



DÍOSPÓIREACHTAÍ PARLAIMINTE  
PARLIAMENTARY DEBATES

**DÁIL ÉIREANN**

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

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# DÁIL ÉIREANN

*Dé hAoine, 8 Iúil 2016*

*Friday, 8 July 2016*

Chuaigh an Ceann Comhairle i gceannas ar 10.30 a.m.

*Paidir.*  
*Prayer.*

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## **Business of Dáil**

**An Ceann Comhairle:** Before we proceed to the legislation, we have had a pretty unprecedented event this morning given the failure to present a quorum at the appropriate time. Some Members need to be aware of the responsibilities they have to be here in the Chamber when legislation is to be debated. I would say to those who look for more time to discuss legislation to be conscious of the fact that when the time is provided there is a responsibility on those people to be present, but there is a particular responsibility on those who have the formal responsibility of ensuring attendance that they see that attendance actually happens.

We will proceed to the Commission of Investigation (Irish Bank Resolution Corporation) Bill 2016. I call the Minister of State, Deputy Stanton.

### **Commission of Investigation (Irish Bank Resolution Corporation) Bill 2016: Order for Second Stage**

Bill entitled an Act to make additional provision in relation to the commission of investigation established by the Commission of Investigation (Irish Bank Resolution Corporation) Order 2015 (S.I. No. 253 of 2015); for that purpose to amend the Commissions of Investigation Act 2004 and the Irish Bank Resolution Corporation Act 2013; and to provide for matters connected therewith.

**Minister of State at the Department of Justice and Equality (Deputy David Stanton):**  
I move: "That Second Stage be taken now."

Question put and agreed to.

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## **Commission of Investigation (Irish Bank Resolution Corporation) Bill 2016: Second Stage**

**Minister of State at the Department of Justice and Equality (Deputy David Stanton):**  
I move: "That the Bill be now read a Second Time."

As the Members of the House are aware, this Bill is being brought forward today to give additional powers to the Commission of Investigation into the Irish Bank Resolution Corporation, IBRC. These provisions are necessary, given the nature of the investigation involved, to ensure that the commission can effectively perform its functions. I am presenting this Bill today on behalf of the Tánaiste and Minister for Justice and Equality who has responsibility for the Commissions of Investigation Act 2004 under which the IBRC commission of investigation was established.

At the outset, I want to reiterate that the Government shares with the rest of this House a desire to ensure that there is an effective, efficient and timely investigation into the issues of significant public concern which have been raised in respect of IBRC. This shared determination across the Oireachtas has underpinned the extensive consultation at all stages with the Opposition initially by the Minister for Finance, and subsequently with the Taoiseach.

Before I outline the provisions of the Bill, I will set out the background to this particular commission of investigation and also mention some of the issues raised in the determinations and interim reports of that commission which have given rise to this Bill. The Commission of Investigation into the Irish Bank Resolution Corporation was established in June 2015 following the approval of a draft order by both Houses of the Oireachtas. The commission is charged with investigating matters which are considered by the Government, and affirmed by the Houses, to be of significant public concern in respect of IBRC and to make any reports required under the Commissions of Investigation Act 2004 in regard to its investigation.

In accordance with its terms of reference, the commission is required to investigate certain transactions, activities and management decisions which occurred at the IBRC between 21 January 2009, being the date of the nationalisation of IBRC, and 7 February 2013, being the date of the appointment of the special liquidators to IBRC and which either resulted in a capital loss to IBRC of at least €10 million during that period, whether by consequence of a single transaction or of a series of transactions relating to the same borrower or entities controlled by the same borrower, or are specifically identified by the commission as giving rise or likely to give rise to potential public concern in respect of the ultimate returns to the taxpayer.

In November 2015, the sole member of the commission submitted an interim report. That report sets out in detail the substantial work undertaken by the commission up to that point and the outcome of the interaction between the commission and the special liquidators, the Department of Finance, the directors of IBRC, the Central Bank of Ireland and the Irish Stock Exchange. It is evident from those interactions, as detailed in the report, that a number of significant issues arose in the course of the commission's work, in particular issues regarding the ability of the commission to obtain and admit certain information and documents into evidence.

In light of those concerns, the Taoiseach engaged with the leaders and representatives of the Opposition and, on behalf of the Taoiseach and the Tánaiste, I would like to thank those Members for their observations and contributions during that consultation. On foot of those consultations, a legislative solution was proposed and it was agreed, again with Members from

the Opposition, to further consult with the sole member of the commission on the proposed legislative response. Following those consultations, the Taoiseach and the Opposition agreed on 2 June to proceed with the drafting of urgent legislation to address the matters raised by the commission. This is the Bill before the House today.

As I have said, the first interim report of the commission from November 2015 outlined a number of significant issues which had arisen in the course of the commission's work including the commission's view that the issue of confidentiality precluded it from admitting certain documents into evidence; the commission's view that the issue of legal professional privilege precluded it from admitting certain documents into evidence; the commission's view that the duty of professional secrecy under section 118 of the Companies Act 1990 precluded it from receiving certain documents held by the Irish Stock Exchange; and the need to address matters relating to potential conflicts of interest and the management of the workload of the commission. These are all issues which are now being addressed, to the greatest extent possible, in the Bill before the House today. As I have said, there has been close consultation with the commission in the development of these provisions.

The approach adopted in this Bill is to introduce a bespoke piece of legislation which effectively applies the Commissions of Investigation Act 2004 with specific provisions relating to the IBRC Commission. The Bill contains nine sections. Of these, sections 2, 3, 4, 6 and 7 provide for additional powers to be assigned to the IBRC commission of investigation which were identified as lacking under the Commissions of Investigation Act 2004 and which consequently impeded the commission in performing its functions under that Act. The investigation into the transactions and other acts undertaken by the IBRC during the specified period is of a nature which warrants these additional powers being given to the commission. All of the provisions in this Bill, therefore, provide for the IBRC commission of investigation solely and do not extend or in any way alter the application of the 2004 Act to other commissions of investigation, ongoing or otherwise. Sections 5 and 8 of the Bill make provision to assist the management of the workload of the commission and to ensure any potential conflicts of interest are avoided.

Turning to the individual sections, section 2 addresses certain powers of the commission. Subsection (1) confirms that the commission may make such orders and determinations, and give such directions, as is necessary for the performance of its functions and for that purpose the commission shall have all such powers, rights and privileges as are vested in the High Court or a judge of that court. The need for such an amendment is set out in the determinations published by the commission, for instance, sections 7.90 to 7.94 of determination one. Similar provision is also available to tribunals of inquiry under the Tribunals of Inquiry (Evidence) Act 1921, as amended. One issue which arose during consultations and the drafting of the Bill is the extent to which this would draw this commission closer to the tribunals of inquiry model. However, the commission format remains distinct in terms of regