecting supply across the system, change them and increase the supply of affordable, quality housing to the previous level. That is our sole ambition. It is not to make anyone rich; rather, it is to provide accommodation, which is what every Deputy has been seeking.

The Deputy referred to tax changes and so on. We are committed to considering everything. Everything we believe will help to increase the supply of affordable housing is on the table.

Deputy Ruth Coppinger: First, the Minister of State should stop using the words “housing market”. Fr. Peter McVerry also said this. There is no housing market. The market led us to this problem in the first place. Second, the Minister of State should accept the fact that developers are deliberately not building because it would not be profitable enough. The CEO of NAMA let the cat out of the bag when he stated developers were not happy with a profit of €20,000 on a €300,000 house and were withholding on building until prices increased.

I was disturbed when the Minister of State did not use the words “local authority house

building” in answer to any of today’s questions. Clearly, he is not looking to local authorities to meet housing need. It is not the case that dealing with supply on its own will be enough. There was plenty of supply during the Celtic tiger boom, but it was unaffordable for most. We need a supply of affordable and social housing, not just private housing which would not be affordable for most. Local authorities can build houses more cheaply by using direct labour and cutting out the profit percentage and motive. This will keep the cost down, not off-balance sheet building or encouraging private developers. Using local authorities would cut out all of the profiteering by private developers. That is how we should supply housing with the money available to us.

Deputy Damien English: I will make a couple of observations. The Deputy only hears what she wants to hear. The Minister, Deputy Simon Coveney, and I have repeatedly said we wanted to increase greatly the supply of housing being built by local authorities. Has the Deputy missed that?

Deputy Ruth Coppinger: I have missed it all morning.

Deputy Damien English: One of the Minister’s first acts was to meet all of the local authorities to ask them how they would ramp up supply and what would be needed across government to make that happen. As the Deputy may have missed that, I will be clear - that is what we want to do. However, we also recognise that we need more houses across the system. The Deputy might not like calling it a housing “market”, but it is my understanding that, anywhere there is a sale of goods, it is called a market. There is a housing market and we need to activate it to increase supply. That is what we are trying to do via a combination of social, private and rented housing, including student accommodation. I meet people involved in the building industry on a daily basis-----

Deputy Ruth Coppinger: I am sure the Minister of State does.

Deputy Damien English: -----young people of all ages who want to use their skills. They want to work. They are not sitting at home waiting to increase profits. They want to work on sites. I accept that a percentage are involved in the speculative market, but the majority want to go to work and build houses and will settle for a small margin on that work.

Deputy Ruth Coppinger: Then why are they not doing it?

Deputy Damien English: Exactly. That is what we are trying to fix.

Deputy Ruth Coppinger: They are waiting for prices to increase.

Deputy Damien English: There is a range of reasons across the system. We will change the situation. That is our job. It will involve a major ramping up in the supply of social housing delivered through local authorities and the rebuilding of the capacity of the Department and local government to make this happen.

Acting Chairman (Deputy Eugene Murphy): I thank the Minister of State, but we are way over time. This is Deputy Ruth Coppinger’s question, but Deputy Jan O’Sullivan is allowed to make a small point.

Deputy Jan O’Sullivan: Yes. Other Deputies are allowed to contribute in taking ordinary questions.

Acting Chairman (Deputy Eugene Murphy): As I have been told.

Deputy Jan O'Sullivan: If the availability of affordable land is one of the problems in local authorities building houses, will the Government consider implementing a recommendation made in the Kenny report of more than 40 years ago, one that was considered to be constitutional by an Oireachtas all-party committee? I am referring to land being made available at its existing zoning level price, usually agricultural, plus 25%. That would help to provide land for local authorities.

Acting Chairman (Deputy Eugene Murphy): I call Deputy Ruth Coppinger. I will take the questions together, if that is okay with her.

Deputy Ruth Coppinger: That is marvellous.

Deputy Barry Cowen: Only the Minister of State can contribute now.

Acting Chairman (Deputy Eugene Murphy): My apologies.

Deputy Damien English: Access to land for a range of developers, as well as local authorities, is one of the barriers. In most cases though local authorities have sites available, but there are delays in the system, issues in accessing finance, off-balance sheet concerns, etc. Affordable land is an issue for everyone in the long term. To deliver affordable housing, we need affordable land. There is some evidence that councils are purchasing land and trying to do the right thing at the right time.

Deputy Jan O'Sullivan: The Kenny report made recommendations on the issue of affordable land.

Deputy Damien English: Yes. In general, access to land at the right price is an issue for all providers. It has a major effect on the end price.

Acting Chairman (Deputy Eugene Murphy): I must allow Deputy Ruth Coppinger to conclude.

Deputy Barry Cowen: No.

Deputy Pat Casey: The Minister of State has to conclude.

Acting Chairman (Deputy Eugene Murphy): Are we out of time? My apologies. We will move to Question No. 9 in the name of Deputy Mick Wallace which I understand is being taken with Question No. 18.

Deputy Ruth Coppinger: May I clarify a matter? I contributed-----

Deputy Pat Casey: Twice.

Deputy Ruth Coppinger: -----for 30 seconds.

Acting Chairman (Deputy Eugene Murphy): Yes, but Deputy Jan O'Sullivan was within her rights to ask a brief question under the rules agreed to by the House. I must interpret the rules accordingly. If Deputy Ruth Coppinger has-----

Deputy Paul Murphy: That does not take away her right to ask a second supplementary question.

Acting Chairman (Deputy Eugene Murphy): I am sorry, but I am talking to Deputy Ruth Coppinger.

Deputy Simon Coveney: Deputy Mick Wallace is being help up.

Acting Chairman (Deputy Eugene Murphy): If Deputy Ruth Coppinger has an issue with this, I ask her to contact the Ceann Comhairle's office.

Deputy Ruth Coppinger: No. I just asked how many-----

Acting Chairman (Deputy Eugene Murphy): The Deputy received-----

Deputy Ruth Coppinger: I was not given a second chance to revert.

Acting Chairman (Deputy Eugene Murphy): Actually, the Deputy did. We gave her a lot of time. Deputy Jan O'Sullivan was within her rights to ask her question.

Deputy Ruth Coppinger: I am not trampling on her rights; I am just asking about mine.

Acting Chairman (Deputy Eugene Murphy): May I make one point? In my capacity as Acting Chairman I seek to help the House.

Deputy Barry Cowen: A volunteer.

Acting Chairman (Deputy Eugene Murphy): I am interpreting the rules as they are laid out. If any Member has an issue with them, I ask him or her to contact the Ceann Comhairle's office.

Severe Weather Events Expenditure

9. **Deputy Mick Wallace** asked the Minister for the Environment, Community and Local Government if his Department or Irish Water is responsible for managing storm water run-off countrywide; and if he will make a statement on the matter. [18305/16]

18. **Deputy Mick Wallace** asked the Minister for the Environment, Community and Local Government the amount of funding allocated, if any, to local authorities to deal with storm water run-off; and if he will make a statement on the matter. [18306/16]

Deputy Mick Wallace: When the Government established a national entity called "Irish Water", why did it decide not to give it responsibility for storm water? What is the logic behind leaving that element with the local authorities while removing the more attractive elements from them?

Deputy Simon Coveney: I see the Deputy has been enjoying his time in France.

Acting Chairman (Deputy Eugene Murphy): I was going to suggest he could do with a glass of water.

Deputy Mick Wallace: Members will be relieved to hear that I enjoy myself all the time.

Deputy Simon Coveney: I believe that. I do not take much convincing.

Deputy Jan O’Sullivan: Deputy Mick Wallace must have received the award from the Parisian Government.

Deputy Simon Coveney: I propose to take Questions Nos. 9 and 18 together.

The Water Services (No. 2) Act 2013 provides for the transfer of water services functions, with some exceptions, of the city and county councils to Irish Water. The provision, operation and maintenance of sewers other than storm water sewers are among the functions transferred to Irish Water. However, the operation and maintenance of storm water sewers remain functions of the local authorities.

There is no funding stream available from my Department to local authorities for funding storm water services. However, under the Planning and Development Act 2000, as amended, income from development levies must be ring-fenced to pay for facilities servicing new developments. Local authorities fund the provision and maintenance of storm water sewers through moneys received from such development contributions. Any issue arising in respect of individual developments should, therefore, be pursued with the relevant local authorities.

I expect that this was a practical response to the fact that responsibility for the planning and building of developments and the run-off water infrastructure linked with same which is financed by the development charges applied to these developments remained with local authorities instead of being moved to a separate structure.

Deputy Mick Wallace: Since storm water management is unpredictable and difficult to cost, I understand it is not an attractive element of the water industry. I suspect one of the main reasons Irish Water was not given responsibility for the management of storm water was it would not have been attractive to anyone with notions of buying Irish Water were it ever to be privatised. People do not like to buy things that are difficult to measure. In fact, it does not make much sense not to have all the elements of water under the one roof. It is unfair to expect local authorities to fund something when they are poorly resourced to do so. It is so unpredictable.

Given that local authorities no longer have responsibility for the supply of water or for sewerage, there will be a huge decrease in the number of people working in local authorities who are involved with water, yet the local authorities will have to be able to respond to problems that arise unpredictably. That is surely not sustainable.

Deputy Simon Coveney: While the responsibility for storm sewers remains with local authorities, responsibility for combined sewers, which carry both foul sewage and storm water, has been transferred to Irish Water. A memorandum of understanding to establish principles and mechanisms through which Irish Water and each local authority will co-operate with respect to sewer flooding and storm water management is being developed. I understand this document is close to being finalised and signed off with each local authority. Most local authorities have a storm water management policy that encourages the use of sustainable drainage systems in all new developments.

The management of flooding, which is often a consequence of not having the right infrastructure in place, is very much the responsibility of local authorities, which work with the Office of Public Works, OPW, on some of the bigger projects. Therefore, there is a carryover across multiple organisations, from Irish Water to local authorities and to the OPW in the case of some bigger projects. What is required is a pretty seamless management system that can

ensure that happens efficiently.

Deputy Mick Wallace: Does the Minister agree with me that we are not investing sufficiently in water defences at present when we bear in mind the weather has probably become less predictable owing to climate change?

The Minister is just out of the agriculture Ministry. Does he have concerns about the fact that the Common Agricultural Policy, CAP, encourages farmers to clear upland areas? In doing so, it is effectively subsidising farmers to flood villages. It does not make sense to be clearing certain lands. Farmers get subsidies to create a faster flow of water to villages. Does the Government have any plan to tackle that?

Deputy Simon Coveney: I know a bit about the agriculture side. There are pretty demanding directives with which farmers must comply to get their CAP payments and to avail themselves of benefits under the various schemes we operate. Cross-compliance criteria require farmers to ensure they do not undermine directives such as the Water Framework Directive and wildlife directive. Therefore, there are many limitations on what farmers can do, particularly near waterways. They are often required to create buffer strips and to limit the type of drainage put in place. They are required to maintain hedgerows and so forth. Therefore, there is not the free-for-all that some might believe exists for farmers trying to extend productive farmland and, in doing so, causing drainage problems that contribute to flooding further down the system. The regime is much more restrictive than that.

I take the Deputy's point on some of the more sensitive areas, especially around the Shannon catchment, which is a huge, challenging flood plain. Following the floods of the winter that has just passed, one will see much more co-ordination among all stakeholders to ensure better outcomes regarding flood management on the Shannon.

Deputy Mick Wallace: Is the Minister saying subsidies are no longer available for clearing land? I understand there still are such subsidies. It is a fact the water is reaching the rivers more quickly than ever before.

We used to have land adjacent to rivers that was able to hold a lot of water. This is no longer the case because so much of the land has been cleared. It has been a false policy on the part of the European Union to encourage the clearance of some land. I am not saying it was a bad idea to clear all of it. Making land more available for food production is fine but there ought to be joined-up thinking on the effect of the land clearance on water storage and the pace with which water reaches the channel of the river, and on the impact on the nearest towns. Given that we have had so many problems in this area recently, is the European Union making any effort to reconsider just how encouraging we have been towards clearing land?

Deputy Simon Coveney: The emphasis is away from clearing land under the new CAP. Obviously, there is a market that farmers want to access in terms of productive farming, which sometimes incentivises trying to create more productivity on farms and a greater output in terms of land management. However, if we examine all the support programmes that exist and the €4 billion rural development programme, it can be seen that it is primarily a question of environmental schemes. These encourage the planting of ryegrass and more hedgerows. Some 30% of the basic payment is linked to a greening element, whereby farmers are required in many cases to have 5% of their land in what is called an ecological focus area. This is about taking land out of intensive food production to promote biological diversity and so on. In many ways, many of

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the incentives and the public expenditure through the CAP, which we should not forget is to be worth approximately €12.5 billion over its lifetime, are about protecting the environment and ensuring waterways are protected. This is good, but that is not to say we are done and do not need to do more in this area. Certainly, if we are considering the kind of dairy expansion that is being planned, there will be pressures that we will need to manage through the transition.

Deputy Mick Wallace: Let me return to the issue of the storm water pipe. The Minister is now saying the combined system in Dublin is under the jurisdiction of Irish Water. Is that true?

Deputy Simon Coveney: Sorry?

Deputy Mick Wallace: Is the Minister saying the combined system in Dublin is now under the authority of Irish Water? That was not my understanding of it. I believe this is what he said in his reply to me. My understanding is that the surplus water was still the responsibility of the local authority despite the fact there was a shared pipe. Will the Minister clarify which body has total responsibility for the combined pipe?

Deputy Simon Coveney: My understanding is that responsibility for the combined sewers, which carry both foul sewage and storm water, has been transferred to Irish Water but that responsibility for the water run-off infrastructure for storm water management, etc., remains with the local authorities. I will clarify which body is responsible for which pieces of infrastructure afterwards if it is helpful. My understanding is that the pipe infrastructure is the responsibility of Irish Water but that the surface water run-off infrastructure and so on are the responsibility of local authorities. As I stated, I will give the Deputy a note on that.

Deputy Ruth Coppinger: Is it not a fiasco having two bodies?

Deputy Simon Coveney: Not really. There are many areas in respect of which there are multiple agencies working together to achieve better outcomes.

Acting Chairman (Deputy Eugene Murphy): That concludes the answers to Questions Nos. 9 and 18. They were two separate questions and, as is evident from a close reading, one was entitled to treat them as such.

Urban Renewal Schemes

10. **Deputy Barry Cowen** asked the Minister for the Environment, Community and Local Government his proposals for renewal of town centre sites; and if he is considering legislation to allow the utilisation of compulsory purchase orders for the purpose of town renewal. [18556/16]

Deputy Barry Cowen: I am sharing my time with Deputy Lawless. The Minister of State, Deputy English, is well aware that there are many towns and villages with empty, dilapidated buildings that are not contributing to the well-being of the communities in which they are situated. The associated issues may concern title, conveyancing, lack of funds, banks not lending and no retail activity. As we know, this is against the backdrop of a housing crisis or emergency. Will the Minister of State confirm he is investigating ways in which compulsory purchase orders, CPO, powers for local authorities could be improved or council-sponsored loans or grants could be made available to initiate residential development in these buildings and revitalise the affected towns and villages?

Deputy Damien English: The new programme for partnership Government sets out the ambitious priority attached to urban regeneration by the new Government. This is an area in which we wish to engage, specifically by redesigning and enhancing the current scheme. A series of specific actions has been set out as to how it is proposed to facilitate the regeneration of our urban centres, many of which were adversely impacted by our recent economic difficulties.

In this context, the Government intends to introduce a new town and village renewal scheme. This is part of my brief and it will be done in conjunction with the Minister for Arts, Heritage and the Gaeltacht, Deputy Heather Humphreys, to support the revitalisation of our towns and villages and improve the living and working environment of communities. As Deputy Cowen stated, the objective will be to bring buildings back into use and make towns and villages attractive places not only to work and live in but also to expand business or bring buildings back into use. Using the €30 million available to local authorities for town and village regeneration from this year, it is envisaged that the scheme will seek to increase the attractiveness and sustainability of our towns and villages as places to live and work. I visited Clara yesterday and while it is not a small town, it is under severe pressure, with 64 empty premises on its streets. The focus will, as Deputy Cowen stated, be on bringing empty premises back into use and trying to make upstairs accommodation liveable again, where possible.

It is also intended to examine a series of further initiatives, including the introduction of a similar scheme to the Living City initiative to regenerate urban centres and villages; reclassifying and incentivising the use of under-utilised or vacant areas above ground floor premises in urban areas for both residential and commercial use; examining the scope to reform the Derelict Sites Act to tackle the under-use and hoarding of derelict land by the State, semi-State and private sectors; and the establishment of a national register of derelict sites, in addition to the new vacant site levy, to bring vacant and under-utilised sites into beneficial use for housing and urban regeneration purposes. The vacant site levy is a form of threat, whereas Deputy Cowen is seeking the introduction of measures to encourage and reward activity. Such measures will be considered as part of our new plan and we will examine the possibility of mandating local authorities with better land management powers, including the possibility of additional CPO capabilities. Deputy Cowen's question refers to these capabilities.

To drive forward these considerations, I will chair a working group comprising senior representatives from my Department, local authorities and other relevant actors, which has been established to bring forward proposals in the near future and allow proposals to be made to increase funding in this area in budget 2017.

Deputy Barry Cowen: I thank the Minister of State for his answer, which is all well and good. We both share a willingness to address this issue and revitalise towns and villages that have become dilapidated and lack vitality and vibrancy and, in many cases, do not have any residents. The Minister of State did not refer to compulsory purchase orders, CPOs.

Deputy Damien English: I did refer to CPOs.

Deputy Barry Cowen: I listened attentively and he did not. I ask him to confirm that he will seek to improve existing powers to enable local authorities to overcome obstacles related to property rights, title, conveyancing and associated issues. Will he seek to secure funding, either on-balance or off-balance sheet, in respect of what we spoke about earlier? Will local authorities be involved in sponsoring a scheme or will they work with credit unions which are interested in entering the fray? Negotiations have been ongoing for too long on the contribution

credit unions could make to resolving the crisis. Will a sponsored scheme or a system of grants or loans be introduced for the private sector and will improved compulsory purchase order powers be provided to local authorities to bring derelict and vacant buildings into residential development and create vibrancy and vitality where there currently are none?

Deputy Damien English: I accept that I may speak a little fast.

Deputy Ruth Coppinger: That is true.

Deputy Damien English: However, in listing the actions we are considering I clearly stated that we were considering the possibility of “mandating local authorities with better land management powers, including the possibility of additional CPO capabilities”. I am sorry if that was not clear.

Deputy Barry Cowen: Will the Minister of State give a commitment on that issue?

Deputy Damien English: I also noted the reference to compulsory purchase orders in the Deputy’s question. While local authorities have some powers in the area of compulsory purchase orders, they clearly do not consider them to be sufficiently strong. We are willing to examine this issue. Other State body stakeholders have CPO powers which are not being used. We will see what we can do to increase the use of these powers, where they are required.

As Deputy Cowen will be aware from his professional background, compulsory purchase orders are highly complicated and give rise to legal issues. CPOs do not always work and local authorities have indicated to me that they sometimes retreat from using them because they involve investing significant time and money which they would prefer to use to achieve specific purposes. Local authorities that pursue CPOs or other planning issues frequently lose the money they spend on doing so. We are, therefore, trying to find new ways to encourage activity. Deputy Cowen referred to grants, taxes and so forth. We will examine these options to try to reward activity as opposed to always threatening action. We are examining these issues and we are willing to act.

Acting Chairman (Deputy Eugene Murphy): I understand Deputy Lawless will contribute for one minute.

Deputy James Lawless: Legislation on compulsory purchase orders needs to be upgraded and strengthened. I come straight from the front line, as it were, having dealt with this issue extensively as a member of Kildare County Council until my election to the Dáil three months ago. There appears to be great reluctance among local authorities to utilise the powers available to them. While I have heard many reasons for not using compulsory purchase orders, I have heard few reasons to use them. The existing derelict sites legislation gives local authorities powers to act. Dublin City Council appears to be better than other local authorities in this regard, having expressed an intention to intervene. Other councils require ministerial direction to move them towards taking action.

In the same vein, if we are using a carrot-and-stick approach and the use of a compulsory purchase order is the stick, the carrot must be the introduction of a rates incentive. I suggest the Department consider this possibility. When I tabled a proposal for a rates incentive in Kildare County Council I was informed that while my proposal could be sent to the Department, not one suggestion sent to the Department by any local authority in the past 30 years had been approved. That does not seem to be a great way to do business. I call on the Minister to examine

the possibility of using rates incentives to encourage people to invest in revitalising vacant buildings and developing accommodation in them.

Deputy Damien English: Deputies Cowen and Lawless outlined the issues the Department intends to examine. We will consider a range of carrot-and-stick measures. Deputy Lawless will be familiar with the Supreme Court decision on a case arising in County Kildare. That decision affects any change to legislation governing CPOs that we may consider. This is a complicated area that involves a number of statutes and legislative change cannot be introduced in one week. We will consider the issue, however.

Deputy Lawless raised an issue that is dear to my heart. Urban local authorities, especially in Dublin, have much more funding available to them through revenue generation and other State schemes. As such, they are in a position to use the legal and planning systems to a much greater degree than other local authorities and the latter may, therefore, be afraid to risk money on legal cases. Local authorities may have to make a choice between fixing a roads and foot-paths or making a compulsory purchase order. CPOs require a significant investment which can go down the Swanee if it does not work out. We understand the reason local authorities are reluctant to use compulsory purchase orders and we must find a way of making the legislation clearer. However, as Deputy Cowen will know given his legal background, it is difficult to design legislation that is black and white.

We must accept that a funding issue arises for local authorities. If they choose to spend money on legal cases, they put their money at risk. We must work on that. We will try to use a carrot to stimulate activity, which is the objective we all want to achieve. There is nothing worse than driving through a town or village that should be thriving and seeing dereliction. Vacant buildings need to be used to provide accommodation.

Acting Chairman (Deputy Eugene Murphy): The time for questions has concluded. I apologise to Deputies and Ministers for cutting across them at times. We are on a tight schedule and people will lose out if we do not stick to it. I thank Members for their understanding and co-operation.

Written Answers are published on the Oireachtas website.

Topical Issue Debate

Charities Regulation

Deputy John Brassil: Over the past week, a number of revelations have come to light surrounding the suicide prevention charity, Console. This morning's edition of *The Irish Times* features a report that Console's former chief executive officer and his wife and son ran up credit card bills of almost €500,000 on items such as groceries, designer clothes and foreign trips over a three-year period. We are informed that the items for which the credit cards were used included large unvouched cash withdrawals, trips to Australia, New Zealand, Singapore and other destinations, designer clothing in outlets such as Ralph Lauren and Hugo Boss, dining out, Rugby World Cup tickets and dental work. The largest single expenditure item on these credit cards was cash withdrawals of €87,026. Of these, the former CEO withdrew €66,296 and

no documentation was provided to identify how these cash sums were used.

This report follows last week's "Prime Time" programme which examined how Console spent its money. These revelations have caused outrage and distress. Many of those who did voluntary work for the organisation feel especially let down.

Console was allocated approximately €2.5 million by the Health Service Executive in recent years to help it provide counselling services. Almost half of the charity's revenue comes directly from taxpayers through State bodies and the balance is raised through funding and donations from members of the public. The CEO, Mr. Paul Kelly, has resigned his position. He said he has not intentionally done anything wrong. "Prime Time" alleged that the chief executive of Console received payments in excess of €215,000, apparently in breach of company law and Revenue regulations. The HSE told *The Irish Times* last week that some concerns relating to corporate governance, including the appointment of a new chairperson and reporting relationships between the management and the board, were raised in 2009. Certain control actions were put in place at the time, including the placing of a limit on the organisation's funding.

Why did the HSE sit on this audit report for more than six months when credit cards were live, buying Rugby World Cup tickets and drawing down payments? How much was Console allocated in 2016? Why did the HSE continue to fund the charity when concerns were raised about Console as far back as 2009? Was the HSE aware of allegations about the former chief executive, Paul Kelly, to the effect that he pretended to be a doctor to get a job in the Royal City of Dublin Hospital on Baggot Street and masqueraded as a brother in a religious order? Is it the case that following his resignation the chief executive told staff that he was still at the helm and turned up at the charity's office in Celbridge saying that it was business as usual?

The Minister of State may well tell us that the HSE maintains its money was properly spent and that what happened to the charitable donations was nothing to do with the executive. Nevertheless, would it not be good practice for the HSE to examine how Console spends its other moneys given that the HSE is providing so much money to the organisation?

Deputy Catherine Murphy: First, I acknowledge the work that RTE's "Prime Time" has done on this issue. In the absence of publicly provided services, for example, for bereavement, the charity sector steps in. Good governance and finances must be beyond reproach because they can bring an organisation into disrepute as quickly as the adequacy or inadequacy of the service that organisations provide.

There are 4,500 charities registered in the country. This presents a challenge of oversight and shows the fragmentation in the sector. Many of these are small organisations but the example of Console shows the importance of good governance and proper financial oversight as well as the serious consequences for those who abuse their position. There should be serious consequences.

I am keen to separate the role of the staff of the charity, who are doing a necessary and fine job, from this controversy. They are paying a heavy price for what has transpired. Instead, we should be paying our attention to Paul Kelly, his wife, Patricia, and their son and other family members. They are the people I wish to direct my concern towards. They gained trust because they understood the need for the service, a service they have now compromised. The series of failures appear to span everything from company law to criminal law to Revenue obligations and the Charities Act. It is a breathtaking series of failures.

Normally, a charity has to have a set of audited accounts to receive State funding. The accountants appear to have had adverse comments on the accounts. The auditor appears to have identified those failures. Did the charity continue to receive State funding after those failures were identified? They also need to provide information on the directors to receive State funding. How could they have been family members in that case? So many flags were raised in this case that it is incredible Console continued to receive State funding.

The HSE carried out an evaluation in 2006. What controls did the HSE put in place after that? How did family members continue to sit on the board? On the “Prime Time” programme, the HSE representatives appeared to identify the need for the service as paramount. Was this policy to the detriment of putting controls in place? Given the constrained public funding, I would have thought even more controls should have been put in place at that point, but that does not appear to have happened because the amount of money seems to have escalated.

We are a generous people and we contribute a great deal to charities. That we have 4,500 charities identifies that. However, these revelations do extensive damage to public confidence. The Social Democrats have argued that there is a need for an anti-corruption agency. There must be consequences. We must stop the fragmented approach in our response whereby a scandal is followed by an inquiry and a report. A more robust approach is needed to prevent this from happening again and to change behaviour.

Did the provision of public funds continue after the internal audit was carried out? Were controls put on the board? Many questions remain unanswered but the major issue is the question of public trust. Public trust will not be satisfied unless there are consequences and unless we put systems in place to provide for those consequences.

Deputy Pat Buckley: There is little doubt that in recent years, due to the number of scandals, public trust and confidence in the charity sector has been damaged because of the actions of a handful of people in a small number of organisations. Scandals involving generous salary top-up payments, gold-plated pensions and unjustifiable expense claims have been splashed across newspapers and television screens as well as exposed through the Committee of Public Accounts. These scandals have pointed to the need for greater regulation of the charity sector as well as the need for the State to step up to the mark in terms of service provision to avoid these scandals in future and to prevent the wasting of public charitable donations and State support in future.

The public has been rightly upset and dismayed at the recent scandals surrounding the charity Console. The body is known throughout the country and widely respected for its important work on suicide prevention and with bereaved families. Its name has been dragged through the mud because some senior figures were able to take advantage of the lax regulation and unchecked expenses and accounts. Of course, Console must take responsibility for the abuse of the trust of its supporters and those who depend on its services, but the State must play a role as well because it has failed to live up to its role, in spite of previous scandals at other bodies such as Rehab. Obviously, work has been done and improvements have been made to the Charities Regulatory Authority since the Rehab scandal. Still, we have had to rely on investigative work from RTE for the truth to come out.

Many charities operating in this country do so responsibly and they should not suffer for the wrongful actions of a handful of people. Paul Kelly, chief executive of Console, his wife, Patricia, and their son, Tim, benefited from almost €500,000 in salaries and cars between 2012

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and 2014 with a further €500,000 spent during that period on Console credit cards for items including groceries, designer clothes and foreign trips. Between them Paul, Patricia and Tim Kelly used 11 credit cards over a three-year period. This scandalous use of charity funds is a slap in the face to other employees, supporters and the people the organisation serves. How much work could have been done with this money? Instead it was frittered away on luxuries. It is truly sickening.

What is the Government going to do to protect against this kind of abuse in future? How will it identify past abuses and bring them to light in order that people can again have faith in the charities to which they donate?

Charities like Console exist for the most part because of the failure of the State to provide adequately for the needs of the people. We are well aware of this. There is no State-wide crisis intervention service for adults and there are long waiting lists for counselling. This is the fault of the State for failing to deliver. It forces people to provide these services through charitable bodies which, unfortunately, are open to these kinds of abuses.

Minister of State at the Department of Health (Deputy Helen McEntee): I thank the three Deputies for raising what is an important issue. I share their view that Console, like all charities, relies on the goodwill and generosity of the public. A trust has been broken, and when the issue is suicide and a vulnerable part of our society, it is especially upsetting. Console is one of the charities funded in part through the HSE's National Office for Suicide Prevention, to provide counselling, therapy and support services to people who have been bereaved by suicide. The services provided by the agency are of a high standard and have been of benefit to many individuals. I do not think we would question the service that is being provided.

The HSE audit into Console was initiated in April 2015 by the National Office for Suicide Prevention following an examination of the 2013 returns from Console to the HSE, which were received in late 2014. The HSE has confirmed that concerns arose in a number of areas, including the corporate governance and financial management of the agency. In 2009 the HSE raised concerns over Console, resulting in certain control actions being taken by the National Office for Suicide Prevention at that time. The HSE also put in place a revised governance framework in 2014 for all organisations funded by it.

The internal audit process into Console is continuing and the HSE is considering the most appropriate line of action following the recent response of the agency to the audit findings. All communications with Console continue to be conducted by the HSE according to proper audit processes and having regard to appropriate legal procedures.

The Charities Regulatory Authority and the UK Charity Commission are both engaging with Console arising from the findings of the HSE audit. The Office of the Director of Corporate Enforcement and the Garda Síochána are also engaged with the agency as a result of these findings. Finally, two independent experts have been appointed by Console arising from the findings of the audit conveyed to the agency.

As the Deputies have pointed out, the need to maintain public confidence in the charity sector is extremely important, particularly in view of the excellent work of benefit to vulnerable people in our society that is carried out in that sector.

I fully support the involvement of the Charities Regulatory Authority in this matter. As Deputies will be aware, the Garda Síochána is also involved in this sensitive matter as a result

of the audit findings.

While this is a serious matter that needs to be comprehensively investigated, it is of equal importance that the valuable services offered by Console are not adversely affected. These services continue to be available, including the freefone 24-7 helpline. The HSE has informed my Department that it has not uncovered any issues with the standard of the Console services funded by the executive. It is important for everyone to know that when people have gone to Console, they have received the best help possible.

However, the issues uncovered by the audit are extremely serious and require detailed consideration to ensure that services are delivered in future under the most appropriate governance and financial frameworks. The HSE is in contact with the two independent experts appointed by Console, and the executive is also considering alternative arrangements for services provided by the agency, if this is deemed necessary. Consideration by the HSE of alternative service options has been under way in parallel with the audit process. It is important to allow the due process to take place. The HSE has assured me that all due process regarding the audit and legal proceedings is being followed. It is critical that confidence is maintained throughout the charities sector.

Deputy John Brassil: I thank the Minister of State for her reply. I do not believe anybody in this House questions the work Console does. It is a given that it does fantastic work and hopefully will continue to do so.

However, the problem lies with governance. It is our job, as legislators, to tackle any such problem with governance in order to ensure it does not happen again. If the Minister of State does not have the direct answers to the questions I posed, she should go back to the HSE with the following questions and seek clarification.

I will repeat the questions. Why did the HSE sit on the report for six months when the credit cards were alive and buying Rugby World Cup tickets and drawing down payment? That should not have been allowed to happen. How much was Console allocated in 2016? Why did the HSE allow Console to continue when the initial concerns were raised in 2009? If it was not for the good work by RTE and *The Irish Times* in uncovering this, it would have continued for a number of years more.

Crucially, why was action not taken sooner? Concerns were raised, but action was not taken. For me that does not add up. We all accept the good work that has been done and that should continue to be done. However, when problems of governance arise and questions are not answered properly, the entire charity sector suffers. It is our job to put that right and ensure it does not happen again.

Deputy Catherine Murphy: Unfortunately, it is not just this charity that will suffer, but the entire sector because of the erosion of public trust. Therefore, there must be consequences. Given the number of agencies involved, is there a cross-sectoral arrangement to exchange information? Why was the board not suspended? The Minister of State said that due process should be allowed to proceed. We seem to allow due process in cases where there should be an immediate reaction so that a bad situation is not made worse where there is an issue.

There was a pattern of misrepresentation here which was breathtaking, including the CEO misrepresenting himself as a doctor and a reverend, and stating that people, who were not on the board, were on the board. If RTE could pick that up, why was it not identified in 2006 when

the flag started to be raised on this?

Has section 4 of the Charities Act been commenced in order to allow the charity regulator to initiate investigations, and if not, why not?

This will affect the public trust in other charities. We need at least an interim response to this. It cannot be allowed to drift because there will be immediate impacts on the entire charity sector. We have 4,500 charities, many of which do the job that would be done by public agencies in other countries. We rely on them and we rely on public support and undermining it is a really serious issue.

Deputy Pat Buckley: I agree with what the previous speakers said. If it was any other circumstance where some wrongdoings were found to be going on a number of years earlier, action would have been taken. Given that the HSE had flagged this issue back in 2009, why did it not go to the Garda immediately? We are talking about serious allegations involving an extremely large amount of money.

This is most damaging to the NGOs, the voluntary sector and the other charities that deal with suicide and suicide prevention which do amazing work. We are hoping to be able to improve all these services nationwide. It beggars belief that it was not flagged sooner. This is 2016. One has to commend the bodies involved in the investigation.

I welcome that Console has not been adversely affected, but I fear that the staff working there are probably under much more pressure now and that should not be the case. For more than 14 years I have been involved with NGOs dealing with suicide and suicide prevention. This results in an air of suspicion being associated with people who are genuinely interested in helping others. We have to praise the people who are delivering the service, given that the State has failed to deliver the service.

Deputy Helen McEntee: I thank the Deputies again. I stress that my priority and that of the HSE and the Department has been and will continue to be to provide assurances regarding the continuity of the various services that are offered. These matters are not always as black and white as we would like them to be. There is a due process that needs to be followed. If a matter of concern about a particular individual or organisation is raised, those involved must be given time to respond to the issue in question. It is my understanding that many issues have been raised in this instance. It will take time for them to be considered. No funding has been provided to this charity so far this year. It is important to say that all funding has been stopped pending the investigation. Our priority must be to ensure alternative arrangements are put in place to make certain that these services do not stop. We must allow the Garda and the regulatory bodies to conduct the roles we have given them. As we know, the Charities Regulatory Authority has no role in investigating fraud. However, it can move this matter on to the relevant officials. It is with the Garda now. I think we need to allow due process to take place.

Job Losses

Deputy Brendan Smith: I am glad the Minister of State, Deputy Breen, is here with us. This is the first opportunity I have had in the Chamber to congratulate him on his appointment and wish him well on his work. I worked closely with him in the previous Dáil as a member of the Joint Committee on Foreign Affairs and Trade. I have to say he was an exemplary Chair-

man of the committee over a five-year period.

Unfortunately, this is the third time in the past four years I have had to secure a Topical Issue debate in this House on job losses at Liberty Insurance, which was formerly known as Quinn Insurance. There were 285 job losses in the company in November 2012. A further 270 workers were made redundant in June 2015. Now, in June 2016, the company is facing further job losses as a result of the announcement of 70 redundancies. Liberty Insurance has been a major and important employer in Cavan town since the mid-1990s. More recently, it has been a major employer in Enniskillen and Blanchardstown. It had an office in Navan, County Meath, at one stage as well.

When Liberty Insurance purchased Quinn Insurance in October 2011, it gave a firm commitment as an international company to the Government, through which the sales process had to be approved, that it would maintain more than 1,000 people in employment in three locations. My understanding is that there is a total employment level of 470 in Cavan and Blanchardstown today. There are 211 people employed in Cavan and more than 250 people employed in Blanchardstown. The company is now seeking a further 70 redundancies. We do not know how many redundancies will occur at each site. Having spoken to many skilled, diligent and hard-working employees of the company in Cavan, I know they did not believe they would now be facing redundancy. They are very worried about their future employment prospects. Most of them are young people with family and mortgage commitments and the usual challenges of running a home and paying off a mortgage. They are very concerned about their future employment prospects. I have known this company very well since its formation in the mid-1990s. It has given very good employment to many local people and people from a wide catchment area. The Acting Chairman, Deputy Eugene Murphy, will be familiar with it as well. I emphasise that this company plays an extremely important role in the insurance industry.

When the Tánaiste; the Minister for Jobs, Enterprise and Innovation, Deputy Mitchell O'Connor; the Minister for Social Protection, Deputy Varadkar; and the Minister for Education and Skills, Deputy Bruton, were in the House last week, I took the opportunity to ask them to ensure their Departments and the relevant statutory agencies under the aegis of their Departments will work with all the employees who are facing an uncertain future now to ensure they receive the maximum assistance. The departmental agencies need to provide the many employees who are facing job losses with the relevant upskilling and assistance to get them through this difficult period. Those who unfortunately will lose their jobs need to be given assistance to try to find employment elsewhere.

In a subsequent meeting with the Minister, Deputy Mitchell O'Connor, I asked her to try to ensure her Department and the various agencies, including IDA Ireland and Enterprise Ireland, work with Liberty Insurance. They need to impress on the company its obligation to retain the maximum possible level of employment at its locations in this country, particularly Cavan. Unfortunately, it will be difficult to replace any jobs that are lost in Cavan. I am making a direct appeal to the Minister of State on behalf of the talented and committed workforce in Liberty Insurance. They need every possible assistance to retain their employment.

Acting Chairman (Deputy Eugene Murphy): I wish the Minister of State, Deputy Breen, well in his new role.

Minister of State at the Department of Jobs, Enterprise and Innovation (Deputy Pat Breen): I thank the Chair and Deputy Smith for their good wishes. I wish Deputy Smith well

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in his new role as Chairman of the Joint Committee on Foreign Affairs, Trade and Defence. I know he will do a good job in that position. He was a great member of the previous committee. I thank Deputy Smith for raising this issue. I apologise for the absence of the Minister, Deputy Mitchell O'Connor, who is otherwise engaged on official duties. I spoke to her this morning in advance of this debate.

I assure Deputy Smith that everything possible will be done to ensure Cavan is considered an important area in the Action Plan for Jobs. I share his concerns regarding the recent developments at Liberty Insurance. The most significant area of concern following last week's announcement of job losses at the company is the proposal to reduce the number of jobs in Cavan town. This would be a significant blow to the employees and their families. We have to think about those employees who are facing an uncertain future. The reason for these redundancies is that the company has announced that it is conducting a strategic review of its business. The company has cited difficulties in the insurance sector, including perceived market volatility and claims increases. The company has highlighted its intention to strengthen its long-term competitive position in Ireland. I suppose it is heartening that the redundancy programme is being rolled out on a voluntary basis. I hope there will be people who want to take redundancy of their own free will. It is important that the redundancies which are to be offered will have attractive terms. I remind Deputy Smith that the services of the Workplace Relations Commission, which provides information on employment, equality and industrial relations rights and obligations, are available if they are required.

Despite this bad news, there has been a positive job creation development from Liberty Insurance. In 2013, it announced the creation of 150 jobs in an information technology project at its Blanchardstown operation. This project is unaffected by the recent announcement. Our immediate focus rests on IDA Ireland and Enterprise Ireland, which are redoubling their efforts. I assure Deputy Smith that these agencies will drive job creation in County Cavan by exploring all options to replace the jobs that have been lost there. I can inform him that IDA Ireland is engaging with Liberty Insurance to develop a skills profile of the affected workforce, based on feedback received regarding voluntary redundancies, so that it can aim to match staff with other potential employers. I know Deputy Smith has raised this issue. The experience of the dedicated and skilled workforce in Cavan is extremely important. The past couple of years have been encouraging for Cavan and Monaghan. It has been particularly encouraging to see the strong performance of a number of Irish-owned companies in recent times. A number of companies across the Cavan and Monaghan area, including Lakeland, Combilift, Glanbia, Swift Fine Foods and Lagan Brick, have expanded their operations in recent times.

We will press on with our efforts to drive job creation in County Cavan, which is included in the action plan for the north east and north west that was launched on 30 November last.

3 o'clock This plan aims to deliver an additional 28,000 jobs in the region by 2020. The key targets in this regard include an increase of at least 25% in the number of start-up companies in the region, an improvement of 25% in the survival rate of new businesses and an increase of between 30% and 40% in the number of IDA Ireland investments in the region by 2019. The sectors targeted as part of this plan include the traditionally strong sectors for the region, such as agrifood, manufacturing, engineering and tourism. There will be active promotion of the tourism potential of the lakelands region, which includes County Cavan.

Finally, both the Minister and I are fully committed to regional development. Centres like Cavan deserve to recover. Together with the relevant agencies, we will drive economic development, counteract setbacks such as this and press forward with job creation initiatives.

Deputy Brendan Smith: I thank the Minister of State for his response. Will he and his colleague, the Minister, Deputy Mitchell O'Connor, maintain contact with the statutory agencies under the Department's remit to ensure they maintain contact with the employees who will be affected and that all possible support is given to those people when they seek upskilling, retraining and alternative employment? I must emphasise again the need for the Minister for Jobs, Enterprise and Innovation, Deputy Mitchell O'Connor, IDA Ireland, Enterprise Ireland and the State's other industrial promotion agencies to maintain contact with the company to maximise the level of employment at the Cavan site. In 2012 and a year ago, when I raised the issue before in the House, the then Minister, Deputy Richard Bruton, stated the company gave a commitment that it would maintain more than 1,000 jobs at the three sites. That commitment given to the Government, and specifically to the Minister of Finance, Deputy Noonan, has not been honoured. Accordingly, there is an onus on the State, through the Ministers' good offices and the statutory jobs agencies, to impress upon the company its obligations.

It has a particular obligation to the Cavan town site. The company was founded there and has expanded with additional offices in Blanchardstown. The Minister of State referred to the company's proposal to develop an IT project which will result in 150 jobs in Blanchardstown, which I welcome. However, I am concerned about the diminution in the influence of the Cavan office and the number of employees there. We need jobs in Blanchardstown but it is easier to bring jobs to the greater Dublin area than it is to Cavan. That is why I am appealing to the Minister of State to ensure the maximum level of employment is maintained in Cavan.

The loss of more jobs at Liberty Insurance in Cavan is a serious blow to the local economy. It is particularly difficult for the employees who will be affected. For the past several years, we have seen a severe reduction in the number of employees in Cavan. I know practically all of them who have lost their jobs. They are predominantly from the Cavan-Monaghan area. Those working there now are concerned about their future and need every possible reassurance and support from the State.

Deputy Pat Breen: I agree with Deputy Brendan Smith that the regions have been most affected by job losses over the years. There is a perception that new jobs are only going into the greater Dublin area and other urban hubs. That is why we have put into place the Action Plan for Jobs which has been successful. Last year, the IDA supported 1,165 jobs in the Cavan area. Some of the jobs announcements there have been positive for the region.

I will talk to the Minister for Social Protection, Deputy Leo Varadkar, to ensure the employees in question are looked after. They are skilled workers who have dedicated their careers to this specific area. That is why the agencies and the IDA are working with Liberty Insurance to look at the profile of those employees affected by the redundancies and ensure they can be matched with potential employers.

The Action Plan for Jobs in the northern region has done well and its targets will be met. We will establish a north west regional skills forum which will include the flow of critical skills to enterprise in the region. There will be collaboration between the enterprise agencies, the education and training boards and the institutes of technology. They will develop a marketing proposition around insurance and tentacle services clusters in the north-west and Cavan area.

I am confident we can create jobs in the region. I regret very much that there will be 70 job losses at the Cavan and Dublin Liberty Insurance offices. However, I hope the company will get the necessary voluntary redundancies and there will not be forced redundancies. I hope

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those taking voluntary redundancy will get a good package. Both the Minister and I will work hard to ensure jobs are brought to the region.

Pupil-Teacher Ratio

Deputy Martin Heydon: There is a slight error in my submission for which I apologise. Rathangan boys' national school has nine teachers plus a principal. It is looking to go to ten mainstream teachers in the school year, 2016-17. The expected enrolment for 2016 is 270 pupils. This is well in excess of the 255 pupils required to have a principal plus ten mainstream teachers. The criteria used for the allocation of posts for the 2016-17 year looks at the enrolment on 30 September 2015. On 30 September 2015, the school had 254 pupils, just one short. Last September, the school applied for developing school status but was refused. It subsequently appealed this decision but was again refused.

The loss of a teacher will have a significant impact on the school, affecting the pupils most of all. In September, there will be 40 new entrants in junior infants, 37 in senior infants and 27 in first class. The Department prioritises infant classes to be as small as possible, so the principal will have a junior class of 25, a mixed junior-senior class of 25 and a first class of 27. If the extra teacher is not secured, the difference between class sizes in second and third class will be stark. Without the additional second teacher, second class will have 33 pupils and third class will have 37 pupils. With the additional second teacher, the principal estimates he would have 24 in second class, a combined second and third class of 23 and a third class of 23. Thirty-seven pupils to one teacher in third class is not teaching but crowd control.

Will common sense prevail and will the officials re-examine the case? I understand any national system which deals with thousands of pupils and staff has to have rules. However, there also has to be some mechanism for dealing with extreme changes in circumstances, as is the case with St. Patrick's national school in Rathangan, particularly when it is missing out by one pupil. Will the Minister review the case and allow a practical solution which could prevent excessive class sizes for a school of 270 pupils but which will only have nine mainstream teachers?

Minister for Education and Skills (Deputy Richard Bruton): I thank Deputy Heydon for raising this issue.

The criteria used for the allocation of teaching posts are set out in an objective way and are applied uniformly across the country. In budget 2016, the then Minister announced a one-point improvement to the primary staffing schedule which reduced the average pupil-teacher ratio to 27:1. In September 2015, enrolment at Rathangan boys' national school was 254 pupils with nine classroom teachers. It submitted two appeals seeking to gain an additional teaching post for the 2016-17 school year under criterion G of the agreed appeals criteria. This covers alleviating some of the pressure on class sizes at infants level for schools which make a significant contribution by absorbing demographic growth. This appeals criterion is targeted at schools which are not gaining an additional teaching post under the developing schools criteria but, nevertheless, make a significant contribution to the provision of school places which assists the response to demographic growth within their area and, as a result, means they are under significant pressure on their class sizes at infants level. A key indicator in the case of these schools is a significant increase in junior infant enrolments.

Several criteria are set out and it is these that the appeals board considers. One is fairly standard in that, if a school is providing an additional class, it must receive prior approval, although that is not the criterion that applies in this instance. The other point is that four tests are applied. First, it must be the case that the school is projecting, on a realistic basis, an increase in overall enrolments for the coming September and the level of the projected increase should, first, be sufficient for the school to gain an additional teaching post for the 2017-18 school year, assuming no change in the staffing schedule and, second, insufficient for the school to gain an additional teaching post for the 2016-17 school year under the developing school criteria. Second, it must be the case that the school had an increase in its overall enrolments in each of the past two years, 2014-15 and 2015-16. Third, it must be the case that the number of junior infants enrolled in the school is increasing each year and that it enrolled a minimum of 30 junior infants on 30 September 2014. Fourth, it must be the case that, as a result of the increasing enrolment of junior infants, the school is under significant pressure in its class sizes at infant level, that is, at junior infants and-or senior infants.

Each application to the appeals board will be considered on its merits. The appeals board will assess whether, in its opinion, the school is deploying all of its mainstream classroom teachers in an appropriate manner. It will prioritise those schools that, in its opinion, are under the greatest pressure in their class sizes at infant level as a result of the increasing enrolments of junior infants. Any post granted by the appeals board will be allocated on a provisional basis pending confirmation of the actual enrolments on 30 September 2016.

The appeals board determined that both appeals did not satisfy all of the published criteria as set out in the circular and the board of management has been so notified. The appeals board operates independently of the Minister and the Department and its decision is final. I am sorry that the news is not better, but these are the criteria which are set out clearly. There is no discretion in their operation.

Deputy Martin Heydon: I thank the Minister for his response, although it is disappointing. If criterion G was not satisfied, is there another mechanism the school could consider to revisit the decision? Rathangan is a growing town. The staff in the boys national school are fantastic in the work they carry out. The Government recently funded a redevelopment of the school, which is very welcome and great to have. However, there is no point in it simply funding infrastructure. Education is all about the students and, without some flexibility, we are facing a third class with 37 pupils, where a single teacher will not be able to cope and reach every child. There are days when a child will need a little extra attention and help, but with 37 pupils in the class the teacher will not possibly be able to do this. I do not imagine there are many classrooms throughout the country in which there are 37 or more pupils.

Perhaps criterion G was not the right one under which to apply and perhaps there is another angle. However, the fact is there are 270 pupils in a school with nine mainstream teachers. Using very simple maths, which the children in the school will be able to figure out, one cannot divide 270 by nine in an appropriate way. Perhaps the officials might give some steer to the school if there is another angle or perhaps there is some way by which the decision could be revisited at the end of September when it has been proved that the 270 pupils have arrived. I have grave concerns about the level of education the brilliant staff at the school will be able to provide in September, given these figures. It all comes down to having missed out by just one. I know that the Minister has to stick to the criteria and stay within broad parameters. However, I ask that the officials engage with the school to see whether there is some other mechanism that could be used, even in September.

Deputy Richard Bruton: Unfortunately, the two tests of the developing schools criteria and the alternative criterion G are the ways by which the Department has sought to provide some flexibility in the scheme. It is a scheme that has to be applied uniformly throughout the country and a school has to meet the criteria. Obviously, the appeals board exercises some judgment as to how schools are operating. It is independent and has looked at this issue on two occasions using the criteria available to it. I am sure that if it thought the school was overlooking something, this would have given it an avenue to grant approval and it would have informed the school that the application had not been submitted using the correct criteria. Unfortunately, I do not foresee an opportunity for the school to have the decision overturned, based on the numbers submitted.

Energy Bill 2016 [Seanad]: Second Stage (Resumed)

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

Deputy Brendan Smith: Before the debate was adjourned yesterday, I was expressing my total opposition to the proposed North-South interconnector. I want to refer to a meeting of the all-party transport and communications committee held last April in which I participated, with others in the constituency. At the meeting the chief executive of EirGrid confirmed that it was technically feasible to place underground the North-South interconnector using an alternative method which employed HVDC technology. Such HVDC technology is employed in the case of the east-west interconnector between Ireland and Britain, which involves undergrounding and an undersea cable. In addition, average overhead line construction costs for Grid Link projects are on a par with the average cost per kilometre for the east-west interconnector. Community groups in the path of the North-South interconnector have demonstrated that the Grid 25 review strategy document shows that the cost of undergrounding has reduced to close to 1.5 times the cost of overhead lines.

This a big climb-down from the EirGrid-commissioned report by PB Power in 2013 which estimated the cost of undergrounding to be six times as much as the cost of constructing overhead pylons. I remember that when this project was first mooted in 2007-08, it was estimated that undergrounding the transmission lines could cost 30 times as much as placing them overground. This shows how the development of technology has dramatically reduced costs in the intervening period and that there is no justification whatsoever for EirGrid even considering the overgrounding of the transmission lines.

Fianna Fáil’s energy policy, launched in 2015, outlined that grid development such as that planned with the North-South interconnector should be subject to a full economic review in the light of our reduced energy needs. Fianna Fáil has consistently maintained that undergrounding the North-South interconnector is the preferred option, with upgrading existing infrastructure.

I mentioned in the House yesterday that I had participated, with many other public representatives from north of the Border and counties Monaghan, Cavan and Meath, in the oral hearing An Bord Pleanála had organised some months ago on this planning application. Last August I submitted a detailed objection to An Bord Pleanála, with Councillor Clifford Kelly. My Oireachtas colleague, Senator Robbie Gallagher, with his then Fianna Fáil colleagues on Monaghan County Council, Seamus Coyle, Pádraig McNally and P. J. O’Hanlon, made a detailed submission, having commissioned and carried out research. We objected in support of community groups and development organisations in the three counties which have been par-

ticularly active in voicing their opposition to the proposed overgrounding of the transmission lines.

It will not be acceptable for EirGrid to try to proceed with the project if it receives planning permission which I sincerely hope it will not. The transmission lines would destroy the heritage and tourism potential of that entire countryside and be disastrous for the region.

Deputy Brian Stanley: I wish to share time with Deputy Martin Kenny.

Acting Chairman (Deputy Catherine Connolly): Is that agreed? Agreed.

Deputy Brian Stanley: Why is the Minister for Communications, Energy and Natural Resources, Deputy Denis Naughten, not in the House for the debate on Second Stage?

Acting Chairman (Deputy Catherine Connolly): The Minister, Deputy Richard Bruton, is present.

Deputy Brian Stanley: I recognise that, but the Minister for Communications, Energy and Natural Resources should be here.

Acting Chairman (Deputy Catherine Connolly): That is what we are faced with.

Deputy Richard Bruton: I will pass on what is said to the Minister, as will the officials. I am sure he is temporarily delayed.

Deputy Brian Stanley: The Minister should be here for it.

Deputy Richard Bruton: He will be here any minute.

Deputy Brian Stanley: Any legislation introduced through the House must ensure the people of the country are the primary beneficiaries. Sinn Féin welcomes many aspects of the Bill, but we must ensure any regulatory body under the State's watch acts in the best interests of the people, not solely the energy companies.

Whatever regulatory commission is in place - I note there will be a name change, as well as other changes - it must have the powers it needs to do its job effectively. As we have seen in the past, it was not an absence of power but a refusal of the CER to exercise its powers that allowed market forces to run rampant and destroy the lives of many people.

I congratulate the Minister, Deputy Denis Naughten, on his appointment. This is my first opportunity to address him formally in the House in his role as Minister for Communications, Energy and Natural Resources and I wish well.

The enhanced powers of the Commission for Energy Regulation are to be welcomed, but these powers alone will not be enough to dissuade bad practices, unless we also have a board which will consistently put the welfare of citizens first. The previous Government, unfortunately, allowed large energy companies to drive energy policy, particularly on the use of green energy. This was done without putting proper regulations in place, particularly for wind farms. It resulted in haphazard wind farm developments throughout counties such as Laois, Kildare, Meath and Westmeath blighting the landscape and causing problems for homeowners. Will the Minister address this issue as a matter of urgency?

Sinn Féin is committed to developing renewable energy sources and supporting efforts to do

so. We must have the maximum use of such sources. We must reduce our dependence on fossil fuels and imported energy supplies which account for 89% of our energy needs. In our focus we have been over-reliant on wind energy, almost ignoring other renewable energy sources. We want to see a mix of resources being brought onstream such as tidal, solar, hydro and biomass.

The semi-State bodies must take the lead in developing our renewable energy sources. We have identified the ESB, Bord na Mona and Coillte as having a central role to play in renewable energy production, with a proper focus by the new Government and the entire Dáil on the potential to create jobs, produce energy and ensure a balanced and secure supply.

With its additional powers, will the commission bring real savings or will the energy suppliers continue as before and tell the regulator where to go, as happened in the case of the banking sector? To date, the CER has failed to ensure suppliers pass on savings to customers. We have had a huge collapse in energy and oil prices, but the benefit has not been passed on. What guarantees do we have that the revamped agency will do better? We need to address this issue.

It is also imperative that we recognise the difference between sole traders and large companies with regard to installers which are dealt with in the Bill. The risks for small sole traders who are gas and electricity installers in taking on contractors are much higher, but the registration fees and red tape are the same. Sole traders must be given an equal opportunity to participate in the market, but the high fees give an unfair advantage to the large companies. Will the Minister address this issue?

What is also absent from the Bill is equality with regard to fines. A range of fines and penalties will be imposed on semi-State energy suppliers, but they are not the same as for retail companies. In Britain the Office of Gas and Electricity Markets, Ofgem, has the power to impose substantial fines on retail gas and electricity suppliers, but this is noticeably absent from the Bill before the House. We need to address this issue.

The Bill also contains amendments in respect of the single energy market. We have all-Ireland integration in the electricity market. Wholesale electricity is traded on an all-Ireland basis. Last Thursday's decision by England and Wales - it was not a decision made by the North of Ireland or Scotland - to leave the European Union means major changes to the electricity market. Supervision on foot of this must be in place to deal with the changes. With Britain out and Ireland still in the European Union, how will this affect the all-Ireland electricity market? Will retail electricity prices be affected? Is there provision to sustain, if possible, the model in place or a similar model? Work needs to be done on this issue.

Changes to the electricity market will stem from within the European Union on wholesale energy trading. What does the future hold in this regard? There are ongoing proposals for common arrangements in the supply of gas. The future is now also in doubt because the pipelines run through Britain to here. Major changes are ahead for the energy market in Ireland. There may be a short timeframe and, given what has happened, it could be a very short timeframe within which to make changes and put proposals in place.

The North-South interconnector is a key component of the single electricity market and its completion is crucial to efficient energy provision for people throughout the Thirty-two Counties. It makes practical and economic sense to have one supply grid for all of Ireland and we must maintain it. I call on the Minister to ensure the necessary steps are taken to ensure this. I would also like to use this opportunity to point out, regarding the underground-overground

discussion surrounding the interconnector, that our party, Sinn Féin, has made detailed submissions on this. We have been active in campaigning on it for a number of years. The cost between undergrounding and pylons has narrowed. This needs to be revisited, and the Department and the new Government need to consider it because, as the Minister will be aware, there is huge resistance to pylons and in the medium to longer term the better option, we believe, where at all possible, is to go underground.

The Bill provides for the renaming of the Commission for Energy Regulation as the Commission for Regulation of Utilities in order to reflect the expanded remit of the commission to regulate water services. I reaffirm my position and that of our party that water is not a consumer product and we should never treat it as such. We are an independent State. It does not matter what everybody else does. The North of Ireland is doing its own thing on water, as is Scotland, and we can also. It is not a commodity and should not be treated as such. It is a crucial public service necessary for life, so we are not convinced and we do not believe that water needs to be brought under the commission's remit.

Deputy Martin Kenny: Energy is essential for life, for all production and consumption activities. It is necessary whether in the home or in the workplace. The supply of most energy is subject to regulation to ensure that there is continuity of flow of electricity, petroleum and fuel. Regulation plays an important role in the energy industry, and the impact of regulation reform and of the relationship between the level of regulation and the performance have been continually debated. Regulation is an important tool for Government and policy-makers. It allows the Government to assert a level of control over an industry which in recent years has witnessed major liberalisation and privatisation measures. This has allowed governments the opportunity to assert some form of authority in an area of great importance to its citizens. The level of influence which governments may or may not have is dependent on the strength of regulation and this is reflected in the importance the Government and policy-makers place on the Commission for Energy Regulation.

However, we must ensure that all energy projects - there are many crucial ones - are carried out in partnership with the host communities. There is widespread public opposition to high-voltage pylon towers passing through communities and near residential areas. In order to avoid putting these projects in jeopardy, consideration must be given to the concerns of affected communities and the new Minister should consider the undergrounding of cables wherever possible. The successful implementation of the Government's energy strategy will be largely dependent on the way it communicates its plans to the public.

Enhanced consumer awareness and understanding of how we meet our future energy needs are essential requirements to allow citizens to properly grasp the importance of developing sustainable energy policies. The day of minimalist consultation with communities is long gone. Any future energy policy must engage citizens in the way the State produces, transmits and consumes energy. Public consultation must be placed at the heart of the process when formulating future Government policy. From an early stage, there must be clear and direct lines of communication established between the Government, industry and host communities. It is our hope that the new Minister for Communications, Climate Change and Natural Resources will learn from the mistakes of his predecessors in dealing with such matters.

Fuel poverty is in many respects a matter which greatly affects the elderly and the poorest in society who lack adequate heat and warmth in their homes. The consequences of fuel poverty are clearly evident. Not only does the lack of adequate heating make conditions more

uncomfortable for those who must live in fuel-poor households, it also has a direct impact on their physical and mental health. Fuel poverty can also play a role in deprivation levels in other areas of the household. For example, if families are forced into a “heat or eat” situation, they may have to make a conscious decision whether to feed themselves or their children or provide an adequate level of heating in the home.

Research shows that changing energy supplier is an effective means of reducing energy costs. Energy companies do not reward loyal customers, instead those who remain with the same company benefit the least from possible savings on tariffs. Those who tend to be least aware of potential savings are those in low-income households, vulnerable people and the elderly, often the very same households who are at risk of fuel poverty. The new commission should take a greater role in educating households about the benefits of switching tariffs. There are already a number of websites that demonstrate to the public the savings that could be made if they changed their energy supplier. The commission could aid in tackling fuel poverty by making the public more aware of these facilities.

It is essential that transparency in energy pricing is an integral part of the system of regulation. Energy companies resist greater levels of transparency, which is hardly surprising as they do not wish to pass information on to others that could have an impact on their profit margins. It is therefore essential that the commission ensure there are consistent levels of transparency in energy pricing and that consumers have full knowledge of what energy costs. This is not just beneficial to the energy consumers, but also to Government and policy-makers as the more information that is made available to the public, the greater the options available to them.

This Bill provides for the renaming of the Commission for Energy Regulation as the Commission for Regulation of Utilities in order to reflect the expanded remit of the commission to regulate water services. We reaffirm our position that water is not a consumer product and should never be treated as such. It is a public service that is necessary for life. In fact, any time we see experts on space exploration wondering if life can be found on faraway planets, the first thing - in fact, the only thing - they look for is the presence or possible presence of water. Even from the first year of national school, children learn that water is critical for life. The protection of our water sources is vital and I can only assume it would be a central responsibility for this new commission if it is to regulate our water services.

One vital protection of water courses is to ensure that fracking for gas does not take place anywhere on this island. Sinn Féin is committed to renewable energy and supports the maximum use of renewable energy sources. We must reduce our dependence on fossil fuels and our dependence on imported sources of energy. However, we feel that the current source is too heavily reliant on wind energy and that there should be a mix of renewable sources brought on stream. Sinn Féin has identified tidal or wave and biomass energy as possible rich sources of renewable energy in Ireland. Semi-State bodies must take a lead in developing these energy sources. The ESB, Bord na Móna and Coillte have all been identified by Sinn Féin as potential leaders in the field of renewable energy production. With a proper focus from Government, there is a potential to create jobs, to create energy and to ensure a balanced and secure energy supply into the future. In recognition of our international responsibilities surrounding CO2 emissions and climate change, I suggest that the Minister consider not issuing any licences for fossil fuel exploration in the future and instead ensure that community-based ownership of renewable energy projects be supported as a priority.

Deputy Sean Sherlock: We welcome the Bill-----

Acting Chairman (Deputy Catherine Connolly): Gabh mo leithscéal, a Theachta. We will take a break at 3.50 p.m.

Deputy Sean Sherlock: That is fine. I will be finished well before then.

Acting Chairman (Deputy Catherine Connolly): We will resume at 4.30 p.m.

Deputy Sean Sherlock: I start by congratulating the Minister on his appointment as I have not yet formally done so. The Labour Party welcomes the Bill, which was introduced by the Minister's predecessor in the Seanad during the lifetime of the last mandate. We welcome the power to apply administrative sanctions which it is proposed to give the CER so as to reflect changes in the sector since it was set up in 1999. We acknowledge the 2013 Forfás report on sectoral regulation and recommendations on regulatory sanctions. We also acknowledge the International Energy Agency review, specifically regarding ensuring the enhancement of the powers of the CER so as to deliver ultimately in the public interest and in the interests of consumers. We have no issue with the name change from the Commission for Energy Regulation to the Commission for Regulation of Utilities. We have some minor queries, which the Minister might address. Will the Minister, in his reply, give us some insight into the role and remit of the CRU after water charges have been suspended?

What is the Minister's perspective regarding the market provisions regarding the North-South interconnector? Where does the North-South interconnector project stand? Will the integrated single energy market be completed by the end of 2017? We welcome the Part 5 changes regarding the restatement in primary legislation of remit penalties. The harmonisation of penalties on a par with neighbouring jurisdictions is desirable.

Although it is not within the remit of the Bill, it would be remiss of me, given the vagaries of the House and the normal course of action whereby we take some indulgence on Second Stage speeches, not to mention Whitegate oil refinery in my constituency, which employs approximately 155 workers. The obligation to operate the refinery ends in July and we are all very conscious of the potential of the site to ensure security of supply. We are very conscious of the need for decarbonisation and the associated targets. Our obligations under transport for delivering non-carbon additives, for example, could be realised within a site such as Whitegate if the State can maintain a relationship with potential buyers. I ask the Minister to keep the lines of communication open and see if there are possibilities to partner strategically with any potential buyer of the site in the future to ensure we meet our biofuels obligations. This is just one element. We must also be mindful of the need to maintain a strategic site on this island for the provision of carbon-based fuel, which will be a feature of our economy and society for many years to come.

I thank the Chairman for the opportunity to speak on the Bill, which we will support. There may be an opportunity for us in the House with the new Minister to demystify the energy market and try to distil the language we use when we discuss energy production into language that is easily understandable by consumers. Consumers, myself included given that I am new to this remit, see the public service obligation, PSO, on their bills. We refer to the market mechanism, market clearing mechanism, system marginal price, REFIT schemes and PSOs. We could work on a cross-party basis in the House to distil the language down, particularly regarding issues where there are sensitivities regarding, for example, the provision of pylons, wind energy and, now, solar energy, which is gaining more prevalence in our landscape. If we can distil the language of energy production, we can assist consumers and people living in communities to

understand better the dynamics of the market as it relates to them as consumers. There is a job of work to be done and a challenge. We welcome the Bill and will support it.

Deputy Paul Murphy: The Bill contains some positive elements, such as increasing the penalties that can be imposed on companies for market manipulation for insider trading. However, the enhanced powers are weak, given that they must be confirmed by the High Court, even if the company concerned does not bother to lodge an objection. This reflects a fear of interfering too strongly in the artificial market in utilities, which the EU is bent on creating, and the interests of multinational utility companies which would oppose regulators with strong powers to impose sanctions on them.

The Bill must be seen as part of a process of completing an all-island and EU-wide single market in utilities and EU markets that will enable large utilities and utility oligopolies to compete across borders, and of furthering the process of liberalisation and privatisation of public utilities. A single EU market in utilities would make privatisation of Irish publicly owned companies such as the ESB or Irish Water more financially viable by giving them easier access to foreign markets in which to expand and compete. It would also open the door to foreign multinational utilities buying up the Irish electricity, gas and water networks, which has already happened in the case of Transdev and the Luas, destroying the previous operation of rail transport as a fully publicly owned service.

Beefing up the powers of supposedly independent regulators of these markets is a further step in the process of capitalist accumulation by dispossession, whereby big business appropriates previously commonly owned public goods for private profits. This has had disastrous results across the world where utilities have been privatised with increased prices, power cuts, attacks on workers and so on. Supposedly independent, bureaucratic regulators are part of a wider trend of separating public services from democratic oversight. It allows governments to disclaim responsibility for important matters affecting workers, ordinary consumers and households, and for issues such as utility prices.

This is part of a broader technocratic process of what is called constitutionalising neoliberalism, whereby political aspects of economic policy are put beyond democratic discussions by bodies such as the Dáil and put beyond politics and democratic input. The defining characteristics of this include the delegation of economic policy-making, monitoring, supervision and enforcement to supposedly impartial, independent, technocratic experts. We have seen this process regarding the fiscal treaty and the fiscal rules. Another defining characteristic of constitutionalising neoliberalism is the enshrinement of neoliberal, free market norms in legislation, including by putting them in constitutions as we have done here, to make it as difficult as possible to reverse neoliberal policies in the future.

The EU's role in pushing this and the creation of a single European utilities market is another example of how the EU remains one of the prime actors in continuing to enforce neoliberalism internationally, even though the International Monetary Fund, IMF, is in some senses questioning the excesses of neoliberalism. We know the role the IMF has played in Latin America. In an article published a few weeks ago, the IMF questioned whether neoliberalism had been "oversold" and concluded there was little evidence that adhering to neoliberal principles had increased economic growth but stated it had definitely led to significantly increased inequality. In spite of this, the EU is pushing full steam ahead with the imposition of neoliberal dogma in as many fields as possible, just as it did when it imposed maximum neoliberal austerity on the Greek people at a time when even the IMF could see it was counterproductive, given the overall

picture of world capitalism.

From the look of things, the EU and its ever faithful servants in the Irish Government will be the very last to notice what *The Guardian* described as the “long death of an ideology” or the “death of neoliberalism from within”. On the one hand, it is collapsing under the weight of its own contradictions, despite the best efforts of the EU and successive Irish Governments to resuscitate it since the global financial crisis. On the other hand, it is being defeated by popular pressure, as the success of fighting water charges demonstrates. Not only did it rip off the veil of faux neutrality and independence of the Commission for Energy Regulation, CER, and all the other so-called independent regulators, it exposed the neoliberal, political nature of seemingly technocratic directives such as the Water Framework Directive and showed how their creation and continued existence are a result of political decisions made in the interests of the 1% and which can be defeated by the struggles of the 99% against neoliberalism, the privatisation of public services and the erosion of democracy.

Debate adjourned.

Sitting suspended at 3.50 p.m. and resumed at 4.30 p.m.

National Asset Management Agency: Motion [Private Members]

Deputy Mick Wallace: I move:

That Dáil Éireann calls on the Government to establish a Commission of Investigation under the Commissions of Investigation Act 2004, that would be sufficiently mandated to conduct a full and proper examination of all the facts surrounding the sale, by the National Asset Management Agency, of the Northern Ireland loan book portfolio, Project Eagle; and to establish a deadline for the completion and publication of the report by the Commission of Investigation.

I will share my time with Deputy Clare Daly.

The sale of Project Eagle by NAMA to Cerberus for £1.241 billion was, at the time, the largest ever property deal to take place on the island of Ireland. It was also the first time that NAMA packaged up a loan book to sell in its entirety - 850 loans to be precise. Project Eagle is now under investigation in two different jurisdictions. The Securities and Exchange Commission in America is investigating it and so is the National Crime Agency in Britain. Repeated claims by the Taoiseach and the Minister for Finance, Deputy Michael Noonan, that allegations of wrongdoing have not been directed at NAMA are not true. I have alleged wrongdoing by the two former NAMA employees, Frank Cushnahan and Ronnie Hanna, in their role in the sale of Project Eagle. Both men have now been arrested by the NCA in Northern Ireland. The Minister said last week that all known allegations are being investigated by the appropriate authorities, but I do not agree. Ronnie Hanna worked for NAMA in Dublin as head of asset recovery. He is currently on bail in Northern Ireland on fraud offences relating to Project Eagle. The man who held one of the most powerful positions in NAMA for over four years has been arrested, is on police bail and has to come back to answer further questions. A file has been prepared for the Director of Public Prosecutions, DPP, and this Government has not batted an eyelid. NAMA is ours. Its assets belong to the people and they bear every euro of loss that it incurs. The people pay its salaries. They paid for Frank Cushnahan and Ronnie Hanna's salary. Unfortunately, it

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appears that others were paying them too. We owe it to the people at least to investigate whether there is any material indication of wrongdoing. Every other country that was tangentially involved in Project Eagle has seen the same indication and has opened an investigation. Only Ireland, to its shame, has not. With every passing day, the Government is losing credibility.

Project Eagle cannot be split into two separate transactions no matter how NAMA attempts to distance itself from the deal. I am hopeful the ongoing investigations by the Securities and Exchange Commission and the NCA will help to shed light on the deal. Neither is investigating the specific role played by NAMA in this deal. NAMA is a sideshow to them because they are only concerned with offences committed in their jurisdictions.

NAMA has repeatedly misled anyone who will listen to it when answering questions on its role in Project Eagle. I will give some examples. I was told by NAMA in response to a written question that Ronnie Hanna, David Watters and Frank Cushnahan never met any prospective purchaser of that portfolio, which is not true. I have had it confirmed by the chief executive of one of the bidders. Frank Daly stated that in his role on the Northern Ireland Advisory Committee, Frank Cushnahan was not involved in any decision-making and did not have access to confidential data. If so, why, after Frank Cushnahan resigned in 2013, did NAMA insist that he confirmed that all his confidential files at Tughans had been destroyed? Brian Rowntree, who was also on the Northern Ireland Advisory Committee, contradicts NAMA on this, stating that it was privy to confidential information. In his reply to NAMA, Frank Cushnahan said, "I am returning herewith as requested the enclosed letter confirming that all documentation has been securely disposed of." What in God's name would he be disposing of if there was nothing to dispose of? Why was he entitled to £5 million if he had no confidential information? It does not stack up.

Frank Cushnahan had confidential information on borrowers. NAMA said he did not have confidential information on the sales process. The sales process was not so relevant but he had enough inside information for it to be worth an awful lot of money. NAMA said the Northern Ireland property market was not looking good in January 2014 and that it believed the best approach was a sale of the entire loan book. I will read some extracts from CBRE, Savills and Lisney. A CBRE report on 28 January 2014 on the Northern Irish commercial property market said of 2013, that:

Last year marked a major turning point for the commercial property market in Northern Ireland with the first tentative signs of recovery emerging in the second half of the year. The most notable trend was an increase in activity in the investment sector as the process of deleveraging kicked off in Northern Ireland in the last six months of 2013. There was strong demand from both institutional and local buyers for the assets that came available for sale.

A Savills report in January 2014 said:

2013 marked the beginning of a new cycle in the Northern Irish market. NI is mirroring the general UK macroeconomic performance which has now returned three consecutive quarters of economic growth.

In a similar vein, Declan Flynn, the managing director of Lisney in Belfast, said, "Our 2013 research has highlighted that Property Investment transactions in Northern Ireland have increased six fold over the last two years." The notion that things were bad is wrong. Things were not wonderful but they had improved dramatically. They say that commercial property

only increased in value between 2% and 3% in 2014. That is a real giveaway because it means Cerberus will come close to doubling its money on its purchase. It means they bought very low in the market because it got Project Eagle for nearly half of what it was worth. Why are we not concerned about that? NAMA will continue to get away with all these contradictions and more until an independent commission of investigation, with the ability to demand all the relevant documentary information regardless of commercial sensitivity, is initiated.

Another important question that a commission of investigation would examine is whether the Project Eagle bidding process was competitive. When asked this question, NAMA has always passed the buck and referred back to its sale adviser Lazard, which stated there was sufficient competitive tension between Cerberus and Fortress to continue the bidding process. What evidence was provided at the time to show competitive tension still existed? I have spoken to a senior executive in Fortress who confirmed there was no competitive tension. He said that the lack of tension was horrifically uncompetitive. They were his words. Cerberus bid £1.241 billion. The reserve price was £1.24 billion. Fortress bid £1.1 billion. Let us not get into the argument of whether it knew the reserve price and whether it wanted to get back into the process or not. It was not a competitive tendering process by any stretch of the imagination. It does not stack up. Fortress had to write to the Department of the Taoiseach to gain entry to the sales process. Cerberus met NAMA's head of asset recovery, Ronnie Hanna, the day before the bid was accepted. What was discussed at this meeting? Can we see the minutes? NAMA will not give them to us but a commission of investigation would compel it to reveal the truth. I have requested under freedom of information from NAMA all e-mails and other correspondence between NAMA and Lazard on the sales purchase of Project Eagle. It will be interesting to see if NAMA will release this information or hide behind the excuse of commercial sensitivity. This is information that a commission of investigation could demand. NAMA's legal advisers on the transaction were a London firm, Hogan Lovells, which it paid £1.8 million. It would be interesting to see all the legal advice given to NAMA by this firm regarding the sale. I wonder if it was aware of the STG£5 million fee for Frank Cushnahan that PIMCO was set to pay and just what did Hogan Lovells do for that STG£1.8 million? It is nice money if one can get it. I have also requested from NAMA, under freedom of information, all e-mails and any other correspondence between NAMA and Hogan Lovells on the sale-purchase of Project Eagle.

The Government has referred to the long-awaited report of the Comptroller and Auditor General on Project Eagle. This report will examine whether NAMA achieved the best possible return for the taxpayer in the sale of Project Eagle. It will not be examining the governance of NAMA in regard to the deal and whether it was executed in a fully legal and transparent manner. It will not be investigating the role played by the former NAMA employees, Frank Cushnahan and Ronnie Hanna.

In a written reply to me on 28 October 2015, NAMA stated that "Ronnie Hanna was a senior executive who joined NAMA in 2010 who acted professionally and diligently during his time at NAMA." This is the same Ronnie Hanna who is currently on bail in Northern Ireland for fraud offences relating to his role in Project Eagle. NAMA threw Frank Cushnahan under the bus when it had no other option but it cannot do the same to a man who held the role of head of asset recovery for four years in the agency.

From figures available it appears there was an enforcement rate of between 7% and 8% against NAMA's borrowers in Northern Ireland compared to a 27% rate for NAMA borrowers in the Republic of Ireland. Why does the Minister think that a NAMA client down South was nearly four times more likely to be foreclosed upon? Why did NAMA treat business people in

the Republic of Ireland almost four times less favourably than those in Northern Ireland? Is it possible that Frank Cushnahan or Ronnie Hanna might have had anything to do with that?

The sale and purchase of Project Eagle by NAMA to Cerberus involved some of the biggest players in this country, both North and South as well as the United States, as many of these players have a vested interest in ensuring that a commission of investigation never takes place. Those involved in the deal include Cerberus, PIMCO, Fortress, Brown Rudnick, Tughans, Lazard, Hogan Lovells, A&L Goodbody, Linklaters, the Northern Ireland Law Society, the Northern Ireland Department of Finance, the Office of the First Minister of Northern Ireland, the Department of An Taoiseach and the Department of Finance, not to mention the many property developers who were involved in this whole process.

I would like to know why Fianna Fáil changed its mind on seeking a commission of investigation. I find that incredibly interesting. Has some sort of deal has been done with the Government or did some of these large powerful bodies get to it. I would love to know. If this Government refuses to initiate an investigation into Project Eagle, we will never uncover the true role played by NAMA in the sale of Project Eagle. If the Government refuses to initiate an investigation into Project Eagle, how can we be certain that similar loan sales which followed Project Eagle, such as Project Arrow to Cerberus, were conducted in a legal and transparent manner? Unless a commission of investigation is initiated, all work by Ronnie Hanna in his four years of head of asset recovery in NAMA will forever be under scrutiny.

To return to Fianna Fáil, I cannot believe it has changed its position on this matter. Anyone who reads its amendment will see its excuse for not seeking a commission of investigation. It is saying now that it wants all investigations completed before we have one. First, NAMA is not being investigated by anyone at the moment. Second, the National Crime Agency, NCA, in Northern Ireland or the Securities and Exchange Commission in America are in different in jurisdictions. If we had a commission of investigation it would not interfere one iota with theirs.

On 21 October 2015, Deputy Michael McGrath stated: “I am more convinced than ever that a full commission of investigation into Project Eagle is required.” He further stated: “The committee [the Committee of Public Accounts] cannot get to the bottom of this issue because they can only go so far. A full statutory commission of investigation with extensive powers is required.” He also stated: “The Government is hiding behind the Comptroller and Auditor General’s value for money review of Project Eagle, the purpose of which is to ascertain whether the transaction delivered value for money.”

I have checked the legal advice side and I am told that all investigations will not be complete for at least three years. Are we going to postpone doing anything about what is going on in Dublin for three years? Is this serving the Irish public and Irish taxpayers properly? There are huge concerns around what is going on? The Minister is not going to make them go away without a commission of investigation. I got legal advice on this and part of it states that the only criminal proceedings that are currently under way are in a different legal and territorial jurisdiction under UK law and deal even with a different subject matter. It also states the investigation of a commission in the Republic would focus on NAMA activity and any failure to act in the public interest of the Republic’s citizens and any failure by NAMA to comply with its duties; the extent of involvement and awareness; and any failure in supervision or oversight by the Department of Finance and the Minister for Finance in the Republic. It further states this is a wholly different perspective and subject matter than the focus of the investigation in the North and, as such, is much too far removed to pose any real risk of endangering these criminal

proceedings.

The Fianna Fáil amendment to the motion is explicit in this regard and notes that: “NAMA have advised that the UK NCA has confirmed that no aspect of the Agency’s activities are under investigation”. There is very little risk of an overlap and there are no solid grounds for Fianna Fáil attempting to hide behind this argument as justification for its support of the Government position that no commission of investigation is necessary despite the admission in Fianna Fáil’s amendment that there are ongoing and legitimate concerns regarding aspects of the sale by NAMA of the Northern Ireland loan portfolio, Project Eagle.

It stinks to high heaven. I believe 100% that the Minister believes that as well.

Deputy Clare Daly: I cite the following words:

The allegations made in regard to Project Eagle are so serious and the integrity of the National Asset Management Agency so important that a commission must be established to investigate them.

It is also important that the ongoing investigations in the North are not hampered by their limited scope. Decisions made in Dublin should not escape scrutiny on the basis that...investigations are being carried out in the...[North which] do not have jurisdiction to consider matters which took place South of the Border... It is undoubtedly the case that a commission assessing what took place in this jurisdiction would be of great assistance to the various investigations under way in the North.

Those are the words of Deputy Michael McGrath in moving a similar motion almost six months ago. My God, what a difference an election makes. Let us be very clear here. The arrest of Ronnie Hanna and Frank Cushnahan as part of a criminal investigation into Project Eagle has made the necessity of a commission of investigation more urgent, not less so, because into the heart of this matter now comes the head of asset management in Dublin in this jurisdiction blowing a hole through the arguments of the Minister, those of the Taoiseach and those of NAMA that there has been no allegations of wrongdoing against NAMA. That is not the case.

Two weeks ago Deputy Micheál Martin told the Dáil that the Government’s position on NAMA was untenable. Last week here he told Deputy Wallace that Fianna Fáil would be supporting us in this motion and today we are here - why? What deal has been done with Fianna Fáil to save the Government or to save who? Fianna Fáil has absolutely no credibility in this regard any more. In essence, what Fianna Fáil is trying to do here is to say that every jurisdiction with a partial involvement in these issues can have an investigation except the jurisdiction which owns the assets and whose taxpayers are paying the price. I am sorry but that is not good enough.

Project Eagle did not even get the discounted value for which it was transferred. The assets were sold against an improving market, which is evidence that Cerberus has organised to buy back loans at a tidy little profit from them. The Irish State, at the heart of this, is not going to investigate it. Is the Securities and Exchange Commission calling off its investigations because the NCA is investigating? Of course it is not and we should not do so either.

I understand very well why the Minister and the Government has resisted at every turn the idea of a commission of investigation. Of course they would because the Minister was the one who had the power to stop it. Rather than not even stopping it, he chose to insist that it

go ahead. It is worth making the point again that weeks before the deal closed, PIMCO told NAMA that £15 million in a fixer's fee was there. NAMA told the Minister and he insisted that the deal would go ahead. These critical issues about the failure of NAMA to deal with these matters and the extent of the involvement of the Department of Finance and the Minister himself must be questioned. That is even more necessary because of Ronnie Hanna. What did the Minister know, what should he have known and what does he know now? What action did he take? He did not take any. There has not been one single internal investigation in NAMA. The Minister did not report these things to the legal authorities. Now we have a situation where a fourth NAMA employee has been arrested.

The reality is that only a commission of investigation can get to the truth. Not only would it not hamper what is happening in Northern Ireland, it would assist in any potential criminal investigation. It has the wherewithal to generate more evidence which would be of assistance to the DPP. The precedent for that is the Mahon tribunal, evidence to which led to the criminal prosecution of George Redmond. Does the Minister remember the Finlay tribunal on contaminated blood supplies in a previous era? Evidence given to that tribunal led to a Garda investigation and criminal proceedings. The Fianna Fáil fail-safe of trying to hide behind the Comptroller and Auditor General, who performs value for money reviews, is absolutely reprehensible. The parties might think that between the two of them they have the numbers to block today's motion, but a Bill drafted by senior legal people in this town provides for the type of commission of investigation which should be put in place to deal with these matters. The truth will out on this. There is more dirt to come and the Government will not be able to hide behind it. Too many people have been damaged by this. People might think they have the numbers to get away with it today, but it will come back to haunt them and it will be even worse.

Minister for Finance (Deputy Michael Noonan): I move amendment No. 1:

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

"notes that:

— the National Asset Management Agency (NAMA) Chairman has stated that the NAMA Board is fully satisfied that the Project Eagle sales process delivered the best possible return that could have been achieved for Irish taxpayers;

— it remains the case that no allegations of wrongdoing have been directed at NAMA, despite all the confusion and conflation in the coverage of this matter;

— ongoing investigations, including that being undertaken by the UK National Crime Agency (NCA), must not be obstructed or compromised by a Commission of Investigation;

— NAMA have advised that the UK NCA has confirmed that no aspect of the Agency's activities are under investigation;

— the Comptroller and Auditor General (C&AG) must be afforded the appropriate time and space to complete its Section 9 of the Comptroller and Auditor General (Amendment) Act 1993 value for money review into Project Eagle properly and in accordance with due process;

— the Minister for Finance has made relevant documentation held by the Depart-

ment of Finance relating to Project Eagle publically available to the Committee of Public Accounts and on the Department of Finance website;

— NAMA has made extensive information available to various parliamentary committees including the Dáil Committee of Public Accounts; the Oireachtas Joint Committee on Finance, Public Expenditure and Reform and the Northern Ireland Assembly Committee for Finance and Personnel; all of this information, over 350 pages, is publicly available on the NAMA website and through the transcripts of the relevant committee hearings;

— in the context of all of this documentary evidence and testimony, no specific allegations of wrongdoing appropriate for a Commission of Investigation have emerged;

— the Government will continue to monitor ongoing criminal investigations and will seriously consider any specific allegations of wrongdoing appropriate for a Commission of Investigation should any such allegations be made; and

— NAMA is continuing to progress its mandate to maximise the return to the Irish State, as evidenced in its 2015 Annual Report and Accounts and should not be impeded in its continuing efforts to do so;

and resolves to:

— respect the integrity of the ongoing UK NCA criminal investigation;

— allow the C&AG to complete its work in accordance with due process;

— allow the Committee of Public Accounts to exercise its oversight; and

— call for any criminal allegations and evidence to be brought to the attention of the relevant authorities.”

If we cast our minds back to late 2009 when my predecessor, the late Brian Lenihan, was proposing the establishment of NAMA, we will remember that it was a time of great uncertainty. It is no secret that I, among many others, had doubts about the prospects of a National Asset Management Agency. However, it must be said the Government of the day took early and decisive action in setting up NAMA. The NAMA Act rightly established a high degree of public accountability for NAMA and established an independent board to implement NAMA’s commercial mandate. Indeed, a number of NAMA board members first appointed in late 2009, including the chairman and CEO, continue to progress diligently NAMA’s commercial mandate to this day. In addition, long-serving members of the House will recall that the then Minister, Mr. Brian Lenihan, agreed to the establishment of NAMA’s Northern Ireland advisory committee under section 33 of the NAMA Act following discussions with his counterpart in Northern Ireland, Mr. Sammy Wilson. The board of NAMA appointed a person from Northern Ireland to the advisory committee who had been recommended by Mr. Wilson to Mr. Lenihan. It should be remembered, however, that the Northern Ireland advisory committee had no decision-making powers and no access to confidential information. Given the cross-Border interests at stake, it was appropriate for NAMA to establish a non-decision making committee to advise the board in relation to Northern Ireland matters in the context of NAMA’s objectives.

I am pleased to acknowledge that NAMA has proven to be one of the great successes of our recovery as underpinned by the well-crafted NAMA Act. The key provisions in the NAMA Act

ensure the commercial independence of NAMA, establish its accountability to the Oireachtas and provide for the legal accountability of NAMA employees. In accordance with section 10 of the NAMA Act, NAMA is obliged to pursue a commercial mandate and to achieve, expeditiously, the best financial return for the Irish taxpayer. It is against this mandate that NAMA's activities must be assessed. In that regard, the redemption of €1 billion of senior bonds last Wednesday, 22 June, means that NAMA has just €4.6 billion, or 15%, of senior debt to repay of the original €30.2 billion issued. This progress continues to contribute to the creditworthiness of the sovereign in eliminating the guarantee of NAMA's senior debt as a contingent liability for the State. It is very encouraging to see that the NAMA board now predicts a potential surplus of up to €2.3 billion which will return to the State when it completes its work. On the strong foundation of the NAMA Act and with the great efforts of NAMA management and staff, NAMA has moved from being a potential liability to an almost certain asset to the State.

Members of the House will also know that under the NAMA Act, the Committee of Public Accounts has the power to examine NAMA's annual accounts which are audited by the Comptroller and Auditor General and to call on the NAMA chairman and CEO to give evidence whenever required on various matters, including the annual accounts and any special reports the Comptroller and Auditor General publishes. The established oversight of NAMA provided by the Comptroller and Auditor General and the Committee of Public Accounts highlights how independent bodies of the State operate in line with legislation in the best interests of the Irish taxpayer. In addition, we also know that, when necessary, criminal charges and convictions can be and have been meaningfully pursued under the NAMA Act. It is clear to me that the NAMA Act established the appropriate mechanisms to hold NAMA and NAMA staff accountable in respect of their legislative mandate. We should allow those mechanisms to function.

There has been much coverage of various aspects of NAMA's sale of its Northern Ireland loan portfolio. The allegations of wrongdoing that have been made and that are being criminally investigated are extremely concerning. We support each of these investigations and stand ready to assist in any way that is helpful. I have already made relevant documentation held by the Department of Finance relating to Project Eagle publically available to the PAC and the Northern Ireland finance committee. The documentation is also on the Department of Finance website. NAMA has made extensive information available to various parliamentary committees including the Dáil's Committee of Public Accounts, the Oireachtas Joint Committee on Finance, Public Expenditure and Reform and the Northern Ireland Committee for Finance and Personnel. All of this information, which stands at over 350 pages, is publicly available on the NAMA and committee websites. As such, it is notable that even with all of this material available in the public domain, the calls for a commission of investigation into Project Eagle have not identified any specific concerns that such a commission could appropriately investigate. I encourage the signatories of the current motion to review thoroughly these materials as this may help them to articulate a more informed and coherent position. We had a repeat of the allegations today by Deputy Wallace. If he is so sure of the veracity of these allegations, he does not need the cover of privilege to make them. If he is so sure of his grounds, he should make them outside the House. Deputy Clare Daly has a peculiar attitude to commissions of investigation, seeing them as trawling instruments which may come up with something after which proceedings would follow. I remember reading *Alice's Adventures in Wonderland* and it was either the Mad Hatter or the Dormouse who said "Verdict first, trial afterwards". That is the sort of due process being advocated in the House by people who make allegations under privilege which they do not substantiate or make in public without the cloak of privilege to protect them.

As everybody knows, there are a number of inquiries or investigations into Project Eagle. The most notable ongoing investigation is the UK National Crime Agency's criminal investigation. It has been inferred by some that arrests associated with this investigation imply wrongdoing on the part of NAMA. On the contrary, NAMA advises that the NCA has confirmed that no aspect of its activities are under investigation. It is the role of An Garda Síochána to determine if there are grounds for a criminal investigation in this jurisdiction. To my knowledge, no such investigation is being pursued by gardaí. Anyone who believes he or she has information which would justify a criminal investigation should bring that information to the gardaí and allow them to do their job. We also are aware that the Comptroller and Auditor General has undertaken a section 9 value-for-money review of Project Eagle and intends to issue its report once completed. This review is consistent with the Comptroller and Auditor General's power to investigate, scrutinise and report on concerns regarding any aspect of NAMA's work which may arise through its annual audits or special reports on any aspect of the agency's work. I am sure that, following the Comptroller and Auditor General publication of this review, the newly appointed Chairman of the Committee of Public Accounts will invite the NAMA CEO and chairman to discuss the Comptroller's opinions.

5 o'clock

It is, after all, that committee's mandate to ensure that NAMA operates in line with its legislative objectives, and the committee is well equipped to do so.

Therefore, taking into account the investigations that are under way, it is my view that there is no specific line of inquiry that could be usefully pursued by a commission of investigation. The appropriate investigations are already taking place in the appropriate jurisdictions. It is unwise to launch a costly commission of investigation on claims that are under investigation by the appropriate authorities. If specific allegations of wrong-doing are not being investigated, make them known to the relevant authority in the appropriate jurisdiction, be that the National Crime Agency, NCA, the Garda or the PSNI. If there are specific allegations of wrong-doing that are appropriate to a commission of investigation, make them known to this House.

In the absence of such specific allegations, I call on the Dáil to support the proposed counter-motion and allow all of the appropriate authorities the time and space required to complete their work.

Acting Chairman (Deputy Jim Daly): Next is Deputy Michael McGrath, who is sharing time with Deputies Sean Fleming and MacSharry.

Deputy Michael McGrath: I will take ten minutes and they will take five minutes each, if that is acceptable.

Acting Chairman (Deputy Jim Daly): It is.

Deputy Michael McGrath: I wish to move amendment No. 2.

Acting Chairman (Deputy Jim Daly): The Deputy cannot move the amendment just yet, but we can discuss it now.

Deputy Michael McGrath: That is fine.

I welcome the opportunity to contribute on this motion. I commend Deputy Wallace on his tenacity and dogged pursuit of this issue. It is fair to say that these matters would not have been subject to the ongoing investigations and scrutiny were it not for his interventions and com-

ments in the House and elsewhere.

There can be no doubt that the allegations surrounding the sale of NAMA's Northern Ireland loan book are of an extremely serious nature. When public money is at stake, we have a duty to act and protect the public interest. Fianna Fáil has been consistent in demanding that all aspects of the Project Eagle sale be thoroughly examined and investigated. Last October, I moved a motion on behalf of Fianna Fáil calling for a commission of investigation under the terms of the 2004 Act on the basis that the allegations were of such a serious nature that the public would demand nothing less than a comprehensive inquiry to get to the truth and make clear findings in respect of any wrong-doing on the part of individuals. I stated clearly that any suggestion that the taxpayers did not receive the return they deserved must be thoroughly investigated, as should any allegation of improper conduct in the sale. There is a risk that a question mark will always hang over this transaction and NAMA as a whole for as long as there remain outstanding questions that have not been adequately investigated.

In its evidence to the Committee of Public Accounts and its public commentary on Project Eagle, NAMA has argued consistently that no issue has arisen regarding the sales side of the transaction. As I stated last October, however, that is not an adequate answer. Ultimately, the decision to proceed with the sale of Project Eagle was made by NAMA in Dublin and NAMA must account for the entirety of that transaction.

Based on the information and allegations in the public domain surrounding Project Eagle, a commission of investigation is warranted. That remains the Fianna Fáil view. The question is whether a commission would stand any chance of success running in parallel with a criminal investigation that is gathering pace. Our honest assessment is that a commission of investigation established in the Republic in the heat of an accelerating criminal investigation in the North would most likely run into the sand quickly. This would serve no purpose. Do we really believe that key people involved in this transaction and living in Northern Ireland would voluntarily co-operate with a commission of investigation in the Republic while arrests were being made in the North?

Almost a year ago, the UK's NCA commenced an investigation into Project Eagle. For a long time, there were no updates. Then, just last month, two arrests were made in Northern Ireland. The persons concerned have already been named in this House as Mr. Frank Cushnahan, a former member of the NAMA Northern Ireland advisory committee, and Mr. Ronnie Hanna, who was head of asset recovery at NAMA during the Project Eagle sale. Reports indicate that this represents a significant change of pace in the investigation. Both men are, of course, entitled to the presumption of innocence. It is not known if further arrests are planned, but let there be no doubt about it, the arrests represented a significant development and followed searches in County Down. The men concerned have been released on bail as part of a fraud investigation. These are the facts that we know. These developments only serve to confirm the grave concerns that many of us have expressed about Project Eagle.

Concerns are one thing but the task of the NCA is to establish whether crimes were committed. None of us in the House is privy to the details of where the criminal investigation is at currently. However, we can only assume that, given recent developments, it is at a sensitive stage. It would be a breach of public trust were the House to engage in anything at this point that would hinder or otherwise limit the work that is being undertaken by the NCA.

I assure Deputy Wallace that there is no deal between Fianna Fáil and the Government, that

we have not been “got to” by any powerful agency or authority in this State or any other. Our amendment is based on our honest assessment that a commission of investigation at this time would run into the sand quickly, as has the Cregan commission, albeit in this case because arrests have been made in Northern Ireland and a criminal investigation is presumably at an advanced stage. We have not changed our view on the importance of getting to the bottom of this matter. In fact, all the information that has come to light since then has confirmed our view that fundamental questions remain to be answered.

What influence did NAMA’s Northern Ireland advisory committee have on NAMA’s decision to offer the Project Eagle portfolio for sale at a time when PIMCO wanted to buy it, initially on an off-market basis? Did the board of NAMA decide it was a good time to sell the portfolio because of the intense interest of PIMCO? What influence did Mr. Cushnahan, as a member of the advisory committee until November 2013, have on that decision? While on the committee, was Mr. Cushnahan privy to a detailed discussion of Project Eagle on 7 October 2013? Did he have access to any other confidential or sensitive information about Project Eagle? When exactly did he become engaged with PIMCO? How extensive was the overlap in time, if any, between his involvement with PIMCO and his role as an adviser to NAMA?

What information, if any, was given to PIMCO? Did Mr. Cushnahan give any advice to Cerberus, given that Cerberus engaged Brown Rudnick, or did Brown Rudnick already have information that it could provide to Cerberus? Why did NAMA permit Cerberus to use the services of Brown Rudnick and Tughans when the reason PIMCO was ejected from the process was that part of Brown Rudnick’s fees were to be paid to Mr. Cushnahan? Why was £7 million from Cerberus diverted into an offshore account in the Isle of Man and for whom was the money ultimately destined? Is there any substance to the extraordinary allegation made in this Chamber by Deputy Wallace that some £45 million was to be paid in so-called fixer fees? Any of the allegations, if proven, would cause irreparable damage not just to NAMA, but to the State.

Fianna Fáil is tabling an amendment to the motion. Our position is clear. Based on what is currently in the public domain, we believe that a full commission of investigation is necessary, but that the decision to establish one should not be made until the criminal investigation has been completed. We did not say to wait until any Comptroller and Auditor General or Committee of Public Accounts review had been completed. We referred to the criminal investigation.

While the work done by the Stormont finance committee was well intentioned, it failed to come to definitive conclusions. It made an important finding to the effect that the decision by NAMA not to suspend the sales process when it was informed in 2014 about related proposed fee arrangements with Brown Rudnick and to a former external member of NAMA’s Northern Ireland advisory committee was of serious concern. Recently, Ms Claire Hanna, MLA and Deputy Chairperson of the Stormont finance committee, stated:

Despite months of investigation, the full facts around various property deals undertaken by NAMA and the involvement of certain individuals has not become clear. I will be ensuring that the Finance Committee reopens its investigation into the Project Eagle deal.

This demonstrates the complexity of the issues under investigation.

The 2004 Act under which a commission of investigation would be established can only compel Irish citizens to attend. It is highly unlikely that it would enjoy full co-operation from

citizens outside the jurisdiction in the heat of an ongoing criminal investigation. The Stormont finance committee listed 18 witnesses whose evidence would need to be heard if the inquiry was to be successful in getting at the truth. It is difficult to see a commission in the Republic being successful in persuading many of these individuals to attend.

There is already one commission of investigation set up in the State to inquire into serious financial matters arising from the banking collapse, namely, the Cregan commission, which is investigating loan write-offs at IBRC. We strongly supported the establishment of that commission and still believe it was the right thing to do, given the intense controversy that surrounded the Siteserv transaction, in particular. However, it has got nowhere so far. It is my firm belief the public wants to find out the truth about what happened in Project Eagle. If criminal wrongdoing has taken place, the public wants those responsible to be held to account before the courts. I look forward to the Committee of Public Accounts, chaired by Deputy Sean Fleming, reviewing the section 9 value for money review of Project Eagle being carried out by the Comptroller and Auditor General. These are important steps in achieving full public accountability.

When all is said and done, there is a very strong likelihood that a commission of investigation will be needed and we will not shirk from tabling or supporting a motion calling for this to happen when the time is right. This needs to be done when it has the best possible chance of succeeding. Deputy Mick Wallace, in elaborating on his motion, said it would deal only with issues within the Republic. He spoke about governance issues within NAMA, the approval process, the Department of Finance and the Minister for Finance, but none of that is clear in the motion tabled by him which refers to “all the facts surrounding the sale”. If the Deputy has a more focused, specific proposal in mind for an investigation concerning Project Eagle that would not in any way hinder or contravene the work being done in Northern Ireland, he should table it.

Deputy Sean Fleming: I welcome the opportunity to speak to the motion. I support my colleague Deputy Michael McGrath on the amendment we are tabling.

Let us stand back and consider the global picture. NAMA’s sale of loans with a face value of €5.4 billion, linked with the Northern Ireland borrowers in April 2014, was the biggest sale since the agency was established in 2009. That is one of the reasons I want to examine this issue. It was known as Project Eagle. NAMA had paid €2 billion originally for the loans from the various banks and, by the time they were sold, they had an impairment charge which resulted in a price of €1.6 billion being received by NAMA and ultimately the Irish taxpayer. The US capital management company bought the portfolio of loans, secured on 850 properties in Northern Ireland, the Republic of Ireland and England. They were not all located in Northern Ireland. It is important that people fully appreciate this. The loans were based on the connection with 55 Northern Ireland-based borrowers and all put together based on the borrowers’ connections. The portfolio included properties outside the Six Counties.

When I consider the sum of €5.4 billion, I note there was already a discount of 63% on the loan book to be taken over by NAMA. That was a phenomenal discount, far bigger than that available across other banks and categories of borrowers who had their loans transferred to NAMA. By the time the loan book was ultimately sold for €1.6 billion, it represented a loss on the original value of €3.8 billion, it being a loss to the Irish taxpayer who secured only 30% of the loan book value, an incredibly small amount. One of the reasons for that is that NAMA has a habit of dealing with borrowers rather than based on the locations of their properties or the individual banks from which the loans were advanced. We will ask NAMA in due course to

spell out the breakdown of the loans and the amounts received for the particular banks that provided the loans in the first place, in respect of which the Irish taxpayer must meet the shortfall.

I was recently appointed Chairman of the Committee of Public Accounts. In the autumn we will be dealing with the fact that there was ultimately just one real substantial bidder left at the end of the process. One must ask whether it was right to proceed with only one substantial bidder. Should someone have called a halt to the sale at that stage? That is a big issue. Many people have other issues concerning the money available from the purchasers' side. NAMA is adamant there is nothing criminally wrong on its side of the sale. There are, however, two sides to this equation and we must distinguish between them.

The Controller and Auditor General is producing a special report - a value for money report - which will be going to the Minister in the next month or so. He will be entitled to sit on that report for three months, but I ask him to ensure it will be made available before the Dáil reconvenes in September in order that we can deal with this issue immediately. I do not want it to be held over until October, the week of the budget, at which time it will be lost. We must be very careful. The Minister has the authority to issue the report the day after NAMA presents it to him. I do not want him to take the full 90 days he is statutorily allowed to take. He has said NAMA has ultimately become an asset for the State, but it is clear that everything connected with it in the Six Counties ended up comprising a major liability to the Irish taxpayer. We must ask ourselves why the entire Northern Ireland loan book was sold in one lot and why it became the sole major liability of the NAMA project, given that the Minister has acknowledged that the agency is expected to return a surplus and, ultimately, be a major asset for the State.

As Chairman of the Committee of Public Accounts, I look forward to receiving the report. We will conduct a very thorough examination of the NAMA project and Project Eagle and all of the questions being asked in the Chamber will be asked in public at meetings of the committee. If we have to consult colleagues in the Northern Ireland Assembly to work collectively, I will be open to this. Whether the questions are being put in the North or here, all of the answers must be provided in some democratic forum.

Deputy Marc MacSharry: I am glad to have an opportunity to make a few points. I thank Deputy Clare Daly for bringing forward the motion and hope some of the points made in it can be taken on board. Obviously, I will be supporting the amendment, to which I will come back.

Clearly, it is in all our interests that NAMA is successful and ultimately make a profit for the people of the State. When I was Fianna Fáil's finance spokesperson in the Seanad at the time of its establishment, we spent some 70 hours going through the legislation. We all expressed a heartfelt wish that the agency would undertake its work in a way that would be in the best interests of the people. I remember saying clearly in the closing address on the legislation that it would not surprise me if there was an NAMA (No. 2) Bill or a NAMA (No. 3) Bill on the basis that, as matters evolved, we might realise certain things needed to be done differently.

Looking back from a personal perspective, it would have been wise to have had some statutory Oireachtas oversight of the work of NAMA. While there is inevitably commercially sensitive information, as we saw at the recent banking inquiry, in respect of which legislation was passed to give the members thereof access to sensitive materials from the Central Bank that were protected under Article 33AK of the Central Bank Act, we were able to see such material and undertake our work. We are obviously bound to keep that information secret in the interests of the State. Something similar could have been done in the case of NAMA and, with the ben-

efit of hindsight, such an approach would have served us better and been in the best interests of the good efforts of the people working in and running NAMA. In their work, they are entitled to be exonerated if, in the fullness of time, it emerges there has been no wrongdoing. We all want to see the best outcome possible.

In recent times I tabled 26 parliamentary questions specifically about leaks concerning the NAMA portfolio, as the Minister for Finance, Deputy Michael Noonan, will know. It is assumed in the media and other circles that, following the recent conviction, some leaks occurred. My information, which I outlined in the House and raised in parliamentary questions, is that all of information on the entire loan book and on values and connections concerning the loans was leaked and available to international market investors and some in Ireland who might have been interested in bidding. Ultimately, this could have served to undermine the return or the potential to maximise the return for the people from NAMA. Having been involved in auctioneering, I realise that if I know the value, the expected return and that what will one get is €100, I will not bid much more than €100.50. Therefore, I have concerns about the implications.

In the responses to the 26 questions I tabled, the elephant in the room was ignored. The Minister, or the information that was probably coming back through NAMA, did not state “only part” or “some” of the information had been leaked. My information is that all of it was leaked. I certainly hope the Committee of Public Accounts will be pursuing this issue. I understand there are further revelations coming down the track on these issues which we will have to consider closely.

Project Eagle and other deals about which we may be hearing anecdotally throughout the country, perhaps at a much smaller level, give rise to questions. There are questions arising. Members of the public are entitled to know they have had the maximum possible return for the eight years of painful sacrifice they have endured.

There are also a few allegations - perhaps loose - flying around about political interventions at the highest level in favour of borrower connections or part of those connections in the National Asset Management Agency. Perhaps this has been to the detriment of others or perhaps none of it is true, but the fact that allegations are being made is of great concern. In law, under the NAMA Acts, it is a criminal offence for a politician to use his or her influence in any way to benefit a connection - a borrower - in NAMA.

Another issue I raise, one which is not directly related to NAMA, also needs to be examined by the Committee of Public Accounts or the House. Anybody who read the accounts of Mars Capital recently will have seen that the company paid IBRC 42% of the loan value for the old Irish Nationwide Building Society loan book. At some stage, we need to focus people on our work in these Houses. The loan book was sold for €154 million or 42% of its value. If we had contacted the individuals who owned these loans, they may have had family members or access to credit unions or others who may have purchased the loans at 60% of their value. In such circumstances, the borrowers may have got out alive. We did not serve people well if that is the case and the Committee of Public Accounts could also examine that issue.

On the Fianna Fáil Party amendment, we do not want to undermine a criminal investigation. People are entitled to their pound of flesh, particularly if they have been undermined in this way. Let us see what the Comptroller and Auditor General has to say in his report and what the Committee of Public Accounts decides when it goes through that report when the time comes. While I agree that, in ideal circumstances, we would like to have the criminal investigation

completed first, it is possible that the investigation could take three years to complete. In the interests of the public, we should keep this matter under review. Perhaps we should review it after the Committee of Public Accounts has gone through the report of the Comptroller and Auditor General.

While I do not disagree with the good efforts of Deputy Clare Daly, we should give this matter a little time. After we examine the Comptroller and Auditor General's report, we could perhaps review the matter at that stage.

Deputy Gerry Adams: Táim buíoch as ucht an deis labhairt ar an rún atá os comhair na Dála um thráthnóna agus mo thacaíocht a thabhairt dó. Ba mhaith liom mo chuid buíochais a ghabháil le Deputy Wallace as ucht an rúin a chur faoi bhráid na Dála.

For years now, Sinn Féin has been raising concerns about the sale of the National Asset Management Agency's loan books, particularly the sale and purchase process of its Northern loan book, project evil. That was a Freudian slip; I should have said Project Eagle. Three times in the past three weeks, I have called for the establishment of a commission of investigation into Project Eagle and I am glad to see a motion to that effect before the Dáil this afternoon.

The sale and purchase process of Project Eagle is the subject of serious allegations, yet the Taoiseach and his Ministers have repeatedly dodged the issue. Between May 2010 and November 2013, a member of NAMA's Northern advisory committee is alleged to have been charging clients fees for advice relating to NAMA. It is also alleged that the same individual had an unethical working relationship with a senior NAMA executive, which gave him access to sensitive commercial information. It is further alleged he was lobbying on behalf of fee-paying clients to reduce loan repayments. In return, he would secure cash payments - so called fixer fees - which were shared with the senior NAMA executive.

When NAMA decided to sell its Northern loan book to a US vulture fund, Cerberus, the individual involved offered to disclose information relating to the value of the loans to a bidder called PIMCO. PIMCO discovered that payment of a fixer's fee of £15 million was requested and was to be paid if its bid was successful. PIMCO reported this to NAMA and withdrew from the process. NAMA's chairman, Mr. Frank Daly stated he briefed the Minister for Finance, Deputy Michael Noonan, in full on these matters, including on the payment of fixer's fees, which are totally irregular and illegal. The Minister accepted this but failed to suspend the Project Eagle sale process or inform the Office of the First Minister and Deputy First Minister. As he has never given an explanation, it remains unclear why he did not intervene by exercising his general powers of direction over NAMA to suspend the sales process until these matters were fully investigated. These are serious allegations of financial corruption and insider trading.

Investigations are ongoing in the North by the National Crime Agency, the Law Society and revenue and an Assembly inquiry found the Government's approach very unhelpful. Other investigations are ongoing in the United States by the Securities and Exchange Commission, the FBI and other authorities. This matter is being investigated everywhere except in this State where no investigation is taking place. The Taoiseach has continuously rejected this request. We must ask why the Government is stonewalling this simple and straightforward request.

I understand Mr. John Miskelly began legal proceedings over the deal against Cerberus and Anglo Irish Bank on 21 June in the Belfast High Court. Members will recall that Mr. Miskelly appeared in the BBC "Spotlight" programme which brought some of the details of this case to

light. He is alleging the Project Eagle process was fraudulent from the start. It is high time that the Minister for Finance made a full statement on all of these matters and I am disappointed he did not take the opportunity to do so today.

The National Asset Management Agency has been handling billions of euro of the people's money and it should be accountable. The Fianna Fáil Party agreed with our position on this matter. In October, the party's finance spokesperson, Deputy Michael McGrath, stated: "There is simply no room whatsoever for any question marks when we talk about the sale of a State asset with a face value of over €5 billion". He went on to say: "It is also essential for the integrity of the House that a commission of investigation is established to find out the truth about the entirety of Project Eagle". What has changed?

Just two weeks ago, the Fianna Fáil leader, Deputy Micheál Martin, described the Government's position on Project Eagle as untenable, yet despite a number of requests directly from me, his party will not now support the establishment of an investigation. The reason it gives for its position on this issue is entirely spurious and can only be explained by a desire to keep the Fine Gael Party in power. Its amendment is yet another Fianna Fáil U-turn to take pressure off its Fine Gael partners and deny the Dáil its right to hold the Government to account. This is entirely in keeping with the party's repositioning on water charges, bin charges, the national monument in Moore Street, rent certainty and returning Deputy Enda Kenny as Taoiseach. Smile they may, but I appeal to Fianna Fáil Deputies to reconsider their amendment and vote in support of the motion.

Deputy Pearse Doherty: Let us remind ourselves that this controversy directly affects every citizen and taxpayer in the State. Everybody has a stake in NAMA, for better or worse, yet the Government in this state cannot even be bothered to properly investigate allegations of the most serious nature concerning the sale of one of NAMA's major loan books.

When the Assembly finance committee examined this issue it stated:

Whilst it does not fall to this Committee to pursue, given the seriousness of the revelation by PIMCO, it is unclear why the Irish Government's Minister for Finance, Michael Noonan, did not intervene at this point, by exercising his general powers of direction over NAMA to suspend the sales process until matters were investigated fully. The Committee also notes that Minister Noonan did not inform the Northern Ireland Executive of this development. In addition, the Committee regrets that Minister Noonan did not encourage NAMA to attend an oral hearing of the Committee.

What the committee and people in this jurisdiction do not understand is why the Minister for Finance would attempt to live in blissful ignorance about this issue. This must stop; the issue has become far too serious for such feigned ignorance.

The mere mention of fixer's fees and backroom deals in 2014 in a telephone call from NAMA to the Minister for Finance should have had the Minister pulling the plug on this process. Instead, NAMA was allowed carry on as usual. Nobody shouted "Stop" and the controversy continued with arrests and further investigations, but the Government would not even commission an investigation into the matter. When I persuaded the Joint Committee on Finance, Public Expenditure and Reform, which was chaired at that time by a Fine Gael Deputy, to write to the Minister for Finance asking him to direct NAMA to appear before the committee in the Assembly, the Minister ignored the directions and views of the committee.

The motion before us is clear. It proposes to set up a commission of investigation, this time do its job properly unlike in the case of the IBRC mess. The counter-motions are equally clear. Fine Gael tells us there is nothing to see here. Fianna Fáil tells us there is nothing to see here. I know which side Sinn Féin is on. We are proud to sponsor and support the motion. We have consistently raised the need for a commission of investigation. Indeed, within days of the sale of Project Eagle, I was raising questions on the sale with the Minister for Finance. Despite his knowing all the information about fixers' fees and so on, he led the Dáil to believe there was nothing to see here.

Fianna Fáil's latest attempt at two-faced politics is utterly transparent and typical of its approach to politics. Literally 15 days ago, Deputy Micheál Martin stood up in the Chamber and said that the Government's position on the sale of Project Eagle by NAMA was becoming more untenable by the day. He said that the sales process, whether we liked it and whether NAMA liked it, was not robust or competitive and did not secure the best outcome. He went on to say there were major ethical questions over the entire sale of the asset. He asked whether it ever occurred to the Taoiseach that we should set up a commission of investigation given that the UK National Crime Agency, the US Securities and Exchange Commission and others were pursuing it. That was the position of Fianna Fáil 15 days ago. The position of Fianna Fáil in October was to call for a commission of investigation to be established. However, when push comes to shove, Fianna Fáil retreats into the establishment. It is afraid to look into issues but happy to look angry about them for a few cheap headlines.

Deputy Michael McGrath referred to how we had to ensure the criminal investigation was not affected. That is a great line from the spin doctors of Fianna Fáil. The line is that we now have criminal investigations and that a commission of investigation is not warranted but Fianna Fáil is not doing a U-turn. The reason none of that adds up is the UK National Crime Agency, the agency conducting the criminal investigation, announced in a press release to the world on 9 July 2015 that after receiving requests from the Police Service of Northern Ireland, it was instigating a criminal investigation into the issues surrounding the sale of Project Eagle. That was on 9 July 2015. In October 2015 Deputy Michael McGrath said it was imperative that the Dáil-----

(Interruptions).

Deputy Pearse Doherty: However, the criminal investigation was ongoing.

(Interruptions).

Deputy Pearse Doherty: Deputy Michael McGrath had no problem looking for a commission of inquiry with full knowledge that the PSNI had requested a criminal investigation-----

Acting Chairman (Deputy Jim Daly): Will the Deputy, please, address the Chair?

Deputy Pearse Doherty: -----and that the National Crime Agency had announced that it was beginning with a criminal investigation.

Deputy Michael McGrath: I said that.

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Deputy Pearse Doherty: The Deputy had no problem at that stage looking for a commission of investigation.

Acting Chairman (Deputy Jim Daly): The Deputy's time is up.

Deputy Pearse Doherty: There are serious questions. What was the fixers' fee? What was the arrangement that has made Fianna Fáil sell out from a position it had so strongly and rightly articulated?

Deputy Michael McGrath: What is the Deputy saying?

Deputy Pearse Doherty: I am not saying that it was cash, but what was the arrangement that Fianna Fáil entered into with Fine Gael that made Fianna Fáil sell out on its principles?

Deputy Michael McGrath: What is the Deputy saying?

Deputy Pearse Doherty: Will the Deputy tell us why Fianna Fáil sold out?

Acting Chairman (Deputy Jim Daly): Please, Deputy.

Deputy Pearse Doherty: Why did Fianna Fáil announce such a major U-turn on this issue given its stated position?

Deputy Michael McGrath: The Deputy is throwing dirt.

Deputy Pearse Doherty: No, I am not. Will the Deputy explain it to the Dáil?

Deputy Michael McGrath: The Deputy has mentioned this in the context of fixers' fees.

Deputy Pearse Doherty: Yes.

Acting Chairman (Deputy Jim Daly): I will suspend the sitting. Gentleman, you can have it outside this forum, please.

(Interruptions).

Acting Chairman (Deputy Jim Daly): Will Deputy Pearse Doherty, please, resume his seat?

Deputy Michael McGrath: He is throwing dirt.

Acting Chairman (Deputy Jim Daly): You are not acting like gentlemen. You can do this outside the Chamber.

Deputy Bríd Smith: I am sharing my time with Deputy Mick Barry. I will try to behave like a gentleman on a very ungentlemanly subject. I welcome the Bill proposed by Independents4Change. Deputy Mick Wallace is doing the State and the people a great service by highlighting this scandal. Much has been said about his Bill.

First, I wish to comment on the Government's amendment, which is utterly outrageous. Clearly, the Minister, Deputy Michael Noonan, was to see no evil and hear no evil. He simply wants to park it all and put it to one side. Best of all is the Fianna Fáil amendment, which is

all about suspending and putting back any idea that we can do anything in this House. This is exactly how that party has acted in the case of issues relating to water and bin charges as well as the campaign to repeal the eighth amendment, with its proposed committee. It is acting in the same way with the Equal Status (Admission to Schools) Bill. The Fianna Fáil amendment on the NAMA issue is all about suspension, putting it back and not dealing with it. It is outrageous.

I will make a wider argument about why this is not simply about Project Eagle but the entire *raison d'être* of NAMA. NAMA's actions are far from the things stated in its brief, that is to say, to facilitate credit and protect the interests of taxpayers and contribute to the social and economic development of the State. In fact, it has done much of the opposite. It has facilitated the vulture funds that have bought up tranches of property in the country for a song, sometimes in corrupt circumstances. It has facilitated giant global property equity fears and the development of real estate investment trusts, entities involved in not paying tax and buying up vast tranches of property at a song. Therefore, NAMA is protecting certain developers and bankers. NAMA has done nothing under its remit to contribute to a social role. It has done nothing other than contribute to the deepening housing crisis.

The scale of the housing crisis, with 140,000 citizens in need of a house and on waiting lists, has been worsened by the actions of NAMA instead of contributing to mitigating it. NAMA is funding developers. The developers NAMA has helped are now concentrating on building luxury homes with the help of NAMA funds in places like Howth hill, where no ordinary person could ever dream of affording a property. NAMA has made funding available from bankrupt developers at the higher end of the market. NAMA might point to the Trojan work it has done in supplying social housing for availability to local authorities. Having been on a local authority for seven years, however, it is clear to me that in reality much of what was offered was totally unsuitable for social housing. This helps to explain the low take-up of same. Now, in the Dublin docklands, NAMA is facilitating a building boom in office space and the continued gentrification of prime areas, even as the State lumbers through the greatest housing crisis and emergency in its history.

While NAMA claims that all sales are done in the open market through competitive bidding, this motion shows that there is something rotten in the state of Denmark, as Shakespeare might have said. There is an incestuous relationship between the firms and many of those involved in the hedge funds and vulture funds. Far from tax avoidance being an unseen outcome, it is explicit in the attempts of the Minister, Deputy Michael Noonan, to put this to one side.

I put forward a bill to change the NAMA remit to include a social housing role but it was ruled out of order by the House. I am seeking an explanation for that, but that Bill would have ensured NAMA played a clear role in the provision of social housing rather than providing for these developers.

Deputy Mick Barry: Does the discount obtained by Cerberus for the 850 properties and the murky circumstances around the £6 million success fee require an investigation? It does, absolutely. However, there is a bigger picture in the sense of how NAMA has operated. By the time it concludes its business, a total of 772 developers will have received write-downs amounting to a staggering €40 billion. We do not know how much of a write-down each of these developers received nor do we know if any other transactions involved illicit success fees. This should be the subject of investigation. We know that less than five of the 772 developers have paid all their debts to date.

The contrast between the treatment they received relative to the thousands who have fallen into difficulties with mortgages is so stark it does not require much elaboration. I offer one example. One of the biggest developers to have exited NAMA, Michael O'Flynn, reportedly had €1.8 billion in loans sold on by NAMA to Blackstone, a vulture fund, for €1.1 billion. This left a €700 million loss to the State. That is more than the entire budget for public capital expenditure on housing in 2014-15. Another example is the Anglo-Irish Bank maple ten developer, Sean Reilly. Reportedly, he cost the State €153 million in losses on his NAMA loans when he exited the agency last year. That has not stopped him from being chosen as the first developer to borrow from Activate Capital, an off-balance-sheet financial vehicle set up by the Irish Strategic Investment Fund last year to lend what is left of the National Pensions Reserve Fund to developers. By contrast, NAMA has invested a pitiful €260 million into social housing out of the €35 billion revenue it has raised to date, in other words 0.7%. Of the nearly 15,000 houses and apartments in its original portfolio, only around 2,000 or 14% have been provided for social housing. On top of this, since 2014, NAMA has sold enough land for 21,700 homes in the most sought-after areas of the capital, the commuter counties of Wicklow, Kildare, Meath and Louth and the cities of Cork, Limerick and Galway - in other words, at the height of the housing crisis and in the areas where the crisis is worst.

NAMA has recently admitted that only around 1,100 housing units have been built on this land so far. Most of the developers who bought are just sitting on the land waiting for prices to rise. This is so obvious that even NAMA acknowledges rate of return being sought as a factor.

The alleged illegal activities we are discussing here are scandalous. We support the motion and there are some scandals relating to NAMA's legal activities.

Deputy Thomas Pringle: It is beyond time for a commission of investigation into the role of NAMA. In his earlier contribution, the Minister for Finance, Deputy Michael Noonan, talked about how NAMA has done so well in recovering funds for the State. However, one would have to wonder if the Project Eagle sale had been handled properly how much extra NAMA's surplus for the State would be. We must consider that the bid by Cerberus was 0.1% above the reserve price. The reserve price was €1.24 billion and it paid €1.241. That should lead to questions that need to be answered.

Some £7.5 million was put into a bank account in the Isle of Man to pay off fixers. When one bidder informed NAMA that this was being sought and the bidder withdrew, NAMA did nothing. There have been investigations by the Northern Ireland Assembly, the Securities and Exchange Commission in New York and the National Crime Agency in the Six Counties, yet there has been nothing in this jurisdiction. The Comptroller and Auditor General may be preparing a report, but it is only a report into the value for money and whether NAMA got a good deal on the money it received on the sale of the loan book. That in itself should show enough. However, that two people were arrested on fraud charges and are out on bail in another jurisdiction should show that we need an investigation into NAMA here. While the Minister outlined some successes under the NAMA Act in prosecuting employees of NAMA for leaking information or using information, there has been no investigation of NAMA itself.

We need to see if we should have recovered more, which is vital for the taxpayers. There has been much emphasis on the fact that NAMA will be a success. While that may be so, it could have been a bigger success if it were managed and run properly.

I believe Deputies have outlined a wide range of concerns, as the Minister requested. These

show that there is enough here for a commission of investigation to take place.

Fianna Fáil has carried out a *volte-face* on an investigation into NAMA compared with its position outlined in its Private Members' time in October 2015 and even a few weeks ago when the Fianna Fáil leader, Deputy Micheál Martin, raised it on Leaders' Questions in the House. I believe that was after the arrests had taken place in the Six Counties. Fianna Fáil's excuse today that the arrests had changed the field does not stand up. When we look at the confidence and supply arrangement that Fianna Fáil has provided for Fine Gael in this session, it is obvious that Fine Gael has the confidence that Fianna Fáil will supply the cover for it when it comes to NAMA.

Deputy Thomas P. Broughan: I am grateful to have the opportunity to contribute briefly today on the motion tabled by my Independents 4 Change colleague, Deputy Mick Wallace, calling for a commission of investigation into the sale of NAMA's Northern Ireland portfolio, known as Project Eagle. Deputy Mick Wallace and his team have done sterling work in bringing the grave concerns about the sale of Project Eagle to the attention of the House and the wider public. They must be commended on highlighting an issue of such enormous national importance. They have continued to raise it when, as we have seen today, the Government and the main Opposition party clearly have no appetite for an open and transparent discussion.

I was on the Committee of Public Accounts across two Dáileanna over a period of more than eight years. We conducted many value for money and other investigations into important expenditure of public moneys. While I acknowledge that the Comptroller and Auditor General is carrying out an investigation into the sale of Project Eagle, I see no reason that a commission of investigation could not run concurrently to such an investigation. Therefore, I strongly support Deputy Mick Wallace's call for a commission of investigation into the sale of the Northern Ireland portfolio.

Of course, the general operation of NAMA has not been without its detractors in the past seven years or so. The *modus operandi* and brief given to NAMA by the Minister, Deputy Michael Noonan, and his predecessor the late Mr. Lenihan has been called into question over recent years by many economists and commentators. A few months ago, for example, the economist, David McWilliams, wrote a very strong piece entitled, NAMA's Actions have Enslaved Us. The famous NAMA Wine Lake blogger over a number years has posed the bottom line question of how citizens and the Oireachtas can truly assess NAMA's performance given that we did not know the par value of individual loans, the NAMA acquisition price and the disposal value.

There have been many questions over the operation of NAMA and whether it was too quick to sell off loans that might have returned a far greater profit for the people. The consequence of selling to US vulture funds is now starting to be felt more acutely and has been discussed many times in this House.

A commission of investigation under the 2004 Act introduced by the then Minister, Senator Michael McDowell, would allow for these matters of significant public concern to be investigated. We can all agree that the reported circumstances surrounding the sale of Project Eagle to Cerberus Capital Management have caused great concern and rightly demand further attention and scrutiny.

We have heard today the details we know of the sale of the Northern Ireland loan book, com-

prising 850 properties and the sale to Cerberus for just over £1 billion or €1.3 billion. These assets were bought for €2 billion originally and were thus sold on for an even greater discount. This sale, of course, followed the open auction, which was apparently the second attempt to dispose of this portfolio which was originally opened to nine bidders and subsequently reduced to three and then two. It has led to the investigations by our Northern Ireland colleagues in the Assembly's finance committee and the PSNI. I presume that the under-bidders, Fortress and PIMCO, hope due diligence will be carried out by this House and the Irish Government.

I noted the very strong speech by the Fianna Fáil finance spokesperson. His key point was that the NAMA decision to proceed with Project Eagle sale was made in Dublin and, therefore, this House has responsibility for the transaction.

Deputy Maureen O'Sullivan: There are questions that have to be answered and I believe a commission of investigation is the best way to get these answers in an open, transparent and accountable way. If NAMA is adamant that there has been no wrongdoing and it has fulfilled its objectives to deliver the best possible outcomes for the taxpayer, it should have no reason to fear a commission of investigation. However, there is no room for any question marks when we talk about these sales. Shocking allegations have been made about NAMA's disposal of the Project Eagle portfolio and that warrants a commission of investigation sooner rather than later.

We had the sale of loans in a sale value of a certain amount and there was a massive sale. They seem to have been acquired at a significant discount and then sold on for an even lower price. Sometimes when we are discussing financial matters, perspective can get lost in the number of zeros after these figures. However, we can only imagine what could have been with the €500 million lost in vital areas such as mental health services, housing or the community sector. There are also questions about how loans are grouped together in such clusters that it appears only foreign vulture funds have the ability to purchase them. There are legitimate questions to be asked about the strategy being pursued in that respect.

I would also like to raise worrying questions about the Project Jewel portfolio which involved the sale of assets around Moore Street. What exactly was NAMA's function in that sale? It is remarkable that in the case of Project Jewel, the State bought a designated national monument back from itself - it bought it from NAMA which is State-owned at an inflated price - whereas the developer from Chartered Land had a very nice annual salary paid to him by NAMA. There will always be a shadow over NAMA unless it is promptly exonerated by an independent commission of investigation.

The Minister spoke about NAMA in glowing terms, but there is no doubt that the glow has been tarnished. I will mention some of the agencies and interests with which it has been associated. It has had links with the UK National Crime Agency, the US Department of Justice, the FBI, accountants, solicitors and bankers. It has had seats on various bodies. It has been linked with various politicians and parties. We have learned about confidential information, success fees, acquisition fees and moneys being transferred offshore. These are all the ingredients of a novel in the thriller genre. They belong to Lee Child or John le Carré, rather than to what is supposed to be going on in the public interest.

I have been at a number of meetings with Ministers and departmental officials recently to discuss Estimates. The common denominator is that we are supposed to be getting value for money for the funding that goes into the various bodies. There are major questions to be asked about the value we are getting from NAMA. I support what Deputy Mick Wallace has been

trying to do with the commission of investigation. Are we dedicated to transparency and truth, or are we just paying lip service?

Deputy Eamon Ryan: It is important for us to consider how we investigate issues of public importance in the State. We have been getting our investigation process completely wrong in the past ten or 15 years. I refer to the requirement to set aside the vast majority of the Mahon tribunal's findings which emerged from an incredibly extensive and expensive investigation because of the way certain evidence was used or not properly used. The Supreme Court has judged that the approach to the rules of evidence was not properly followed. There is a lesson for us in that regard. It seems from the outside that a number of years on from the Moriarty tribunal which was of considerable significance because it involved large sums of money and the allocation of contracts within the State, the findings reached by the tribunal have had no real consequences. To my mind, that process did not work. Questions have been asked by people who had dealings with the tribunal and believe the actual process undertaken by it was far from satisfactory.

While we recognise the establishment of new mechanisms known as commissions of investigation, we suggest the evidence that has come before us in recent months requires us to ask real questions about how the process is working. The Cregan commission was set up on foot of calls for a commission of investigation to be established to look at the sale of IBRC assets, including Siteserv. My party which was outside the Dáil at the time stated: "No, this is not working." We argued that we should be doing this ourselves by getting an Oireachtas committee to investigate the issue. We made the point that running for a High Court judge to try to set up a commission of investigation should not be the first thing we do whenever complex or difficult issues arose. I am now even more convinced of the real difficulties with commissions of investigation in the light of how the process recently treated Sergeant Maurice McCabe. I understand from everything I have heard at a distance - I am not intrinsically involved - that the adversarial approach taken in this investigation was deeply unsatisfactory for the participants. The commission delivered in the sense of providing a finding. It ultimately produced a report which vindicated Sergeant McCabe. Real questions need to be asked about the use of such commissions or these mechanisms in general.

I am a member of the Committee on Procedure and Privileges. The first thing we have on our agenda is our own form of investigation. There are real questions about the Committee of Public Accounts. I will not go into the details because they are so bloody sensitive that they could affect our entire ability to do our work. I have cited various cases to make the point that I do not see a compelling case for us to be using any commission of inquiry at this time. I do not believe we have got it right in how we do it if we are to do it. No one is disputing that significant issues of consequence arise about the sale of the loan asset book in the North of Ireland. No one is doubting that issues such as the manner in which money was salted away to the Isle of Man and the undue influence of some people involved in the process are of concern to everyone. Given that the circumstances which are the cornerstone of the key issue are at the centre of a criminal investigation governed by rules of evidence, I do not believe we should do anything that would interfere with, undermine, confuse or get in the way of the real accountability associated with criminal proceedings which lead to consequences. I suggest this is a particularly valid point in the absence of a process that works effectively. Why would we jump into yet another commission process when we have not even worked out from the recent processes how we should manage these commissions?

I would like to move on to those instances where we do have jurisdiction and where there

are issues to be examined about NAMA's actions in the South. This is separate from the immediate issues relating to the financial transactions that took place in the North and the various actors involved there. Consideration needs to be given to how NAMA has worked and delivered on the objectives set out for it. It seems that this is primarily a subject for political discussion or investigation. That would be very healthy and valid. The more openness with which we have a really good internal inquiry in this area the better. However, it is much better suited to political investigation within the Committee of Public Accounts. If we are going to get commissions of inquiry right or our capability to inquire right, we have to start here in the Oireachtas, for example, in the Committee of Public Accounts, by learning lessons from what has happened in recent years when we seemingly got this wrong. I ask why we would not be prepared to set ourselves to the real task of having full transparency, full access to information and full accountability through the Committee of Public Accounts. That committee should be able to do what it says on the tin. That is my primary response to this legislation.

I welcome the work Deputy Mick Wallace has done to expose various aspects of this issue. I respond to it by suggesting we should be allowed to investigate in the Oireachtas. That would be cheaper and give us greater control. It would not interfere with any criminal investigation. We would not run into any difficulty if something similar to the criminal investigation in the North were to be undertaken here. The approach I am advocating would empower this House, something we have to do.

Minister of State at the Department of Finance (Deputy Eoghan Murphy): I thank the Deputies who have introduced the motion for discussion and made contributions to the debate. These are serious matters that require informed discussion. The Taoiseach best summarised our position in this House recently when he said “allegations, rumours and speculation [are] not the basis for setting up a commission of investigation.” This position is reflected in Fianna Fáil’s amendment. It is clear from this debate that some Deputies prefer to remain in the realm of “rumours and speculation”. It is not unreasonable for us to expect that those proposing a motion in this House would outline specific concerns appropriate to a commission of investigation and thereby allow the House to consider such concerns. Regrettably, no specific concerns appropriate to a commission of investigation have been articulated for consideration by the House. Specific issues appropriate to a commission of investigation may arise or remain following the completion of the various investigations under way. It is comforting to see the reasoned and measured approach echoed in each of the proposed amendments. We must allow ongoing investigations the time and space to complete their work.

It is in all of our interests that NAMA has secured and continues to secure the best return possible for the Irish taxpayer. I remind Deputies that this has happened because the Oireachtas had the foresight to provide for appropriate legislative oversight when it framed the National Asset Management Agency Act 2009. An independent board of directors was put in place to *6 o'clock* take commercial decisions to secure the maximum return to the State, as required under section 10 of the 2009 Act. The Minister, Deputy Michael Noonan, and I have full confidence in the chairman and board of NAMA. They, in turn, are confident that maximum value was secured in the Project Eagle sales process. NAMA’s activities are fully audited. The Office of the Comptroller and Auditor General must be given the appropriate time and space to complete its section 9 value for money review of Project Eagle properly and in accordance with due process.

Oireachtas oversight was specifically set out in the NAMA Act. The Committee of Public Accounts must be allowed the opportunity to consider the Comptroller and Auditor General’s

value for money review. Following recent statements by the Committee of Public Accounts Chairman, whom I congratulate on his appointment, I have no doubt the committee will exercise its oversight and meet the NAMA chair and chief executive to discuss this report, as they have done many times in the past.

There has been much inflammatory rhetoric which, like many times before, has irresponsibly been thrown around in full knowledge that it conflates issues. For clarity, I will address some of the matters raised this evening and previously. The arrest of individuals connected to Project Eagle is extremely concerning. However, the National Crime Agency, NCA, is pursuing a criminal investigation and is the appropriate authority to pursue such charges in Northern Ireland. To date, these arrests have not resulted in charges or in any confirmation of wrongdoing by any person. In addition, NAMA advises that the NCA has confirmed that no aspect of the agency's activities are under investigation. We must remember that we are not, nor should we be, privy to the NCA's line of questioning or how it intends to progress its investigation. Equally, we should not prejudge its investigation.

Should a criminal investigation be warranted in this jurisdiction, it is a matter for the Garda. Those who believe they have information in this regard should alert the Garda.

Separately, it is regrettable some Members have conflated separate incidents referring to four arrests. The Deputy is well aware that it was NAMA which lodged separate complaints to the Garda which led to two cases regarding the inappropriate disclosure of information being pursued by the Garda Bureau of Fraud Investigation. These cases are in no way related to Project Eagle and the recent arrests in Northern Ireland.

It is also incorrect to hark back to the original par value of the loan book when assessing the return NAMA secured on Project Eagle, or any other sales process. Poor lending practices by the banks and the resulting financial crisis meant that borrowers would never be in a position to repay the full amount. The majority of this loss was recognised upon the acquisition of the loans by NAMA from the banks, as set out by this House in legislation. The loss ultimately suffered on this portfolio is not a loss caused by the sale of the loans but a loss caused by poor underwriting by the banks at the time these loans were granted and by significant falls in the value of property on which these loans were secured. The NAMA board believes it did achieve best value for the portfolio and is best positioned to make that judgment. Assertions that NAMA should have pulled the transaction are purely speculative and are not based on informed analysis.

The NAMA chairman has indicated that the NAMA board is satisfied that the process delivered the best possible return that could have been achieved and is satisfied with the integrity of the sales process. The NAMA board carefully considered the situation at the time PIMCO disclosed the fee arrangement with a former Northern Ireland Advisory Committee, NIAC, member and sought appropriate advice from its appointed loan sale advisers, Lazard. Following the withdrawal of PIMCO, the board made a considered and deliberate decision to proceed, comfortable that sufficient competitive tension remained in the sale process.

Suggestions the Minister should have interfered with NAMA's commercial decisions fundamentally misunderstands both NAMA's independent mandate and the role of the Minister for Finance. Under section 14(1) of the NAMA Act 2009 the Minister "may give a direction in writing to NAMA concerning the achievement of the purposes of this Act". There is nothing to suggest NAMA was not operating within its mandate or in line with the purposes of Act by

proceeding with the sale process. In fact, halting the sale process may have had the opposite effect, damaging Ireland's hard-earned reputation as a credible, open and transparent market.

The suggestion to halt NAMA's work immediately is completely inappropriate. NAMA continues to progress its mandate to maximise the return to the State, as evidenced in its 2015 annual report and accounts, and should not be impeded in its continuing efforts to do so. It is in everyone's interest that NAMA continues to eliminate the State's contingent liability and, potentially, return a profit of up to €2.3 billion. We should also not forget that NAMA's commercial mandate involves the intention to facilitate the delivery of much-needed residential units and grade A office space in the Dublin docklands. We can ill-afford to jeopardise this meaningful contribution by acquiescing to vague assertions that something is not right.

For all these reasons, it would be inappropriate to establish a commission of investigation now. I again thank the Deputies for bringing forward their motion for discussion this evening and for their participation in this debate. I believe it is clear that a commission of investigation into any matter should not be entered into without due consideration of what specific concerns that commission could usefully investigate. The Minister is more than willing to discuss fully specific concerns which this House believes are appropriate for a commission of investigation. Fianna Fáil's amendment to the motion suggests that a commission of investigation should be pursued if warranted, following the completion of ongoing investigations. I agree that if specific concerns arise following the conclusion of other investigations that would require a commission of investigation to investigate them, then the Dáil should consider such a course of action at that time. In that regard, the Government's amendment proposes that we must allow the appropriate authorities the time and space necessary to complete their investigations. The Government will, of course, continue to monitor developments in the interim.

Deputy Catherine Connolly: I wish to share time with Deputy Mick Wallace.

An Ceann Comhairle: Is that agreed? Agreed.

Deputy Catherine Connolly: The Minister of State spoke about rumours and speculation. The Fianna Fáil leader, Deputy Micheál Martin, describing the Government's refusal to act on the matter in question as not tenable, said, "As revelations emerge, and as the levels of the investigations get deeper, the Government's position in relation to the sale of Project Eagle by NAMA is, in my view, more untenable by the day." He also claimed there are huge ethical questions over the sale of the portfolio and predicted new explosive evidence will emerge in the coming weeks. He claimed, "the deal is tainted, of that there can be no question". That is from Deputy Micheál Martin who is in an arrangement with the party opposite to keep it in government. Several months ago, the Fianna Fáil finance spokesperson, Deputy Michael McGrath, called for an independent commission of inquiry and stated the Government could not hide behind the Comptroller and Auditor General.

As I am not into rumours or speculation, I will stick to the report of the Northern Ireland Assembly Committee for Finance and Personnel which managed to publish a report on this matter, notwithstanding a criminal investigation being under way into the matter. There are only 18 pages in the report which is in good plain English. Perhaps the leader of the Green Party, Deputy Eamon Ryan, might look at it as well. The committee report stated:

The committee found the refusal of NAMA to attend an oral evidence session particularly unhelpful. NAMA needed to be more open and accessible given the importance of the

Project Eagle portfolio [some 850 properties] to the Northern Ireland economy. The committee does not accept NAMA's rationale for not attending hearings.

The report is divided into nine lessons identified to date, evidence outstanding and areas requiring further scrutiny. Regarding lessons to be learned, the committee found meetings were not minuted, there was insufficient professional advice and serious questions arose over the nominations to the advice committee in Northern Ireland. The committee noted "with regret the decision of the NAMA board not to suspend the Project Eagle sales process once PIMCO had disclosed to the agency in March 2014 ... PIMCO's proposed fee arrangement" with the two legal companies and the third party of €15 million. The report continued:

While it does not fall to this committee to pursue [it is aware of its limitations], given the seriousness of the revelation by PIMCO, it is unclear why the Irish Government's Minister for Finance, Michael Noonan, did not intervene at this point [when PIMCO made it aware of what was happening], by exercising his general powers of direction over NAMA to suspend the sales process until matters were investigated fully.

The committee's report stated:

In the case of the Irish Government and NAMA, the available information suggests shortcomings in the handling of the bidding process and related decisions. It is therefore imperative that the lessons identified to date are acted on as applicable.

Notwithstanding it had difficulty getting witnesses to attend, this committee was able to make certain findings while acknowledging the facts were unclear. It was able to set out what was unclear and clear. Accordingly, I have no hesitation in supporting Deputy Mick Wallace's motion. I congratulate him because it has been extremely difficult to keep working on this, particularly in light of the turnaround by Fianna Fáil which had given every indication it would support the motion. I deplore the actions of Fianna Fáil on this matter. Many times in the courts it has been said that there would be no need for tribunals or expensive court cases if questions were not just asked but answered.

Deputy Mick Wallace: Before he left the Chamber, the Minister for Finance, Deputy Michael Noonan, said if I had any allegations, I should make them without using Dáil privilege. With regard to the two gentlemen who were arrested a few weeks ago, the former employees of NAMA who worked for it in Dublin, I have mentioned them several times outside this House. The Minister spoke about going to the relevant authorities. I have gone to the Garda on a number of occasions and to the National Crime Agency. I have not been hiding behind the door. The Minister said it is unreasonable to talk of par value. It is not unreasonable to talk of par value. No one expects us to get par value but if I hear NAMA say once more that it will make a profit, I will vomit. The par value was €74.8 billion and it is going to get about €34 billion. The Irish taxpayer does not want to hear that it is making a profit because we are out about €40 billion. We were told NAMA was invented in order to put these assets into cold storage until there was recovery. What did we do? We could not offload them quick enough and we could not offload Project Eagle quick enough. Does the Minister of State know how much competitive tension there was in that bid when there was no one left but Cerberus and Fortress? There was zero competitive tension.

Fianna Fáil Members mentioned that my motion should have been clearer and more specific. I specifically went as close to their motion of October 2015 as possible because I wanted

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to keep them on board. I could have included much more in the motion. I went as close as I possibly could to Fianna Fáil to give it no reason for coming out of it, yet they have done so.

The three speakers from Fianna Fáil made some very good points today but they are totally inconsistent with their position of not having a commission of investigation now. It will not interfere in any way with what the NCA and the Securities and Exchange Commission in the United States are doing. The legal opinion provided to me makes the point that if at any stage during the commission's lifetime the Director of Public Prosecutions decides to institute criminal proceedings, and in the unlikely event that the Director of Public Prosecutions believes there was a conflict and that the commission's activities might endanger those criminal proceedings, it would be open to the Director of Public Prosecutions to write to the commission and set out her concerns regarding how matters should proceed, but this very unlikely potential eventuality is not adequate reason for the Oireachtas and the Government to shirk their duty in establishing a commission to begin a thorough investigation.

The Minister for Finance, Deputy Michael Noonan, referred to the independence of NAMA but he had no problem interfering with NAMA in May 2010, March 2012 and July 2015, when it suited him. The truth be told, the Minister has the power to tell NAMA what to do in all areas, so long as the direction or order under section 14 is to do with achieving the purposes of the Act, which are set out in section 2. He could tell NAMA to do anything in this context. He could even have told it to honour a social mandate, which was in the small print. However, he chose not to. He chose to do whatever he liked. He has not wanted to hold NAMA to account. He is happy with its commercial mandate and happy we have taken a completely neoliberal position. We have sold assets for half what it cost to build them. We have sold the assets in Project Eagle to Cerberus for a song. It is going to make a fortune on it, yet the Minister is trying to tell us we got the best possible return. If we got the best possible return, Cerberus could not be making a fraction of what it is going to make on it. It does not stack up. It is rubbish.

No one would be well having contemplated what is happening here. We have put a lot into this in trying to get the truth out. There is nothing I have said in here or outside this Chamber that has been proved to be wrong. I want the Minister of State, Deputy Eoghan Murphy, to try to contradict that because it is not true. I have not told one lie in here or outside the Chamber.

This is not going away. If it is the last thing I do, I am going to get to the truth of this and I am going to expose what has gone on. We are setting up an organisation called *namaleaks.ie*. We have got help from the people who fixed up Snowden, The Intercept, and we are going to invite members of the public to come forward with information where they feel they have been badly treated by NAMA, banks or investment funds. We are inviting insiders with information, who will have 100% confidentiality, to send us documents that are truthful in order to address this rottenness that exists in how we do business in this country and how they do business in Northern Ireland. They are no worse up there than we are down here, there is a pair of us in it. Our credibility at international level is going to suffer unless the Government has the gumption and the balls to actually go after the truth, because it is not showing any. I am gutted that Fianna Fáil is not showing it either.

Amendment put.

An Ceann Comhairle: In accordance with Standing Order 70(2), the division is postponed until the weekly division time on Thursday, 30 June 2016.

Energy Bill 2016 [Seanad]: Second Stage (Resumed)

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

An Ceann Comhairle: Deputy Gino Kenny is the next speaker. As he has not yet arrived, I call Deputy Thomas P. Broughan.

Deputy Thomas P. Broughan: I am grateful for the opportunity to contribute on the Energy Bill 2016, which has its origins in an earlier Energy (Miscellaneous Provisions) Bill. I have long called for the reform of the Commission for Energy Regulation, CER, but I am strongly opposed to the inclusion of water in the CER’s remit and believe the additional powers being given to it, while welcome, may do little to improve competition in the energy sector. In recent Dáil terms I have been an outspoken critic of the weakness of the CER and its lack of action over many years on price transparency and market concentration in energy. The renaming of the CER as the Commission for Regulation of Utilities, CRU, provided for in this Bill, seems just an administrative step purely due to the inclusion of the regulation of water services in its remit. Apart from the name change, what will the Bill do to actually strengthen the CER’s market regulatory power? There is no provision to include, for example, motor and heating oil in the remit of the CER, despite the fact many of the complaints made by our constituents over the years relate to the failure of oil companies to promptly pass on falling oil and gas wholesale prices to consumers while, of course, any higher spikes in the prices of these fuels were immediately passed on to drivers and households.

The neoliberal model of privatising essential services and turning citizens into customers for those services, pioneered in the United States and the United Kingdom from the early 1980s, is reflected in section 4, or Part 2, of this Bill. The Water Services Act 2013, which I fiercely opposed, expanded the CER’s remit to include the so-called “economic regulation of water services”. Section 4 now reiterates that change in the alteration to the new title of Commission of Regulation of Utilities, CRU. Like the Water Services Act, this change of role is predicated on the future privatisation of water supplies. The fact the Fine Gael-Fianna Fáil Administration, which we now have in this Dáil, has strongly retained the Irish Water company model shows that, despite their protestations, these parties both have future plans to privatise domestic and commercial water supplies. The experience of the gas, electricity and oil markets is clearly to be replicated in water, in the first instance through Irish Water. We recall how the Fine Gael and Labour Party Government sold Bord Gáis Eireann at the earliest opportunity and retained only the pipework with Eirvia, and how the same Government ended our last foothold in a national airline with the sale of Aer Lingus.

I welcome section 5 in Part 3 covering the power to carry out investigations and impose administrative sanction whereby the powers of the commission will be enhanced. The Commission for Energy Regulation, CER, may revoke a licence and the Bill provides for further administrative sanctions, such as the seeking of High Court compliance orders and the imposition of fines. Our constituents will ask why the powers are only enhanced to extend to administrative sanctions and why clear criminal sanctions for company principals are not applied where market fixing or price gouging is occurring.

The new sections 56 and 58, also under Part 3, amend the 1999 Act and allow for the provision of the appointment of inspectors and their powers. The new sections 59 through to 66 provide for the action which must be undertaken by these inspectors once they have completed their investigations, as well as the action arising therefrom. Section 59 provides for the

completion of the draft investigation report, on which the body being investigated will have the opportunity to make submissions. The inspector, of course, cannot make any recommendations on the imposition of sanctions. The subsequent sections provide for oral hearings, court procedures and appeals, and the new section 66 provides for the power to impose administrative sanctions. Again, I wonder why these are only administrative. If there is clear evidence of price fixing or other interference with energy markets, why is there not provision for sanctions under criminal law?

We must ask whether the CER has ever been fit for purpose. When the Minister was on the Opposition side of the House, he sometimes questioned some of the decisions made by the CER. On the positive side for the CER, particularly since critical contributions have been made by the Minister and me over the years, more information is being provided to us regularly with regard to how decisions are made. The CER has failed to regulate price gouging and in the previous Dáil I called for its abolition and to start again. At the very least, the regulation of the energy sector requires a total relaunch and rebranding. Now the CER has been given a totally unnecessary role in the disastrous mismanagement of Irish Water.

Irish consumers have had to endure huge increases in electricity and gas prices during the years, and a recent EUROSTAT report showed we had the third highest energy prices in the European Union. I believe the Minister has said it is the second highest in some areas of energy, because when EU taxes and levies are disregarded in the EU-wide country comparison, Ireland comes out at second highest. While our lack of indigenous energy and the burdensome public service obligation, PSO, levy to stimulate production of renewable energy have played significant roles in our high energy prices, the existing regulator has simply failed in its primary function of invigilating Irish energy markets. As a result, Ireland continues to have a significant cohort of citizens suffering energy poverty each winter. When I was an energy spokesperson for another party in the House-----

Deputy Denis Naughten: We were all in that situation.

Deputy Thomas P. Broughan: The Minister and I have a lot in common. At that time, I drew attention to the levels of energy poverty and constituents I knew who put on their top coat at night and would not put on the gas, desperately trying to keep the price down. We are all familiar with this and it is something we need to attack. There were some very cold months in the winter gone by and this is something we need to address. When I was energy spokesperson previously, the figure for the population suffering in this way was approximately 10%. When we have instances of seniors wearing their coats indoors to keep warm in December, January and February, we as a nation have a serious problem.

While there has been a 37% decrease in wholesale gas prices since May 2015, the CER has now called for a 32% increase in the PSO levy. I read its report closely. I realise there is public consultation on this proposal, but this proposed increase will completely counteract all the recent falls in energy prices across the market. The CER has estimated the PSO levy pot will need to rise from €325.3 million to €440.9 million to ensure security of supply, but the PSO has skyrocketed since 2011, and if the proposed new levy of €441 million is approved, it will have increased by nearly 400% since 2011-2012 when the levy raised approximately €92 million. Domestic consumers will be hard hit individually, with the annual amount in their bills jumping from €60 to just under €80 per customer. This is a very significant part of each hard-pressed householder's annual bills.

Section 15 of Part 5 covers the wholesale energy market and transparency and provides for the increase of penalties for breaches of REMIT, the EU regulation on energy market integrity and transparency. These provisions seem very welcome, but I worry they are just administrative sanctions and will not be a sufficient deterrent for bad practice or even criminal malpractice. The Minister might say this would be covered under company law and other areas of our legislation, but given the price gouging that has happened in recent years, we need to send a very strong message directly in energy legislation. This section also refers to the possibility of forum shopping and market manipulators. How will this be policed having regard to the all-Ireland and EU wholesale market?

There are a number of miscellaneous amendments to various Acts provided for in the Bill. Part 6 covers amendments to the Sustainable Energy Act 2002. Section 17 provides for amendments to the 2002 Act regarding appointments to the Sustainable Energy Authority of Ireland, SEAI, board. Section 20 of Part 7 covers amendments to the National Oil Reserves Agency, NORA, Act 2007 and inserts a new subsection 43A, which provides for the exchange of information on oil data and payment of NORA levies. Section 22 of Part 7 discusses biofuel obligation account holders, certification and the publication of determinations on NORA's website. Section 24 provides for an increase to the deadline for NORA issuing notices to 75 days from 35 days, therefore increasing flexibility. Most of these changes seem welcome enough.

An important element of the Energy Bill 2016 is the reference to our cross-Border trade in electricity as per Regulation (EC) No. 714/2009 regarding such exchanges. Part 4 of the Bill amends the Act of 1999 to provide for such changes to the single electricity market in the Republic and the North. Of course, in March 2009, we had an historic moment when EirGrid purchased System Operator for Northern Ireland, SONI, which is the transmission system operator, TSO, in the North. This is something many of us interested in energy during the 2000s thought might happen, and this was ultimately good for energy security on the entire island. Together, they operate as the single electricity market operator, SEMO, throughout the whole island. The question must be asked as to whether the Department has been tasked with examining what impact Brexit might have on this. This is something we will have to watch very closely because there have been many important initiatives to increase energy transfers between North and South and between the two islands. Quite clearly, it is a core concern that we retain the security we have at present. What impact will Brexit have on the single electricity market for the island of Ireland?

I welcome the inclusion of section 16 in Part 4 relating to an energy strategy statement. This provides for the submission of a three-year energy strategy statement to the Minister, which must be laid before the Houses of the Oireachtas and subsequently published on the commission's website. The area of energy is something in which most citizens have quite a strong interest. It is a very interesting portfolio. The former Minister, Deputy Eamon Ryan, is sitting behind me. Constituents have drawn to my attention the achievement of Portugal in running on its own power for a particular period and how it had joined other EU countries in having had its major power grid powered by domestic renewable energy. I believe other countries have passed this milestone. This will be a big challenge for the Minister with regard to his climate change designation.

Another issue which has been raised, and to which the Minister might refer, is when he will become the Minister for bins. As somebody said, he has been given a hospital pass by the Government scrum-half, the Minister, Deputy Simon Coveney. That rugby ball is now heading across to his hands. I was asked by the Department today to refer issues to the Minister, Deputy

Simon Coveney. Perhaps the Minister might give us an indication as to when he will catch the ball.

Deputy Denis Naughten: I prefer the round ball.

Deputy Thomas P. Broughan: Okay. The three-year energy statement is very welcome and will be very interesting and helpful for Deputies and citizens. It documents objectives, outputs and resources. These statements must also include reviews of the effectiveness of the previous strategy. This will provide an opportunity to engage in reflection and seek improvement, if implemented correctly.

It is heartening, as I mentioned, to learn of developments in renewable energy provision, especially in northern Europe, and the manner in which several states and major cities have become independent of fossil fuel imports. Clearly, the invigilation and regulation of wider energy markets across Ireland, Britain and the European Union are critical to energy independence and security. I hope the Minister will be able to address this challenge closely in his period in government. He said earlier this month at the launch of Engineers Ireland's report, *The State of Ireland 2016*, that "the over-dependence on fossil fuels challenges all of us to work together to find a balanced and sustainable energy mix." Climate change and sourcing alternative, sustainable energy supplies is a huge challenge facing the country and the planet. Not only do we have targets to meet under the European Union's renewable energy directive and the United Nations COP 21 agreement, but we also have the reality of dealing with more extreme weather events that climate change is bringing to our daily lives. Citizens around the country suffered horrendous flooding a few months ago.

Engineers Ireland's report helpfully had a focus on energy and made some useful recommendations, including implementation of the recently published energy White Paper, the retrofit programmes for homes and public buildings and conversion of the national bus fleet and Ministers' cars to hybrid, electric or compressed natural gas, CNG, energy vehicles. Significant investment is required to tackle the impact of our energy usage on climate change, but it is now a matter of proactive investment to lessen the possibility of reactive costs such as fines and clean-up costs after increased severe weather events. I hope the Minister will have in his period of office and with the redirection and renaming of the Department a tremendous focus on the challenge posed by climate change.

Sustainable Energy Ireland has stated €35 billion is required in the coming 35 years to reduce the levels of carbon consumption in dwellings. Targets set for Irish hospitals to halve their carbon emissions by 2020 simply will not be met without significant investment. I ask the Minister to take this example on board. I believe he will soon be publishing the energy research strategy. Does he agree that the time has come for action and implementation of best practice in reducing carbon emissions and energy consumption? The Government can have any number of White Papers and research strategies it wants, but without key political leadership and action, there will be no change. We will continue to miss our targets. Climate change does not wait for any one of us or the nation. We clearly need to link this action with the budgetary process and restore the practice of carbon-proofing annual budgets. The Minister knows that a number of us are involved in the Committee on Arrangements for Budgetary Scrutiny. I think other Deputies agree that one practice to which we should go back is the carbon-proofing of budgets. I know that I have been highly critical of the Green Party's involvement in Fianna Fáil-led Governments in the past, but it was interesting to see the former Minister, Mr. John Gormley, and Deputy Eamon Ryan coming in with a statement on carbon-proofing. Perhaps that is something

the Minister might try to do in the case of budget 2017. As I said, one of the few benefits in 2007 was the addition of a carbon-proofed budget.

I am strongly opposed to the inclusion of water services in the Bill, which suggests the Fianna Fáil-Fine Gael agenda remains to privatise the domestic water supply. The administrative sanctions and fines included in Parts 3 to 5, inclusive, while welcome, do not go far enough to combat and stamp out market manipulation and malpractice. I sincerely hope this Energy Bill marks a significant improvement in energy regulation and will inform our conversations on renewable energy and the changes we need to make urgently.

Deputy Gino Kenny: I apologise for the mix-up earlier.

An Ceann Comhairle: That is fine.

Deputy Gino Kenny: The lasagne in the canteen put me off.

An Ceann Comhairle: I hope the Deputy means that in a positive rather than a negative sense.

Deputy Gino Kenny: Positive. The food is very good.

I have a few issues with this Energy Bill. First, regarding the duration of membership of the board of the Sustainable Energy Authority of Ireland, it must be kept in mind that the mission of the authority is to play a leading role in transforming Ireland into a society based on sustainable energy. Given this, I would have hoped the board would comprise a mix of people from different backgrounds, including communities and environmentalists involved in the sustainable energy sector. In fact, the Minister will find it is made up overwhelmingly of people with a background in government, consultancy and law firms and especially from the world of business, including, for example, consultancy firms working for gas and oil exploration companies such as Veolia in the energy sector of Ireland. A board member of Veolia stated in the past:

In an increasingly environmentally sensitive marketplace, water is seen as a strategic asset which needs to be managed appropriately. This reality has prompted Veolia to develop a new metric [system] to help industry and local authority [areas] alike to grasp the obvious and hidden cost of water so they can make sustainable business decisions while ensuring long-term profitability.

Why does this board have no environmental campaigners or persons outside academic circles with expertise in the area of promoting sustainability?

I am also concerned about the proposed name change for the CER to reflect the economical management of water. The CER facilitates competition in the energy industry; I argue that it seeks to limit the role of State companies and help the private sector in the interests of competition. Would its role in the water sector be similar in theory? Is this to facilitate its role in encouraging future charges and private companies to enter the water industry?

Considering the very strong opposition in this country to any attempt to introduce water charges or the prospect of water services privatisation and the attempts to make a commodity of a precious resource like water, can the Minister understand these small, slight changes ring alarm bells for people that the SEAI is full of businesspeople who in past lives were concerned with making money from water services or oil exploration? Also of concern is the idea that an energy regulator that in the past facilitated private interests in making money from energy gen-

eration will now be tasked with encouraging the same competition and profit-making in water services.

I also want to comment on the biofuels obligation levy and what seems to be, again, a minor accountancy change in how the National Oil Reserves Agency, NORA, deals with the companies under the scheme. It is worth pointing to how the scheme, despite its supposed green credentials, actually wiped out many of the small indigenous firms involved in the biofuels sector in Ireland. It was introduced in 2011 by my colleague, Deputy Eamon Ryan, who claimed it would allow “the market ... to find the most efficient way of delivering the volumes of bio-fuel to the market, minimising the effect on consumers and the Exchequer.” The market found the most efficient way to deliver profits for some firms, but it did little to put it on the road towards the sustainable and indigenous use of biofuels. The scheme favoured big industry and the importation of biofuels by larger companies and firms. Some 78% of liquid biofuels were imported in 2013. Nothing in the Bill will help to change this or see us invest in a serious manner to produce biofuels locally. Despite some guarantees, the switch to biofuels internationally is having a huge impact on the developing world’s poorest, resulting in land grabs and rising food prices in commodities on which poor people depend. Even with a large proportion of transport fuels now comprising biofuels, it has not seen any decline in the overall volume of oil, etc., used; therefore, there has been no reduction in CO2 levels in Ireland. Ireland is still not on target to decarbonise or reduce CO2 emissions. We are already woefully behind in meeting the targets we need to reach to decarbonise the economy in terms of the investment in renewable energy sources and power generation and to hit our commitments under the Paris Declaration.

Is the Minister not concerned about the lack of ambition or vision in the Bill which proposes changes to the energy sector in this country? It is amazing that an energy Bill is brought to the Dáil that does not hint at the serious, catastrophic consequences of climate change and shows no real innovation in how we should tackle this issue, other than making slight changes to the board of the SEAI and the manner in which we audit biofuel use.

On the public service obligation, an issue on which Deputy Thomas P. Broughan touched, it is quite extraordinary that in 2011 the levy was €19.33, excluding VAT. It currently stands at €60 which the commission wants to hike to €90, including VAT.

There has been an increase of 40% in the past four years. John-Mark McCafferty, head of social justice and policy with the Society of St. Vincent de Paul, said:

With VAT added domestic customers are effectively paying a tax on a tax. In the interest of social justice and fairness, we urge a review of the PSO application for low income and struggling energy customers.

The PSO levy is a tax with which the Government orchestrates its energy policy and amounts to €40 million per year which goes to subsidise many private companies in the industry. I hope the Minister will take this on board.

Deputy Michael Harty: I congratulate Deputy Denis Naughten on his appointment as Minister for Communications, Energy and Natural Resources. It is an extensive Department with responsibilities that extend into many aspects of our daily lives. I am confident that he will provide an extremely capable and decisive ministry and facilitate development, while balancing regulation and control with the practical needs of communities, particularly in rural Ireland. The Energy Bill 2016 is primarily concerned with updating the regulatory system, including the

renaming of the CER as the Commission for the Regulation of Utilities, CRU. It is envisaged that it will provide, in primary legislation, more robust penalty provisions for breaches of EU rules on wholesale energy market integrity and transparency. The Electricity Regulation Act 1999 will be amended to increase the commission's powers in a number of respects, particularly in enforcement.

As a Deputy for County Clare, I have a great interest in energy generation, particularly electricity generation. The hydroelectric station at Ardnacrusha and the coal burning station at Moneypoint are located in my constituency. My primary concern lies with the future of the Moneypoint plant. It is the only coal-fired electricity station in the country and, given that coal is relatively cheap, it gives us correspondingly cheap electricity. The ESB has stated the station saves the customer up to €200 million per year in electricity bills.

Not only is generating electricity from coal very good value for money, it is also a major employer in County Clare. The station at Moneypoint employs 190 workers and up to 250 are employed by various subcontractors. Employment in County Clare must be set in the context of the anticipated loss of 240 jobs at Roche Pharmaceuticals in Clarecastle and the failure of the Industrial Development Authority, IDA, to attract significant foreign direct investment to the county. Besides the station at Moneypoint, there is only one significant employer in west Clare, namely, Trump International Golf Links and Hotel in Doonbeg.

The recent Government White Paper on energy, Ireland's Transition to a Low Carbon Energy Future 2015-2030, warned that key decisions must be taken on the station at Moneypoint by 2020. By 2025 the station will be approaching the end of its operating life in its current configuration. One of the major challenges facing the Government is the future of the station. It must have a viable, long-term future. Closing it is not an option.

The Climate Action and Low Carbon Development Act 2015 requires the new Government to produce a national low-carbon transition and mitigation plan, Ireland's first statutory low-carbon strategy for the period to 2050. A programme for a Partnership Government states, "The first national mitigation plan will be published within six months of the new Government forming." It will focus on a number of key areas, including electricity generation. The plan will examine specific measures to reduce emissions from electricity generation and outline how new technologies can be ready for incorporation into Ireland's electricity system and how the cost of existing renewable technologies can be lowered. A Programme for a Partnership Government promises a "national dialogue on climate change that will involve extensive public consultation". The programme states that in anticipation of the station at Moneypoint coming to the end of its operating life in its current configuration, the national dialogue on climate change will identify, as soon as possible, the most suitable replacement low-carbon generation technology.

The ESB has stated, "Any future decision on Moneypoint needs to be considered against the backdrop of the station's economic benefits, impact on the environment, possible conversion to biomass firing, and emergence of new technologies, such as carbon capture, which may enable low carbon coal burn in the future". The ESB will have a major role to play in deciding on the best way forward in fuelling the station. One of the most publicised suggested alternatives is the conversion of the station from coal burning to biomass. One international expert has claimed that the conversion from coal to biomass could create 200 jobs and extend the life of the station at Moneypoint by 30 years. Even if the plant were available, sufficient acreage in Ireland would not be available to grow the amount of biomass required and much of the biomass would have to be imported.

While these issues are to be teased out by experts, time is not on our side. The decision to be made on the station at Moneypoint can no longer be put on the long finger. The decision to be made is how best to convert, adapt or modify the station to accommodate the most suitable replacement low-carbon technology. I invite the Minister to visit Moneypoint. It will give him the opportunity to meet the management and staff and a cross-section of the community and business interests in west Clare. I hope such a visit can be arranged in the near future. While experts have a key role to play in deciding the future of the station at Moneypoint, the voice of west Clare must be heard.

Regarding Brexit and the sustainability of Ireland's energy sector, 85% of our energy raw material or requirements are imported from abroad, much of it from the United Kingdom. We import gas and electricity via the interconnectors between the United Kingdom and Ireland, while 90% of our oil reserves are stored there. The European Union will have to make very special arrangements for Ireland in terms of its access to energy supplies via the United Kingdom.

Deputy Michael Collins: I congratulate the Minister, Deputy Denis Naughten, on his appointment as Minister for Communication, Energy and Natural Resources. I have no doubt that he will be an excellent Minister.

While the Energy Bill makes some positive advancements, I worry that it fails to make any mark on energy generation in Ireland. It should have included provisions to ensure the wholesale purchasers of energy would be liable to pass on savings to domestic customers. While Vayu Energy which supplies gas to over 20% of Ireland's industrial and commercial market has stated businesses benefit from falling gas prices, this is not being mirrored at domestic customer level. Suppliers state they cannot pass on the benefit of price falls, given that they buy so far in advance; however, they can be very quick to pass on price increases. I call on the Minister to consider putting in place legislation to ensure all energy companies operating in the domestic market will be obliged to pass on energy savings to their customers. The impacts of climate change are devastating for millions of men, women and children who are living in poverty in developing countries. Livelihoods and lives are being lost to more frequent droughts and floods. As the Minister is aware, the impact of increasingly unpredictable weather conditions is also being felt at home. As one of the highest emitters of carbon dioxide *per capita* among our industrialised peers, Ireland cannot turn a blind eye to the fact that we are fuelling the crisis.

Moneypoint coal-fired power station is Ireland's largest single source of carbon emissions, burning 2.5 million tonnes of American coal per year. I urge the Minister to consider converting it to a sustainable biomass plant. That would help to deliver on Ireland's 2020 renewable electricity targets cheaply with only limited modifications required to the existing plant. By switching to sustainable biomass, Ireland's major potential to supply cost competitiveness and sustainable biomass could be unlocked. The move would guarantee a secure, long-term demand for Irish biomass which would create a more stable income for farmers and foresters. Making the change would offer a more positive investment in the rural economy and be an incredible economy and an effective strategy for Irish agriculture to fight climate change.

Broadband and mobile phone coverage are within the Minister's brief. As he is aware, the importance of the digital economy cannot be underestimated. Broadband is a major resource for businesses and there are significant growth opportunities for businesses and online trade. It opens up a global market to rural tourism interests and small artisan producers. It is also a huge resource for schools, private homes and organisations. Without broadband, expensive electronic equipment such as white boards bought by primary schools is undermined, while efforts by

Age Action to promote computer literacy among the elderly are thwarted. Irish Rural Network estimates that up to 10,000 jobs are lost in rural areas every year because there is a poor broadband service or none at all. Our cities have world class Internet speeds and distribution but rural areas rank among the worst served regions of Europe. Rural broadband is no longer a luxury but an economic necessity. There is no more important issue in terms of economic infrastructure and the future prospects of rural Ireland. Broadband will make rural Ireland sustainable into the future. Since 2004 there have been four Government initiatives to improve broadband, all of which have worked to a point, but major problems remain. Broadband has become faster and more places than ever are served, but 40% of the population and, geographically, 95% of the Republic still lacks commercial coverage. Ireland has some of the most pronounced two tier coverage in Europe. High speeds in urban areas have obscured poor coverage elsewhere.

An Ceann Comhairle: The Deputy is taking advantage of my generous nature-----

Deputy Michael Collins: I know, but it is a hugely important issue.

An Ceann Comhairle: -----by exploring an area that is not really within the remit of the Bill.

Deputy Denis Naughten: Perhaps the Deputy is talking about smart metering.

An Ceann Comhairle: We will let the Deputy continue if he does not go too far.

Deputy Michael Collins: That is appreciated. Only 35% of Irish premises have broadband speeds of 10 Mbps or higher. More significantly, only 69% of Irish homes have broadband faster than a modest 4 Mbps. Ireland ranks No. 42 in the world in the distribution of fast broadband services. Commercial companies advertise broadband speeds of 240 Mbps in cities and towns, while those in rural areas subsist on speeds of 1 Mbps to 2 Mbps. The digital divide has become a chasm. Some areas of west Cork have never had a broadband service. In areas such as Ballylicken and Skibbereen, subsequent to the merger of 3 and O2, many who had a broadband service have been left without one. To have a bad broadband service is one thing, but to be left without a service is absolutely unacceptable in this day and age. For some, having been a customer of 3 for five years, their Internet service was taken and they were told they would no longer have a service within the scope required to pick up 3G broadband. These are very important issues which have huge consequences for affected businesses and individuals who are unable to work from home. People have been left isolated. The lack of a Internet service makes life extremely difficult. I call on the Minister to ensure a comprehensive investigation by ComReg to examine the reasons behind this and to ensure those who have lost their broadband service will have it reinstated as soon as possible.

Deputy Eamon Ryan: I was glad to hear the contributions of Deputies Michael Harty and Michael Collins. This is a subject close to my heart. It is hugely important and complex and requires time and consideration. My interest stems from the belief the electrification of the economy will be one of the main ways in which we can meet the climate change challenge we face. There is not a wide understanding among the public of the nature and scale of that challenge. What we committed to in Paris, which is what we need to do according to the scientists, requires us as a developed country to completely decarbonise the energy system by the middle of this century, not by the end of the century, as the previous Government's White Paper indicated as the timeline. That will not meet what the scientific analysis states we need to do. There will be challenges in the areas of food production, industrial production and waste

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management. In the energy sector it is an opportunity. I will set out why we should grab it and how the Bill fits into that overall picture.

One is always taught that energy policy is a trilogue, that one has to balance the three competing interests of a competitive energy supply, security of supply and looking after environmental objectives. Some people add a fourth consideration - the balance of payments and developing the economy. Such is the scale of the challenge that the environmental considerations trumps all. We have to guide our development of energy sources towards decarbonisation. To a certain extent, that comes ahead of competitiveness and security of supply because the science is certain. The issue of competitiveness can be addressed in a variety of ways. We could become much more efficient in order that we do not need as much energy or we could turn to other energy sources. There is a variety of approaches to take. It is the same with security of supply. There are no choices on the decarbonisation path, but there are choices between various decarbonisation systems. We have to do it if we are to avoid the planet tripping onto a very dangerous runaway of climate change that will affect all of us, our children and grandchildren in an incredibly adverse way.

It is uncertain exactly which technologies will work. We should acknowledge this. We have to do it in an iterative way. No one knew ten years ago that shale gas in the United States would provide a major technological breakthrough. No one knew that the cost of photovoltaics would fall by 50% in the past five years. We should admit to uncertainty. Things change and we will learn by doing. The best analysis of what energy transition will involve recognises that electricity generation will play a central part in the transition we need to make. Some might say there are hydrogen fuelled vehicles that could be developed. In that regard, we would probably be creating hydrogen from electricity through electrolysis. In moving away from fossil fuels, electricity generation will be the way to go. Increasingly, it seems that renewable energy sources will play a central part globally. Some argue that it will be nuclear energy, but that is not happening globally; the investment is being made in renewables. In Ireland our market is small; we have little expertise in the area of nuclear energy and there are still risks in terms of security of supply and waste problems. Therefore, it makes more sense for us to go with renewables. This is happening all over the world and far more quickly than we thought. The transition will be about electricity generation and renewable energy sources which will give us a competitive advantage. The amazing opportunity we have as a country is that we are actually good at this and we could be really good at it. We need to be ahead of the game because it will allow us to sell our capability to the rest of the world. Only yesterday the US Government, with the Mexican and Canadian Governments, committed to ramping up the scale of their ambitions in order that by 2025 half of their energy supplies will come from a new clean low carbon system. We can sell into these countries. In China, if one looks at the statistics, it has overtaken the European Union and America in terms of the investment made.

I will be sharing my time with Deputy Catherine Murphy which will stop me in my tracks. Therefore, I had better hurry up. I was really warming to my task and the prospect of entering endless fields of figures.

There is an opportunity for this country. As I said, we are good at this and can excel at it. We can sell our expertise to the rest of the world and it will make us secure. It is our power supply. No one will ever go to war over a solar panel or a wind energy source. There is security in the fact that it belongs to everyone and there is a source everywhere. We just need to switch it on. It is far more secure than having to rely on imported Russian or Saudi Arabian gas; therefore, we need to make the switch and we can do it competitively. It is already happening.

People are rightly concerned about domestic prices. We have to address that issue. The biggest electricity consumers in the world are data centres. They are coming here in numbers because they know that we have a competitive, clean pitch. They cannot have a high cost carbon fuel supply. We cannot burn coal. If we claim leadership in this area and want to be competitive and secure, we cannot keep burning coal and adding wood to it will not work. Let us go to Kiltrush in County Clare and have a good debate on it and look at the facts, but we cannot keep burning fossil fuels. It is as simple as that. The alternative can be clean. It will be a combination of renewable power sources and gas as an interim technology because we have more than enough gas plants which are sitting idle. They are much more efficient than the coal burning ones. We need to use them as interim technology to balance the variable supply. We also need interconnection.

The big investors know that there is a competitive ten to 20 year prospect in this country. That is the reason they are coming here and investing in those large data centres. They know they can get lower carbon and a relatively competitive supply because our wind power is cheap. It is probably the cheapest renewable energy in the world and we have a huge amount of wind resources. We must be careful how we manage it. We need to step back and try to win back the public on this and to get an understanding of that. We need to bring the power ownership back to the people. However, we should not turn our back on it because if we were to do that, what would we be doing to the secure supply and where would be the competitive advantage? Where would we get the digital jobs which would come in tandem with having this low cost electricity supply?

The European Union has been falling behind in this area. It was leading but because of a lack of confidence as a result of the financial crisis and because there were concerns about the competitive advantage of its shale gas resources, we lost our confidence in Europe with respect to climate change. We stepped back and said that we would not set such ambitious targets for 2030. The Commissioner may be getting it right in one way in the sense that Europe is saying let us piece the jigsaw together. That is what it is doing and it wants to apply the targets in 2017-18. Therefore, we must get our piece of the jigsaw right. We need to get the market mechanisms right more than anything else, which is what this Bill seeks to address.

I would make a broad point on the nature of the transition. We are going to make a 100% transition and most countries, including Ireland, have made a quarter of that. We are up there among the leaders. We are better than Denmark. We integrate renewables better than it does. We can be better than Denmark at this. We can sell our technology to the rest of the world. The first quarter of the transition was done by inserting renewables into the existing market system. The next quarter will be done by changing the entire system. Everyone know this. All the electricity markets in Europe are changing in recognition that this is the way we are going. Germany, in particular, is moving this way and that will drive the European approach. Therefore, we must make sure that we are in tandem with that. The system is not going to develop in the way that Germany did it for the first 25 years, which was the first quarter of the transition, with big subsidies for renewable power because already wind, solar or photovoltaic, pv, energy now generate lower costs than any of the other alternatives. However, we need to design the market system to make sure that providers can get access and that we use them in an efficient way. That is what we need our regulator to do.

The target market model system that the European Union has been relying on up to this point will not work because it still assumes that fossil fuels are the dominant fuel supply but everyone recognises that energy resource is gone and no one sees it as the future. We need to

create a place in which investment can be made in the high capital renewable alternatives and we need to design our markets system around that. That requires us to do various things. It is a change from the old model, where we had big base-load plants such as Moneypoint chasing ever-increasing demand, towards a system where we have a variety of variable power supplies or a market based around an assumption of most power coming from variable supply sources. That will be matched with balancing that with variable demand and a range of payments to give investment certainty for the provision of power, the provision voltage frequency and stability on the system and flexibility with respect to energy services that come in this market system. That is how the market will have to be designed. It is complex. That is what our regulator has to do to make sure we are integrated with this new approach.

We have a difficulty because the UK was moving in a different way. It is not clear what is its energy policy. It has been led by the Treasury in recent years as much as by its energy department. They are backing nuclear and Drax coal-based power plants, which are incredibly expensive and, in the case of Drax, are not clean. We have a difficulty with the way that the UK is going and that is something we have to manage, particularly in terms of Brexit. There are a number of things that we know will work, whether it will be with the UK or whether we will integrate more with the rest of Europe at the same time.

The demand management component is the key critical element in this. Efficiency must come first in everything we do in the clean energy area. When we come to deal with Committee Stage, I hope the Minister will be able to give Ireland an economic advantage in incentivising demand management because it is the key. This is what everyone is seeking to be good at. No one has excelled in this yet. As a State, we have all the leading technology companies here, we have a single owner of our distributed grid, North and South, we are good already in terms of the balancing of this electricity system and we have a good regulatory system. I listened to colleagues who spoke earlier and they are always giving out about the Irish saying that we are the worst at this and at that. We are not bad at regulation. Our top regulators have moved on. Why is it that several of our regulators have been taken up by some of our European colleagues? The UK competition regulator is a former Irish communications regulator. The UK regulator of energy is a former Irish energy regulator. We are good at this. We have an independent system. We are good at implementing European regulations in the energy space. We have a good grid operator. EirGrid is a very talented company in this space. We have a good distribution company. We have all the conditions in place to be a world leader at the integration of energy demand management efficiency flexible systems. This is a prize we should grab. It guarantees our wealth and our jobs for the future in the west and in the midlands more than anywhere else. Let us grab it as the economic opportunity of our time, which it is.

President Obama does not spend all his time thinking about this. The US Energy Secretary, Steven Chu, came over here a few years ago. He spent four hours in EirGrid control centre because he knew what we were doing was ahead of the game. If we get very good at it, we can sell elsewhere.

The Minister needs to send a message to the regulator that in this process of dealing with this Bill we should look to be the best at demand management aggregations and should be pushing energy efficiency in everything we do. It is not easy to do that. No one has got it right. The European Commission is looking for countries to step up to the plate and provide this piece of the jigsaw, an example of demand manage aggregation using efficiency first in everything we do, and in the market signals that we create. Let us create 15-minute market opportunities where we put in scarcity pricing and integrate storage demand management heat integrated

solutions. All this smart management on the demand side is what we need to be good at. The attractiveness of it is that it does not run into any of the obstacles about a big grid or big wind; it is managing that as we pause and work out what we will do next. As we push solar energy, let us work on the demand side and be world leaders at it and in doing that we will create security and competitive jobs by the tens of thousands for this country. That is the prize we should go for. We should use this Bill as a vehicle to send a signal to the regulator to go for that. Those concerned are well able to turn it into a reality.

We need to do this on an all-island basis. It makes no sense for us to have two electricity markets on this island. We made a great step forward when the single electricity market was set up nine years ago. It has worked and it was transparent and sophisticated. We need to evolve it and change it, which is what this Bill will do. We need to build interconnection between the North and South. As unpopular as that may be, I keep saying to my Sinn Féin colleagues seated on the lower benches and my Fine Gael colleagues on the opposite side that if we believe in an all-island approach, we have to build a grid. If we do not connect the North to the South, the North will separate from us. Forget about the politics, it will be the physics that will lead it.

Deputy Thomas Byrne: Underground.

Deputy Eamon Ryan: We have a choice. We can say goodbye to Northern Ireland and the hope of a united Ireland, an all-island electricity market and all the benefits that would bring, savings to the South as well as the North, but it is that choice that we will have in the next year or two.

Deputy Shane Cassells: At what cost?

Deputy Eamon Ryan: It will save us money-----

Deputy Shane Cassells: That is the answer the Deputy would give to the people.

An Ceann Comhairle: Deputy Ryan, please do not engage in argument.

Deputy Eamon Ryan: -----and it will create jobs and a united Ireland. This is not a cost, it is a gain.

Deputy Shane Cassells: My God.

Deputy Eamon Ryan: It will not be easy as we go up through the various counties involved but from my perspective, if we do not do this, we will say goodbye to the North in terms of an integrated electricity market because the physics demand that we connect and we would be much better off. Does Deputy Cassells disagree, as he is shaking his head?

Deputy Shane Cassells: It is a scandal.

Deputy Eamon Ryan: I beg your pardon.

An Ceann Comhairle: This is not a committee meeting. The Deputy is addressing the Chamber.

Deputy Shane Cassells: It is scandalous.

Deputy Eamon Ryan: Apologies, I will leave it to my colleague, Deputy Catherine Murphy, to continue the argument. I look forward to Committee Stage when we will get into the

details. I hope the Minister is willing in this context. It is important that we send out a signal to the North that we are still in the business of having an all-island market, but it is important for us to get the economic opportunity right and give a signal to the regulator that efficiency and demand management is what we need to do. We can be good at this. We can create a great deal of employment with this and get cheaper power which would help all our people.

An Ceann Comhairle: Thank you, Deputy. It is great to have such a passionate debate.

Deputy Catherine Murphy: I do not know about continuing the debate where the Deputy left off but there was a proposal at one point for a ring main, which would have been offshore. I wonder why that was not taken up as it would have provided the prospect of a North-South arrangement. However, the onshore option was proceeded with.

The Bill sets out to provide enhanced enforcement powers to the Commission for Energy Regulation, including enhanced powers to carry out investigations in addition to the ultimate sanction, which is the revocation of the licence. The Bill will allow the CER to issue directions and determinations to licenceholders and, if necessary, seek High Court orders and impose fines. I do not know what the extent of those fines will be. It is interesting to note that these enhanced powers are to enable the Commission for Energy Regulation to deal with licensed energy providers who engage in improper conduct. What constitutes improper conduct in a market? That may well be something which is subjective. When one takes into account the effect of taxes and levies, we have the highest basic cost of energy in the entire EU. I am concerned about the monopoly of the big providers of whom there is a really small number in the mainstream market in Ireland. The only genuine form of competition in the market is switching for customers, which is not all that straightforward. It can be offputting for many people, involving as it does direct debits and many other things. It is also interesting to note that we had the largest switching rate in the EU last year. That was probably prompted by the very high energy prices. However, people tend to switch between the big providers who already dominate the market. We have seen smaller providers begin to gain a foothold but it has not been enough to challenge the dominance of the main players. In that context, I am concerned about the issue of improper conduct to which the CER refers. It depends on what spectrum one is using.

While 56% the price of electricity in this country is accounted for by taxes, 44% is decided by the industry. Generally, it is the small householder or company who foots the bill because larger enterprises have a better chance of being able to negotiate their energy costs. They are bigger players and may well be able to negotiate price reductions based on wholesale prices. The average household is not able to do that. The energy companies pay dividends to Government and I wonder if that affects the decisions which are made. Indeed, the bigger the bills, the more VAT is brought in. I would hate to think that would have an impact on the decisions that are made. At the end of the day, energy is one of the main costs a household faces. Another interesting facet of this is the relationship we have between the main players. One does not have to look very far to see sponsorship and advertising and one wonders if that has a bearing on the level of proper analysis of this sector. The media must analyse companies and hold them to account given the extent to which prices in Ireland are such an outlier in respect of the prices in other countries.

According to a reply I received some time ago to a parliamentary question, the CER ceased to regulate electricity prices in 2011 and gas prices in 2014 on the basis that both markets are commercial, liberalised and operate within national and European regulations and that prices are set supposedly through competition among suppliers. If switching is the only means, one

has to question that. Why are our energy prices so high and in whose interest is the Commission for Energy Regulation really working? There is a very clear focus on reducing prices, but regulating industry rather than regulating prices is really the point. The cost of living in Ireland is among the highest in Europe and our energy costs are a significant factor in that. People struggle with energy bills, and indeed the Society of St. Vincent de Paul has come to the aid of many, including some I know myself, who were not able to pay. To pick up on a point Deputy Eamon Ryan made, the then CEO of the CER, Mr. Dermot Nolan, left the commission in 2013 to take up the role of chief executive of Ofgem, the UK equivalent. Within weeks of assuming the position he had launched an unprecedented inquiry into energy prices and referred the entire sector for investigation by the Competition and Markets Authority. Interestingly, the inquiry, which went on for 18 months, found that most households in the UK were paying too much for energy to the biggest suppliers. There is a point in that. One wonders how our system would allow the CER to refer a matter it could not deal with itself for investigation given the impact of the UK inquiry. It is worth picking up on that point.

High energy costs in Ireland are not just a factor for households but for the economy as a whole. For example, we have an ideal climate for the location of data centres, yet many locate to places with far less ideal climates, perhaps because of high energy costs. Obviously, they are a key factor. An important factor in any inquiry into energy prices has to be the consequences of overcharging. If companies are found to be overcharging, customers who have been adversely affected by being cut off or whatever should be compensated. It changes behaviour if there are consequences. As such, consequences must be built in because that might well produce a result. The CER's remit no longer includes the regulation of energy and gas prices. If it does not have that power, we should look at another mechanism to ensure there is good regulation rather than simply leaving it to supposed market competition. Similarly, we must look closely at the PSO levy to ensure we get a return from it. If we are not using the contributions from the levy to create clean energy, our energy prices will continue to rise. As such, it is very important that the levy is properly managed.

When considering how to cut energy costs, we must also look at the money we are spending on old plants which cost more than they should by virtue of their age. Tarbert in County Kerry, for example, has cost between €250 million and €260 million despite the fact that it is a backup plant. Clearly, situations like that require one to look at alternative jobs for the workers. We need to manage some of those plants. While we obviously need backup, those plants will only last for so long, as well as which other forms of energy will come into the market. One must look at where people who work in those plants will go if the plants are closed. That is so in respect of some of the old peat-burning stations. Very often, they were the only places local people could get work. As such, there is a balance to be struck in navigating out of that situation.

While offshore wind and wave energy generation may be very expensive to invest in currently, it was clearly identified by the ESRI in advance of the publication of the Climate Action and Low Carbon Development Bill as having real potential and presenting a real opportunity for energy exports. Even where money was invested, the investment ceased and the information and investment we put in ended up in Scotland. Wavebob was one example where €10 million was invested. We should not be losing those kinds of initiatives. Wave and offshore wind energy generation has the potential to be the new oil because it is not subject to the same limitations as onshore wind generation. Onshore wind is problematic where there are large windfarms with large turbines in close proximity to homes. That has to be managed and the

community must have buy-in if it is to accept it. Regulations on distances and so forth will make an important contribution to people feeling more comfortable. Areas where there have been community initiatives have had much better experiences than those where lands have been bought, neighbours have found out what was happening and projects were suddenly on the verge of radically changing living environments. I support a move to clean and renewable energy, but it must be done sensitively. There will be significant resistance.

I take the well-made point on efficiency. We must build efficiency into everything. We are now starting to see various devices that people can use to manage demand in their homes. The more of this we see, the better. It will have an impact on the cost of energy, one of the major factors in every household's budget. We must do more about the cost of energy. Why should it be so much more expensive in this country than in other European countries? We must drill down, discover the reasons and eliminate them. This issue affects not just households but the entire economy.

An Ceann Comhairle: Deputy Browne is among the last group of speakers, with 20 minutes. With whom does he propose to share his time?

Deputy James Browne: My colleagues, depending on time.

I welcome the opportunity to contribute on the Energy Bill 2016. I congratulate the Minister on his appointment. He has settled in, but I have not had the opportunity to congratulate him before now. I broadly support the Bill, particularly the part that gives greater enforcement and sanctioning powers to the Commission for Energy Regulation, CER. To date, private and retail consumers have been ripped off by high retail energy prices. The consumer has not been getting a fair share of wholesale price cuts. Average oil and gas prices are at historical lows, with a 35% decrease in Irish wholesale electricity prices and a 45% decrease in wholesale gas prices, but the consumer has seen only minimal cuts. We need greater enforcement to ensure more fairness for domestic and retail consumers. While some reductions have been announced in recent weeks, they are not sufficient. The energy regulator's recent proposal to increase the public service obligation, PSO, by 36% would effectively wipe out these savings. It would see domestic energy bills increased by as much as €90 per year when VAT is taken into account. The PSO is subject to VAT, which is effectively a tax on a tax. While the original purpose of the PSO was a worthy one, it is a flat tax that lacks fairness and affects struggling families. The proposed increase, added to others, equates to a 400% increase in the PSO levy in just five years.

I support renewable and sustainable energy, but the levy seems to have little relevance any more to green energy and is instead a stealth tax worth €450 million per year to the Exchequer. As a flat tax, it makes a disproportionate contribution to the energy bill, and customers who are use-conscious have little incentive to reduce their usage, as any reduction results in little saving, given the high level of fixed charges. We have the third highest electricity prices in Europe, and the fixed nature of the PSO levy disproportionately affects the poorest. Perhaps it is time to review the levy's effectiveness and, most importantly, fairness.

Deputy Shane Cassells: I welcome the opportunity to contribute on this Bill. I was present when the Minister started this debate some weeks ago. As he stated, the Bill deals with technical legislative updates and revisions to energy legislation. I would like to touch on a related matter, namely, the change to the legal definition of the all-island wholesale electricity market - the single electricity market, SEM - to bring it fully into EU compliance. The coming together

of the CER and the Northern Ireland Authority for Utility Regulation in 2007 to act jointly as the SEM committee for the purpose of regulating the wholesale electricity market was an important process in ensuring security of supply in an efficient, cost-reflective market.

During Question Time a number of weeks ago, the Minister told me that the SEM was something that he regarded as vital, but the issue of cross-Border supply has caused major controversy in my constituency of Meath and the neighbouring counties of Cavan and Monaghan due to the planned construction of industrial pylons across their landscapes. The rationale for this project is the potential for power blackouts, as the Minister stated two weeks ago, and threats to security of supply, but at what cost to the lives of the people of those counties? Their lives will be destroyed by the project. The appeals to have the project changed by placing the cables underground fell on deaf ears in the previous Government. The former Minister, Pat Rabbitte, went so far as to say that prices would increase by 3% if the project was undergrounded. This scandalous claim was disputed and verified as being wrong by the North East Pylon Pressure, NEPP, group during deliberations. I fear that people's appeals are falling on deaf ears again. I hope not.

All of this feeds into both Governments' mantra of tasking the SEM with developing new market arrangements for an all-island wholesale electricity market, but at what price? While EirGrid might be happy with the arrangements being discussed by the House, as they further solidify what EirGrid is trying to achieve and provide the basis for pursuing its infrastructural goal of a North-South interconnector, who is speaking out for the thousands of residents who would live in the shadow of these monstrosities? It is certainly not Deputy Eamon Ryan. I am sorry he has left the Chamber, as what he said was scandalous. It verifies what we know from our time in coalition with the Green Party, something that no Fianna Fáil Member reflects on with pride.

The NEPP, spearheaded by Dr. Pádraig O'Reilly and Ms Amy Treacy and supported by thousands of residents, has valiantly led the campaign to stop the pylons and bury the cables. People have collected donations to fight a giant body that has no end to the money that it can throw around in sponsorships in the affected counties, including through newspapers, local radio shows in my county that had the capacity and gumption to challenge it, and the GAA. As a proud GAA man, I am really galled by that. To see players from Meath and Tyrone being used in television adverts to promote the project and the GAA taking EirGrid's money for the under-21 football championship is a sad reflection on how money is ruining the greatest amateur organisation in this country. What about the young kids, including my own, who kick footballs for their clubs in the shadow of these monstrosities on the playing fields of County Meath? It will make the old British army tower at Crossmaglen look like small fry in comparison.

The recent High Court challenge where the community effort was faced down by dozens of high-powered legal teams representing EirGrid and the Minister demonstrated how the arms of the State were working against people. They need the arms of the State to work for and stand up for them. At the recent oral hearing by An Bord Pleanála, EirGrid's tabling of significant changes eight weeks into the process showed contempt for the people and landowners involved. An Bord Pleanála's decision is not due until late September. That notwithstanding, I urge the Minister to intervene, bury the project in its current guise and bury the cables with it. People are not asking for the project to be buried, only for the cables to be buried.

Plenty of officials will welcome the technical changes to the legislation for the SEM, but all these do for the people of County Meath is serve to remind them of how the Government is

doing everything it can to allow bodies to achieve whatever they need in order to put their plans in place. No one is standing up for the people. I appeal to the Minister as an intelligent and, importantly, brave man, as he demonstrated in the previous Dáil. He stood up for the people of Roscommon and was very principled and brave. I am asking him to take the same stand for the people of Meath, Cavan and Monaghan. He should not believe the line that the officials are peddling to him, namely, that there cannot be intervention in this regard. There most certainly can be intervention. A directive can be issued to put the cables underground. I appeal to the Minister one last time to work with the people and ensure that these cables are buried underground. Let the project proceed on that basis. What is being said is not gospel; the Minister should not believe it. He should stand with us and ensure the cables are run underground.

Deputy Thomas Byrne: I wish the Minister well in his new role. It is certainly an interesting brief and will attract a lot of political attention, particularly at local level. We are all in favour of green energy but the community needs to be brought along. That has not happened to date.

I agree with everything Deputy Cassells said about the North–South interconnector. When this project was first proposed publicly in 2007, almost nine years ago, we were told that if it were not completed by 2010, the lights could go off in County Meath. That never happened. The project did not go ahead and the lights did not go off. Therefore, I question the rationale for the project. I certainly question the necessity to have the cables above ground. It is worth examining this matter. Numerous studies have been carried out and if the Minister examines the files, he will note we have come from a position in which only overgrounding was technically possible to a position in which undergrounding is technically possible. All of those involved agree on that, even EirGrid. What is not agreed is the cost. EirGrid does not seem to want to put the cables underground.

One of the key factors driving the cost of these projects is the delay in the planning process. The cost is probably unquantifiable in terms of the delay affecting the project because of the uproar among the general public. Under the previous Government, special consideration was given to the west, particularly the Taoiseach's constituency, and the south. We in the north east, that is, those of us in Meath, Cavan and Monaghan, were not afforded the same treatment. This is because our Deputies at the time simply did not have the clout and did not show they were able to deliver like their counterparts in the west and, in particular, the area towards Kilkenny, where former Minister Phil Hogan was based. The latter Deputies certainly did seem to have the clout to effect change. We in the north east are left with what has been proposed.

Owing to the advent of wind farms, some communities in my constituency will effectively become international energy hubs. This has been foisted upon them. There is a huge amount of hardware of considerable size, including pylons and wind turbines, proposed to be located in certain communities. These are lightly populated areas in the overall scheme of things but there are still very many people affected. The Minister will have to reconsider this, both in respect of the North-South interconnector and the turbines.

I assume the North-South interconnector is at least being considered in the context of Brexit. When the Department considers everything that needs to be dealt with regarding Brexit, I hope the interconnector will be included. Deputy Eamon Ryan alleged we are trying to stop the formation of a united Ireland in terms of electricity supply; we are not because we want to achieve it. Given that the project is being driven by an EU initiative based on projects of common interest and by funding at EU level, what is its status in the context of Brexit? I do

not expect the Minister to have an answer but I do expect that he will be examining this very closely in the coming months. This could be an opportunity for the project to be reconsidered. I reject utterly what Deputy Eamon Ryan said. We want a united Ireland, with the consent of the Unionist people, of course. A united electricity market would be an extremely useful step towards that. Quite a number of practical steps would have to be taken, but that would be one of them. In the context of Brexit, serious doubt must be cast on this project.

Serious doubt must also be cast on all wind farm projects. While it is claimed they are for the purpose of providing electricity to the local market, their scale would suggest they are to provide electricity to the export market. What is the position on wind farms in the context of Brexit?

There is a proliferation of proposals for solar farms in my county, and planning permission is being sought for them. There are no guidelines at national or local level. Work has to be done on this. Solar farms are certainly not as intrusive as wind turbines but there is public concern about them. The idea of solar energy is good and is certainly to be supported but planning applications are being made with little or no community consultation, although there have been a number of public meetings involving some of the interested parties. However, these meetings are not a statutory part of the planning process. They really have no status in the strategic infrastructure process, of which they are not part.

The deadline for the REFIT scheme was extended but it seems to be the case that some are claiming the scheme will apply to a new wind farm project, at Castletownmoor in County Meath, which is a variation of a project in respect of which planning permission was refused. Planning permission has been sought again this year after the deadline, and those concerned believe that because the application is a variation of a previously refused application, it might qualify for planning permission. I would like the Minister to confirm the position regarding applications of that sort. I do not expect him to comment on the individual project. Planning permission was refused for the project in February. The application is now to be resubmitted under a different guise. It has not yet been made but there have been pre-planning consultations with An Bord Pleanála. Can those concerned apply under the REFIT scheme?

I urge the Minister to think about the proposed name for the Commission for Energy Regulation. If it is to cost a significant sum of money to change the name, I suggest that it not be changed. However, if it is to be changed, there must be a more user friendly name than the Commission for the Regulation of Utilities. The United Kingdom has Ofgem, which is a buzzword. Such organisations become known for what they do. The proposed name is dreadful. There must be a more user-friendly form. After all, the regulator is supposed to be acting in the consumer interest. It should be given a better name, a name to which the public can react and in respect of which it can have a sense of belonging. The public should understand the body is on its side and is looking out for it rather than the companies or industry. There has to be better name if the money is to be spent on it. I am not suggesting that the Minister do so.

Deputy Anne Rabbitte: I wish the Minister, Deputy Naughten, all the best in his role. From having listened to the debate all afternoon, I do not know what sort of role he has been given. I noted the wishes of Deputy Eamon Ryan and those of my three colleagues in front of me, and now I am going to come with my bag of wishes.

Deputy Denis Naughten: It is Knock I should be going to.

Deputy Anne Rabbitte: Absolutely.

Needless to say, this Bill is very technical. I will not comment on the technicalities other than to echo Deputy Thomas Byrne's point that the proposed name of the regulator is not the most user-friendly. If we are to do something for the consumer, perhaps we should consider a better one.

When I read the Bill, I was struck by the concept of the Galway-Mayo communications duct. It then struck me straight away that Athenry is 1 km from where the ducting is occurring. It has been waiting for some time to gain access to it. Access to Athenry opens up a completely new world involving reduced costs for schools and business development. The railway goes right through the area, and there would be benefits at domestic level. Most of the houses that were built during the boom were kitted out with gas so they are ready to go. If the Minister could consider this matter at some point, the people of Athenry and the surrounding areas would really appreciate it.

I saw the rest of the Minister's brief. With regard to energy, some 2% of the grid output is from Ardnacrusha. Since we have floodwater from the Shannon in the middle of winter, from 9 December, and the grid gains by only 2%, is there any way in which we can support the ESB, by means of legislation or a directive, in dropping the level of the Shannon a little earlier to help deal with the flooding issues? Flooding on the River Shannon has caused hardship for families and businesses and prevented infrastructure from operating for many months. I know of homes in Roscommon in the Minister's constituency which are still flooded. The impact is still being felt on the Shannon Callows, in Meelick and Portumna. The ESB should be allowed to lower the level of the River Shannon in September each year. This preventative measure would not affect people in Parteen or elsewhere and would alleviate the current crisis until the works being done by the Office of Public Works are completed and the recommendations of the CFRAM study implemented. It would also have significant benefits from an energy point of view and in terms of local authority manpower and the use of the emergency services. Furthermore, people would no longer worry about the possibility of waking up at night with 12 in. of water in their homes.

This is a good Bill. Any measure that supports consumers, for whom we advocate, and helps them to reduce costs is good. I wish the Minister well.

Minister for Communications, Energy and Natural Resources (Deputy Denis Naughten): I welcome the opportunity to respond to some of the issues raised. Before doing so, I thank all Deputies who contributed to the debate in recent days. While some speakers were critical of my Department and questioned its policies, all of them took a constructive approach and I appreciate the general support expressed for the Bill. The number of Deputies who contributed demonstrates the importance and relevance of the issue of energy. While the Bill is technical in nature and does not deal with many of the broader issues raised, it is important to have a debate on energy.

As I stated previously, the Bill has been designed to revise, consolidate, update and expand existing energy legislation in a number of specific and well defined areas. Given this intention, the Bill does not set out to revise or recast the energy regulatory framework in an all-embracing or comprehensive manner. It is perhaps worthwhile restating the three main objectives of the Bill. The first is to establish a new administrative sanctions regime for the Commission for Energy Regulation. The second is to make a change to the legal definition of the all-island

wholesale electricity market, the single electricity market known as SEM. The final objective is to rename the Commission for Energy Regulation as the Commission for the Regulation of Utilities or CRU. Consideration of whether wider and more comprehensive reform is required will be addressed in the review of the legal and institutional framework for the regulation of electricity and natural gas markets, including the CER's mandate. The review is the subject of a specific commitment in the White Paper. A much broader debate will take place - I hope later this year - not only on energy but also on the climate change and climate action agenda. I hope Deputies will contribute to that debate and discuss some of the policy issues they have raised in this discussion.

The support of Members for the provisions of the Bill are welcome and I look forward to its early consideration on Committee Stage. I advise the House, as I did at the start of Second Stage, that I propose to introduce a number of amendments on Committee Stage. In this regard, I intend to introduce some further minor amendments to the Electricity Regulation Act 1999 and the Gas (Interim) (Regulation) Act 2002. I ask members of the select committee to table amendments they may have as quickly as possible to allow them to be given full and fair consideration. I am anxious to take amendments from Opposition Deputies, where possible, and will consider all amendments with an open mind. If the Deputies opposite have thoughts on what should be the title of the new utility regulator, I ask them to contact me with their views on the issue. The overall objective is to progress the Bill to the Statute Book as efficiently and collaboratively as possible and I look forward to constructive engagement in that process.

A significant number of issues were raised by Deputies. I will comment on some but not all of them, although my officials and I have taken note of each of them.

Deputy Sean Sherlock referred to the need for engagement with the buyer of the Whitegate refinery site. I am willing to do this. The Deputy asked if the Department would explore possible opportunities following the sale, which is an ongoing process. We will examine the issue. My officials have been in contact with the current owners on numerous occasions and are available to the current owners or any prospective purchaser to provide clarification in the short term.

A number of Deputies asked what implications the United Kingdom leaving the European Union would have for the energy sector. While Brexit has significant implications for it, we do not believe it will have an impact on the all-Ireland electricity market. We want a united Ireland when it comes to electricity provision, as I am sure do all Deputies. While aspects of this issue are being moved on for European regulation purposes and forthcoming directives, the all-Ireland electricity market is the subject of an agreement between Ireland and the United Kingdom. This agreement stands and will remain in place. It is our intention to try to support it every way possible. Nevertheless, certain issues will arise as a result of Brexit, one of which relates to oil reserves. Ireland is supposed to have 90 days of oil reserves available. Approximately 20% of our reserves are held in the United Kingdom and EU rules prescribe that these reserves must be held in member states. If the United Kingdom proceeds with negotiations to leave the European Union, it would mean that some of our reserves will be held outside the European Union. Issues of this nature will need to be addressed.

While no issues arise for the energy sector in the short term, challenges will arise in the medium term and we will need to clarify the position on these matters. It is in the interests of everyone on these islands and in continental Europe that these islands achieve unity and a single purpose in the area of energy. Ireland is 85% dependent on energy imports, a large proportion

of which are transported via the United Kingdom. The European Union as a whole is also dependent on imports from outside its borders and geopolitical issues on its eastern borders have caused problems. The current political instability in the United Kingdom will not be an issue in the medium to long term. It is important to maintain the good relationship we enjoy with the United Kingdom, which has never been stronger. My first bilateral meeting as Minister was with Lord Bourne, the UK Energy Minister. We will maintain our good relations with Britain and my officials will work closely with their colleagues in Northern Ireland and elsewhere in the United Kingdom. As recently as today, the Secretary General of my Department was in contact with his Northern Ireland counterpart and such contacts will continue. It is important for Ireland, the United Kingdom and the European Union that this connectivity is maintained.

The regulation of water services was one of the main issues raised by Deputies. This legislation does not deal with that issue but merely clarifies current law in this area. I am a Member with personal experience of the Commission for Energy Regulation. I made two detailed submissions relating to water pricing. Some years ago I stood in the House and argued that people who received a boil water notice should not under any circumstances have to pay for water. That was rejected by the Minister standing where I am standing today. We did not get a chance to fully debate the issue. Irish Water argued that there should be a minimal discount for people if they had a boil water notice in place. In fairness, the regulator took on board a submission I made on the matter and waived the fee. Sometimes, regulators can be useful in listening to people's genuine concerns when a government is not prepared to listen.

Concerns have been raised about the potential privatisation of Irish Water. The current position has been conveniently ignored by some - I accept that some Members were not here before and I would not expect them to remember the debates. However, many Members who have articulated the issue of privatisation tend to forget that the only amendment on water accepted by the then Government from the Opposition benches was an amendment I tabled. It has led to a situation whereby no asset of Irish Water can be privatised without a public vote. That is in black and white in the legislation. Such a vote has to take place before any aspect of Irish Water can be privatised and I do not believe the people would let that happen.

Deputy Broughan mentioned the issue of fuel poverty and I am conscious of it. Many other speakers referred to the cost of energy for families. Deputy Browne spoke about the public service obligation levy. I encourage colleagues to bring representatives of the Commission for Energy Regulation before the committee and ask them to explain the PSO. The objective of the PSO is to support long-term sustainable energy on the island, the vast majority of which is renewable energy, although some of the scheme relates to peat and that arrangement will expire in the not-too-distant future. Deputy Ryan and I do not exactly agree on that point, but it is important.

Deputy Harty raised the issue of Moneypoint. We have challenges with Moneypoint as well as our peat-fired power stations in the midlands. It is true that we have to find alternative fuel sources for those power stations. However, there seems to be an impression that we could simply shut them down tomorrow morning and it would have no impact. The peat-fired power stations in the midlands employ 1,800 people directly and indirectly. Such a move would have a devastating economic impact. It is true that we have to transition, but we need to ensure a transition to a more sustainable future rather than switching off these stations overnight. Whether we like it or not, at the moment the peat-fired power stations are a secure source of electricity. In the current volatile situation we need to think long and hard about it. We have to move away from the fuel sources being used at the moment. Deputy Collins raised the question

of converting Moneypoint to biomass and using local sources of biomass. To feed Moneypoint power station would require 300,000 ha of arable land. That is the equivalent of planting half the area of County Cork or, seeing as Deputy Browne is in the Chamber, every inch of County Wexford and every inch of County Carlow as well. Realistically, I do not see that as feasible. Deputy Harty asked whether I would visit Moneypoint. I am perfectly willing to do that.

Deputy Broughan raised the issue of fuel poverty. A number of speakers mentioned this one way or another, whether in the context of fuel prices or otherwise. I am conscious of this issue for several reasons. If we can improve the efficiency of homes, they will use less energy. If they use less energy, then there will be lower emissions. The cheapest barrel of oil is the one that we do not burn. There is a major impact on people's quality of life and health if we have more energy-efficient homes. That is why my Department and the HSE are piloting a warmth and well-being programme. We are going to intensively insulate and make energy-efficient 1,000 homes in west Dublin in the Walkinstown and Tallaght areas in the coming three years. This will be a pilot scheme specifically targeting people with chronic obstructive pulmonary disease. By improving ventilation and heating in homes, we believe we will see a significant fall-off in the number of people presenting to their general practitioners, requiring the facilities of the health service and presenting at accident and emergency departments. On average we will spend €20,000 per home. Not only will we be improving the quality of life and health for those people, reducing their energy consumption and the cost of their energy bills and, in that way, dealing with fuel poverty, but we will also be taking pressure off busy accident and emergency departments in those areas. It will be interesting to see how successful that is.

Deputy Broughan asked when I would officially become the Minister with responsibility for the environment. The memorandum has gone to the Attorney General's office. The responsibilities I will have as Minister for the environment run to 16 pages in the memo. As soon as it has been approved by the Attorney General's office, those responsibilities will formally transfer to me.

Deputy Kenny referred to the membership of the board of the Sustainable Energy Authority of Ireland. I put it to Deputy Kenny and everyone else that we have a good process in place. People can apply to be appointed to State boards. I encourage people, particularly women, to look to apply to State boards because we are keen to see far more women on State boards. However, my appeal does not only apply to women. Deputy Gino Kenny referred to the need for community representatives and environmental campaigners. People should apply and go through the process. I have no bias. Above all, I want good people to serve on boards. I have approximately 20 appointments to make on various State boards between now and the end of the year and I encourage people to go online to the State boards appointment service and apply.

Deputy Ryan spoke about becoming a world leader in demand management. We need to consider new ways. I may not always agree with Deputy Ryan but his heart is in the right place and he is right to put me under pressure. That is his job and the job of everyone else in the House. There is considerable merit in everything that he has said and we should take on board his suggestion.

Deputy Murphy spoke about dealing with issues such as renewable energy sensitively. It has not been dealt with sensitively. Deputy Byrne referred to the lack of guidelines for wind farms and solar farms and associated public concerns.

Deputy Thomas Byrne: I was referring to wind farms in particular.

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Deputy Denis Naughten: If there are issues with solar farms, I am keen to hear from Deputy Byrne about them. He can come to me with those issues. I am keen to hear the concerns being expressed at the moment. Deputy Byrne referred to delays in the planning process. Deputy Byrne and Deputy Cassells specifically mentioned delays with the North-South interconnector. There is a significant issue with this process across the board. Much of it comes down to the level of engagement that takes place with communities in trying to find sensible solutions to a range of energy projects that are coming on stream or that have come on stream.

Deputy Rabbitte mentioned the Galway-Mayo duct. I do not believe it will form part of this Bill. It is disappointing that there has been a hold-up in the Office of the Attorney General with the drafting of the required amendments we need in this regard. The objective is to try to connect up towns such as Athenry. It does not just affect the ducting but also, as Deputy Collins mentioned, the national broadband plan. We are determined to drive that plan forward to bring high-speed broadband to every home in Ireland.

Regarding Ardnacrusha and the levels of water on the River Shannon, there are two problems in my constituency at the moment, one relating to flooding in a mountain and the other relating to turloughs. There is a particular problem in the far part of Deputy Rabbitte's constituency in south Galway relating to turloughs.

All the Deputies and Senators in the north east have spoken to me about the interconnector. I understand the point of view of Deputy Cassells and others. It is before An Bord Pleanála at the moment and we will get a decision later this year. I am very conscious of what people are saying to me and I am listening to them. We will all keep a very close eye on what happens in the next few months.

We have major challenges in the energy area, as articulated by Deputies Ryan and Dooley and many of the others speakers who contributed to the debate. We all need to try to work constructively together. As I said in the committee meeting earlier today, I feel that my Department is very much a facilitating Department in dealing with many of the issues relating to the climate change and energy agenda. We need to work with other Departments and work with communities rather than against them to drive the kind of change we need. I hope to be able to facilitate that as Minister.

Question put and agreed to.

Energy Bill 2016 [Seanad]: Referral to Select Committee

Minister for Communications, Energy and Natural Resources (Deputy Denis Naughten): I move:

That the Bill be referred to the Select Committee on Communications, Climate Change and Natural Resources pursuant to Standing Order 141.

Question put and agreed to.

Single Resolution Board (Loan Facility Agreement) Bill 2016: Second Stage (Resumed)

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

Deputy Eamon Ryan: If Deputy Donnelly joins us, I will share my time with him. He may have been caught out by the early end to the previous debate.

I support the Bill before us. I realise it is largely technical in nature, but it provides an opportunity for consideration of the wider banking strategy in which we are engaged. I am happy to support something that arises from the lessons learnt from the financial crash and the need to have a common European mechanism to deal with the inherent instability that exists in our banking and financial system. The technical provision of this loan facility agreement is one of the mechanisms we need to ensure that if there is a similar crash in future, we would be able to cope in a better way than happened in our own circumstances.

I use the occasion to broaden out the consideration and look back to the management of the financial crash in that period. I presume officials from the Department of Finance are in the Chamber. I commend the Department officials on the work they did throughout that period. They took a remarkably dedicated, hard-working and, in the end, effective approach to the financial crash. We got ourselves into a deep hole, but we managed to get ourselves out of it.

One of the books on the issue, I believe it was *Too Big to Fail* by Anthony Sorkin, gave a blow-by-blow account of what happened in the Lehman Brothers crash. There was also Timothy Geithner’s book on the stress test. It was a fascinating period in history. *Too Big to Fail* mentions that a number of commentators argued that in the management of a bank financial crash, such as the one we saw, there is a standard operating procedure to provide a guarantee, manage the assets and then capitalise. The expert commentary suggests an approach of halting a crash, trying to provide some certainty, managing the assets and then looking to recapitalise.

We are still not yet out of that process. The political crisis in our neighbouring island will probably affect the proposed sale of AIB. We should have a debate, which could be very interesting, on what we intend to do with AIB. In a sense the management of this process is not finished. We will clearly not sell a bank into a market where bank shares have fallen by 20% to 30% in the past week.

I put it to the Department that we should consider options in terms of changing, adapting and improving our banking system. The former Governor of the Central Bank, Professor Patrick Honohan, recognised that having managed our way through the process, we still have a gap in our banking system. We cannot go back to the three banks, AIB, Bank of Ireland and Anglo Irish Bank at the time, having €300 billion or €400 billion in capitalisation. We are not going to go back to having banks of that scale. Therefore, there is still a gap in our banking system.

The most astute closing of that gap and, in a sense, the adaption and development of our banking system would be to run with a model of banking similar to what Germany has - the Sparkassen banking model, public banking system. The Government’s partnership document refers to this, so clearly the Government sees it as providing a real opportunity. What I like about it and what would benefit us particularly is that it goes back to the core skills of banking with banks knowing their customers, business lending which is slightly above that in which a credit union would specialise and below that in which the big commercial and merchant investment banks would engage.

That is the core for regional Irish development, for small town development and for development of our indigenous small businesses. It is a form of public banking involving a new ownership system, possibly local authorities. It is a model that works elsewhere that would be much less risky than what we have seen with the development of other banking models here and elsewhere. It would bring real economic benefits. If we developed a system whereby deposit rates in a certain region were reinvested in that area, using a professional bank management system with a centralised IT system to keep costs down, it would have particular economic benefits for the region in question. That would be one of the best ways of closing the gap that has opened up because of our banking crash. It would allow us to develop local enterprise in a way that is necessary for regional development and for a broad-based recovery in our system.

We are currently engaged in a heated debate on the EU in the context of what is going on in Britain. As the general secretary of ICTU, Patricia King, said at the National Economic Dialogue on Tuesday, there is widespread understanding that “social Europe” was sacrificed at the altar of “finance Europe”. I think that is true. Across the western world, it was the excessive power of capital to move very fast that undid the EU and the US. Undue respect was given to the market banking, or capital finance, system. It was put ahead of other political priorities. A change is needed in that regard.

We have to be careful not to paint the EU as being the worst character in this period of recent history. It is true that the European Central Bank got it wrong in the first period. It was unable to recognise the nature of the crisis. It was excessively worried about the scale of its balance sheet. It was not initially willing to do what Mario Draghi ultimately did, which was to say the crash would be stopped at all costs. Both Mr. Draghi and Mr. Geithner recognised that trust and confidence are important. More than anything else, banking is about trust. People have to trust that they will be repaid. The skill in banking is lending in a way that will result in the repayment of money. Depositors must have trust that they will not lose their deposits. The European Central Bank got it wrong because its approach in the initial stages was wrong in macroeconomic terms and undermined trust in the overall system. We did not have a central bank of last resort, in effect. It took the development of the crisis, to the extent that it happened in Italy and Cyprus, for lessons to be learned and for a different approach to be taken.

There are lessons to be learned from the approach that was taken by the European Commission and the European Council. As I said here last week during a debate on the Brexit issue, I would argue that the biggest failing was the lack of solidarity and the lack of community management. It was not that Europe let us down - it was that a lack of Europe let us down. I will give an example. When Chancellor Merkel and the then President of France, Mr. Sarkozy, suggested in Deauville that the bonds of smaller states like Ireland might not be honoured in the medium term, they did so without telling anyone in advance. They had not discussed or debated it with anyone. That is an example of the lack of European checks and the lack of European integration. Those who say the European Commission is not democratic and is the worst of the European institutions need to bear in mind that it was not the Commission that let us down, rather it was the lack of Council engagement. The creation here of a European system that stitches in co-operation and provides for cross-reliance and cover for other banking systems is what is needed and makes a lot of sense.

I would like to mention an interesting technical detail with regard to the banking inquiry. Deputy Donnelly was not on the inquiry. I think Deputy Michael McGrath was on it.

Deputy Michael McGrath: Yes.

Deputy Eamon Ryan: It seems to me that one of the unsatisfactory elements of the inquiry, which did its work in a professional and proper manner, was that after the publication of its report, full disclosure of all the necessary and relevant documents that were furnished to it throughout the process did not take place. I refer to the written submissions that were made to the inquiry team, such as memos from the Department of Finance that were of relevance to the period under examination. As someone who was involved in government in the period in question, I submitted a large number of documents - it was approximately 2 ft. high - to the inquiry. I understand there is dissatisfaction among the members of the inquiry that some of the documents in question were not shared publicly. They should have been, for a variety of reasons.

As I said at the outset, I believe the Department of Finance broadly got the resolution process right. The advice given by departmental officials and others throughout that period deserves to be recorded. My experience during the period in question was that there was remarkable co-operation with the officials in the National Treasury Management Agency, whom I trusted. I should mention, given that we were debating NAMA earlier, that I include Frank Daly and Brendan McDonagh in that. My experience was that they were straight people who could be trusted and that the information they provided turned out to be true. The same can be said of the Attorney General; the advisers to the then Minister, Mr. Lenihan; Mr. Ahern; the officials in the Department; the officials in the National Treasury Management Agency, including Mr. Corrigan; Mr. Elderfield; and Mr. Honohan. In my mind and in my experience, we were well served at the height of the crisis. The members of the team surrounding the Minister for Finance at the time were as capable as any of the people we had. They worked in a very collaborative way. I do not see why some of the material and the information about that time should not in some way be presented to or put before the House. We have to be careful and get legal advice about possible challenges or possible untoward uses of this documentation.

In general, I believe the more open disclosure we have, the more lessons we will learn and the more we will improve our operations. I put it to the Members of the House that they need to consider how we can share and present information in a way that makes sure it is not hidden or merely archived. Perhaps the banking inquiry material is not going to be archived. I am not too sure what the process is for archiving material from the inquiry. There is material from which important lessons could still be learned. I do not want to reincarnate the banking inquiry or anything like that. I suggest it makes sense for it to be on the record for historical purposes. I will end my contribution on that note. We will support the Bill. I look forward to any other contributions that people may have to make.

Deputy Stephen S. Donnelly: The Social Democrats support the Bill. We support the Single Resolution Mechanism, which is already in operation, and we support the Single Resolution Board, which is one part of the Single Resolution Mechanism. The Bill gives the Minister for Finance the power to provide bridging finance of just over €1.8 billion to the Single Resolution Board in certain eventualities, for example, when the bail-in mechanism has been used up or the existing central financing has been used up. Critically, the Bill describes the €1.8 billion as “bridge financing”. Obviously, states should not be in the business of bailing out private banks and private investors. We support the Single Resolution Board and the Single Resolution Mechanism. We are comfortable with any Minister for Finance having the power to provide up to €1.8 billion as “bridge financing” with a clear undertaking, as set out in the Bill, that the Single Resolution Board will repay that money to the State. That money would go into the Central Fund.

When we are looking forward and considering how the eurozone should conduct the wind-

up of private banks, we should take the opportunity to look at the past. We are by no means clear of the damage that has been done. Like many others, I argued that regardless of whether a formal mechanism like the Single Resolution Mechanism was in place, banks should have been allowed to fail. There are mixed views among informed people on whether banks like AIB, Bank of Ireland and Permanent TSB should have been allowed to fail. There are pros and cons on each side of the argument. I do not think there will ever be a full consensus on it. However, it is very clear that the banks which subsequently comprised the Irish Bank Resolution Corporation should have been allowed to fail. Anglo Irish Bank should have been allowed to fail. It was essentially a casino for developers and bondholders. Many international investors invested large sums of money in Anglo Irish Bank because it was paying them back higher yields. They did not do their due diligence because, if they had, they would have concluded quickly that they should not have lent money to Anglo Irish Bank. Unless, of course, they knew something, which the rest of us did not know at the time, namely, even if Anglo Irish Bank went to the wall, they would still get all their money back because the State would step in and pay them back. However, not only did these bondholders get their money back - this is a point that cannot be stated enough - they got all the interest payments on their loans back as well. Not only did they not lose any money, they walked away with all of their profits. Not only did the Irish people pay them back their capital, be it €100 million or €1 billion, we actually gave them all the profits on it too, as if Anglo Irish Bank and Irish Nationwide had not gone to the wall. That is outrageous.

The chances of us getting back any of the money we put in to the pillar banks is slim. An argument is put forth that our equity in those banks, plus the repayments from them, will cover that money over time. That is not the case for Anglo Irish Bank and Irish Nationwide, however. The famous promissory note for just over €30 billion was paid down in tranches over several years. Then, when the political pressure became too great, the Government entered into an agreement with the so-called Anglo promissory notes which was voted through the House one morning at 2.30 a.m. According to the Comptroller and Auditor General's report, up to last September, the interest payments alone on the total cost to the State of the moneys it used to bail out the banks came to €9 billion. Imagine what we could do with €9 billion in this country.

The previous Government heralded the creation of the Anglo promissory note as a great triumph and piece of negotiation. At the time, there was some extraordinary misinformation given in the House when some Government Members claimed - in fairness the Minister for Finance, Deputy Noonan, did not - they had avoided having to pay the promissory notes. That is not only untrue, but exactly the opposite is the case. What the Government did was take two dodgy IOUs from two dead and negligent casinos, which no longer existed and were under criminal investigation, turned them into gilt edged sovereign debt and put a payment schedule against that.

It is important we understand this payment schedule because minimum amounts were put against it. For 2015 to 2018, the minimum amount the State had to pay back was €500 million a year. For 2019 to 2023, the minimum amount per year the State had to pay back was €1 billion. After that, it rose to €2 billion a year. That means that at a minimum, the State had to tear up €500 million a year for a few years, then tear up €1 billion a year for a few more years and then tear up €2 billion a year for a few more years. It turns out, however, that we did not meet the minimum requirements and massively exceeded them. Last year, the Central Bank of Ireland only had to sell - essentially tear up - €500 million. However, it went four times further than that and sold €2 billion worth of sovereign debt. What that means is that it took the IOU to these two dead casinos, sold them out on to the market, borrowed money from the market and tore up

that bit of the IOU. There is no way we can get back that money sold out. The Government has gone out in good faith to the markets, asked if it can borrow money, sovereign debt, and then investors have said “Yes”. The Central Bank then took one of the bits of the IOU out of the safe and tore it up. We got nothing in exchange but the national debt gets turned from questionable IOUs into irrevocable sovereign debt.

The Social Democrats, and many others, contest that the debt is odious debt. Odious debts are those contracted against the interests of the population of a state without its consent and with the full awareness of the creditor. That appears to absolutely match the Anglo promissory notes. The Social Democrats contend that the Central Bank of Ireland does not exceed its minimum mandates in tearing up those IOUs by a factor of four. The Social Democrats contend that the State should take a position that those debts - the Anglo, IBRC, Irish Nationwide promissory note - are odious debt. The Irish people have been asked to give money to the Government and the Central Bank of Ireland so that people who loaned money to Anglo Irish Bank in 2007 get it all back as well as their profits. Just paying the interest on that, plus the loans to the other banks, comes to €9 billion so far. That is odious debt.

Leaving Bank of Ireland, AIB and Permanent TSB debt aside, the IBRC debt is odious debt which the people of Ireland should never have to pay. It is debt which the European political, economic and monetary institutions should recognise as odious debt. They should say that whatever about the pillar banks, we gained by keeping those banks alive. However, they should say we did not gain by keeping Anglo Irish Bank or Irish Nationwide alive. Instead, the eurozone did benefit because no bank failed, meaning there was no contagion or additional risk. Accordingly, they should say we are going to waive Ireland’s obligation to pay any more of that money back.

The current position of the Government is that all the money loaned to Anglo Irish Bank by anonymous, foreign, professional investors, who did not do their homework, will be paid back in full. That should not be the State’s position. It should be that we recognise the IOUs are there, we are pausing payment on them, we are seeking multilateral negotiation and agreement to classify them as odious debt and, in so doing, through agreement, Ireland’s obligations to pay them will be waived. Alternatively, we can use a fudge for the monetary purists in Germany, Finland and other places. We can say we just do not “discreate” money - I apologise for making up words. While we cannot just make debts go away, we can take a 100 year interest only loan. Accordingly, the money still exists, but inflation takes care of it and it does not act as a burden on the people.

The Social Democrats believe one mechanism for that is a debt conference on everything that has happened over the past several years in Ireland, Greece, Portugal and Italy. As we know, there was such a conference in London after the Second World War. The country that got its debts extended out so inflation took care of them, getting the greatest write-down in sovereign debt history in the developed world, was Germany. This was because some of the debts incurred were viewed to be odious debt.

The Social Democrats support this Bill. We support a mechanism whereby banks can be wound down. No bank should be too big to fail. Hundreds of banks fail in America all the time. It has mechanisms in place and guarantees to deal with them. That should be the case in the eurozone too. However, we should not simply walk away from the tens of billions of euro still on the back of the Irish people, plus interest, because of Anglo Irish Bank and Irish Nationwide. We are not suggesting any unilateral action. We should, however, be making the case and

maintaining the position that this portion of the banking debt is odious debt. It did not benefit us at all. It benefited the eurozone and the ECB which has a mandate to secure stability in the European banking system. Multilateral negotiations to classify the Anglo promissory note, or the IBRC promissory note, as odious debt, with a view to having it written off or repayment pushed 100 years into the future at a zero interest rate, are what is required.

Minister of State at the Department of Finance (Deputy Eoghan Murphy): To reassure the Deputy, “discreate” may, in fact, be a word. At least, that is what Google tells me and I believe it. Therefore, we will go with it.

I thank Deputies for their kind words since we began this debate two weeks ago about my recent appointment as Minister of State. I also thank them for their constructive engagement in the debate on the Bill. I look forward to more detailed consideration of its provisions on Committee Stage. As the House will appreciate, the Bill is mainly technical in nature and has been designed principally to facilitate implementation of the EU banking union agenda, but it is important as it allows Ireland to fulfil its banking union obligations.

At this stage, progress in the creation of a European banking union is advanced. The European Central Bank, ECB, assumed its supervisory role in November 2014 and is working closely with national authorities in ensuring banks comply with EU banking regulations. This was an important first step on the road towards a banking union as centralised supervision should ensure a high level of independence and objectivity and will help to rebuild trust and confidence in the European banking sector. The next step in banking union is to ensure that if a bank gets into trouble, there will be appropriate tools and powers to manage the failure in an orderly manner. The Single Resolution Mechanism, SRM, was established for this purpose and should ensure an effective European response where a bank finds itself in serious difficulties. In order for the Single Resolution Mechanism to be credible, however, it was agreed by Ministers that a system of bridge financing through national credit lines needed to be put in place. This is to avoid a situation where the Single Resolution Board may find itself, particularly in the early years after the bail-in process has been completed, in a position where there are still losses to be absorbed. It is important to note that this agreement will only be in place during the transitional phase to 2024, while the Single Resolution Fund is built up. The consequence of not signing the loan agreement with the Single Resolution Board is that, should an Irish bank get into financial trouble, the funding available to the Single Resolution Fund will be limited to the small amount in the Irish national compartment and the mutualised elements of the other national compartments and any borrowing in which the Single Resolution Board can engage. However, if this should prove insufficient, there will be no fall-back source of financing from the Single Resolution Board as the national credit line will not be in place.

It is important to point out that the banks are in general good health. Therefore, the likelihood of this loan facility agreement ever being called upon is minimal. However, the provision of this national backstop to the Single Resolution Board is key from a confidence perspective as it provides another indication to the market that the banking union member states are serious about ensuring stability in the banking sector.

Before responding to specific issues raised by Deputies in the course of the Second Stage debate, I would like to say a few words about the recent UK referendum result on EU membership. Officials in the Department of Finance had been actively preparing for the outcome of the referendum over a considerable period by developing the Government’s contingency framework. A summary of the key actions was published last Friday. As part of the planning

process, the Department of Finance has been liaising closely with the Central Bank and the National Treasury Management Agency, both of which had been preparing for this outcome and closely monitoring developments. This close engagement will continue. The Minister, Deputy Michael Noonan, spoke to the Governor of the Central Bank on Friday morning and was advised that the Central Bank was confident that the appropriate contingency measures were in place to address any immediate issue of financial stability that might arise. As part of the euro system and the Single Supervisory Mechanism, the Central Bank is closely monitoring the market impact and the banking sector and will continue to liaise closely with the Department of Finance. The Minister also spoke on Friday morning to the chief executive of the National Treasury Management Agency who confirmed that the agency had prepared for this eventuality, that it was well funded for this year and that its debt dynamics were improving.

In response to the main issues raised in the debate, I would like to make the following comments. Deputies Michael McGrath, Seán Haughey, Frank O'Rourke, Pearse Doherty and Paul Murphy raised the issue of the retrospective use of the direct recapitalisation instrument. In current circumstances, it does not appear likely that there would be any benefit for the State in making an application for retrospective use of the ESM's direct recapitalisation instrument in regard to our bank shareholdings. The terms and conditions attaching to the use of the direct recapitalisation instrument are extremely onerous as the instrument is designed to be used almost as a last resort, after the creditor waterfall has been applied and other options are exhausted for the recapitalisation of a bank. Any application to use the direct recapitalisation instrument would need unanimous agreement from the other 18 ESM governors. Achieving such an outcome for a deal which valued our investments at a level above what we might achieve in the market in the current circumstances is unlikely, particularly given the strength of our economic recovery since 2012 and taking account of other concessions won by Ireland in recent years.

Deputies Michael McGrath, Pearse Doherty and Joan Burton mentioned the capital levels of the Irish banks. I would like to offer some clarity on the issue. The minimum capital level required by international standards is 8%, while the SSM has mandated a level of capital specific to each bank. This SSM capital requirement is a mandated CET1 ratio - a common equity tier 1 ratio - which is a measure of a bank's core equity capital compared with its total risk-weighted assets. While it is being introduced on a transitional basis, each of the Irish banks already holds a surplus to the final CET1 ratio required, as reported in or with their 2015 annual reports. The Irish banks have substantially increased their capital positions in the past few years, as have most of their European peers.

Deputy Paul Murphy remarked that the Single Resolution Fund might be insufficient, at €55 billion. At the time of negotiation of the SRM regulation, there was considerable discussion on this issue. However, the general view that emerged was that many of the losses of a bank should be covered by a bail-in of shareholders and creditors, in line with the general philosophy underpinning the Single Resolution Mechanism regulation and the bank recovery and resolution directive. In this regard, a contribution to loss absorption and recapitalisation equal to an amount of not less than 8% of the total liabilities, including own funds of the institution under resolution, measured at the time of the resolution action, must be used before the Single Resolution Fund can contribute. This is a significant contribution to loss absorption and should in many instances mean that the use of the fund will not be needed. In this context, the view of most member states was that a fund of €55 billion struck an appropriate balance between the need to establish a credible and effective fund while, at the same time, not overburdening the banking sector from a contribution perspective.

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Deputy Joan Burton also raised the issue of new lending rules and referred to the change to the loan-to-value ratio, which may impact on small builders who can no longer roll equity from one development into a loan for another. It is important to note that the Minister for Finance has no role in the lending policies of Irish banks which are solely the responsibility of the board and management of each institution. While I am not aware of specific regulations in this regard, I understand that, based on this experience, certain banks have chosen to implement lending policies that do not permit unrealised profit or equity from one development to be introduced or rolled into a new development proposal in lieu of appropriate equity. In line with each bank's lending policies and risk appetite, lending to developers is now largely based on cash flows, repayment capacity and appropriate loan-to-value ratios.

Deputies Pearse Doherty and Paul Murphy raised a number of technical issues around sections 2 and 3 of the Bill, as well as Article 24 of the loan facility agreement. These issues can be discussed in further detail with the Deputies on Committee Stage.

I hope there will be an opportunity to discuss the other matters raised by Deputies as the Bill continues its progress through the House. I thank Deputies for their contributions and assure them that the Minister for Finance will give careful consideration to all of the issues raised. I commend the Bill to the House.

Question put and agreed to.

Acting Chairman (Deputy Bernard J. Durkan): Is it proposed to refer the Bill to a select committee?

Deputy Eoghan Murphy: Yes.

Single Resolution Board (Loan Facility Agreement) Bill 2016: Referral to Select Committee

Minister of State at the Department of Finance (Deputy Eoghan Murphy): I move:

That the Bill be referred to the Select Committee on Finance, Public Expenditure and Reform, and Taoiseach pursuant to Standing Order 141.

Question put and agreed to.

Single Resolution Board (Loan Facility Agreement) Bill 2016: Instruction to Committee

Minister of State at the Department of Finance (Deputy Eoghan Murphy): I move:

That, pursuant to Standing Order 200, Standing Order 154 is modified to permit an instruction to the Committee on the Single Resolution Board (Loan Facility Agreement) Bill 2016, that it has power to make provision in the Bill to provide for:

- amending the Companies Act 2014 to refer explicitly to the new European market abuse regime in section 1365 of that Act. This will ensure the continuation of the existing offences and high-level penalties (on indictment, up to €10 million in fines and-or up to 10 years imprisonment) for insider trading and market manipulation; and

- the necessary consequential amendments to the Long Title.

The motion relates to proposed additions to the Companies Act 2014. I thank the Opposition spokespersons for their co-operation in this matter. As I mentioned in my opening contribution on Second Stage of the Single Resolution Board (Loan Facility Agreement) Bill 2016, the Department of Finance is transposing the recent European market abuse regulations and market abuse directives into Irish law. On legal advice, the Minister for Finance, Deputy Michael Noonan, will bring forward an amendment to the Companies Act 2014 by way of this Bill to refer explicitly to the new European market abuse regime in section 1365 of that Act.

This will ensure the continuation of the existing offences and high-level penalties on indictment of up to €10 million in fines and up to ten years imprisonment for insider trading and market manipulation.

As a result of the amendments, the Short Title to the Bill will be amended to the Finance (Certain European Union and Intergovernmental Obligations) Bill 2016, which will necessitate associated amendments to the Long Title. This is a small technical change, recommended by the Office of the Parliamentary Counsel, which will ensure that the Titles will be fully accurate.

On the Bill more generally, I again emphasise the importance of early completion of the passage of the Bill to enable implementation of a hugely significant part of the EU banking legislative agenda. It will also ensure that Ireland meets its banking union obligations, as agreed with other member states that have already either put the loan facility agreement in place or are about to do so, as there was a commitment, following the European Finance Ministers' agreement on the approach last December, that this needed to be put in place by 1 January 2016.

I look forward to Committee Stage of the Bill when I can discuss the amendments and the Bill as a whole in greater detail with Deputies.

Deputy Michael McGrath: I made my substantive contribution on Second Stage. I support the motion and I look forward to a detailed Committee Stage debate as soon as possible.

Deputy Pearse Doherty: I note the Minister of State's remarks in his reply to Second Stage on some of the more technical aspects of the legislation, which we will discuss in detail on Committee Stage. We will participate and engage with the Minister of State in this regard at that point.

As I mentioned on Second Stage, tacking on unrelated amendments to other legislation is not something with which I or my party agree. If there is another item of legislation or amendment which does not fit into this Bill and if it is so urgent and important, then it deserves its own process. It was signalled two weeks ago that this would happen. I am not sure why we did not have stand-alone legislation which would allow it to happen. I understand there are times when we need to facilitate what is happening here, and this may be one of those times. My party does not intend to oppose the motion - let us deal with it. However, it is a case of putting down a marker because this should only happen in extreme cases where it is necessary and where there is no other option but to introduce it. I am not convinced that is the scenario in this instance. When Second Stage began, we were informed that the legislation was urgent and needed to be passed as soon as possible. Much of the language used was of that nature and I dispute whether there was a need for it. It is contradictory, therefore, for the Minister of State to add this complication to something that has been described as so urgent.

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I will bring forward amendments on Committee Stage and they deserve attention. We will obviously be obliged to scrutinise the amendment being brought forward by the Minister of State. It seems straightforward enough. I do not have any big issue with it but I would appreciate if a note were circulated on the details so we can have as best scrutiny as possible of it on Committee Stage.

Are we turning the legislation into a miscellaneous provisions Bill? How will it now be structured? Is it open to a free-for-all whereby we can put in any type of tag-ons? Has the Minister of State opened the bottle and now it is the case that we are not able to put the cork back in, God help us? The legislation is important. It puts in place another part of the banking union jigsaw. When it is all put together it will have serious weaknesses and this is one of the big problems. This is why we need to discuss it on Committee Stage. We need to look at the direction in which we are going. The promise of a genuine policy at EU level to stop sovereigns from being dragged down by banks has, sadly, not been realised. There was much potential here. Many good statements and initiatives were made at the time suggesting that this was going to be something different to what has materialised.

Banking union has not tackled the issue of banks which are too big to fail, while disputes about the deposit insurance scheme grind on without any resolution whatsoever. Member states cannot even agree on whether Article 114 is the appropriate legal basis for the scheme, and eight years on from the banking collapse we are debating the legal basis. This is before we start discussing how these deposits should be protected and how we should put in place a system whereby a bailout through abuse of the deposit systems will be put in place. None of these issues has been clarified and they are all trundling on. It is of concern that we are losing ground in the context of the potential of what it could be or what it was originally envisaged to be.

In reply to a parliamentary question last week, the Minister told me negotiations on a common backstop would only start in September. I agreed with the Minister that a backstop should be in place as soon as possible, but the most important thing is that we have it as far away as possible from the sovereign.

On the issue of how sovereign exposure is treated, the Minister has said that a global approach is best and that work on the deposit scheme should continue on a technical level before moving to the political level. I do not doubt that banking union is a hugely complex area but, equally, I do not doubt that much of the reforming process and energy has been spent.

Many of the core issues at stake, such as breaking up banks that are too big to fail and an absolute separation of banking and sovereign debt, have been muddled or simply dropped. This is a big concern of Sinn Féin. In the meantime, while negotiations are set to meander on for some years, we remain exposed. It sends shivers down our spines - because we have been here before - when we hear Ministers tell us our banks are well capitalised and that this will never be called upon. I am not suggesting that today is like the past, but I spoke to people out and about in the aftermath of Brexit. The Minister, Deputy Noonan, stated that the NTMA has indicated that we are well funded and people began to wonder whether the implications of Brexit were that serious because Ministers were saying such things. They experienced *déjà vu* about where the country could go.

The reality is that we remain exposed because there has not been a complete break between sovereign and banking debt. The shock of Brexit has, at least for now, reduced the values of bank shares. There are serious concerns - I am sure the Department shares them in light of its

briefing - about the viability of Permanent TSB in the long term. This is an issue which has not gone away and which is not going away. That bank completely oversold itself by suggesting it would make 10% returns for investors, something which it simply could not achieve. It has major problems with tracker mortgages and other matters. We are so far into this process that, in 2016, we are still dealing with an institution which may not be here in the future and which may have to merge with one of the other banks.

There are serious issues with regard to this matter. As I stated, I will not object to the motion. However, I have reservations about this type of process. While we will not object to it now, I strongly signal that Sinn Féin would not facilitate this if it became more common practice on the part of the Government.

Minister of State at the Department of Finance(Deputy Eoghan Murphy): I thank the Deputies for their constructive contributions. To answer Deputy Pearse Doherty, when I originally spoke on the legislation several weeks ago, I referred to its importance and the need to move on it quickly. He pointed out that if something is important, we should take our time with it. He is absolutely right in this regard. To clarify, this is important and, therefore, I hope it can be a priority for us to get it through the House now and that we will take the appropriate time on Committee Stage to go through the details. For my part, I had hoped we would have taken this sooner but scheduling issues got in the way.

With regard to the comments I made on the banks, we rightly draw from a shared experience of the banking inquiry. We do not want to draw improper parallels, but the fund will be backed by bank levies. It will not be backed by the sovereign or the taxpayers. Any drawdown on the loan in the interim, if it were to happen, would be paid back by bank levies and not by the taxpayer.

Question put and agreed to.

The Dáil adjourned at 8.50 p.m. until 12 noon on Thursday, 30 June 2016.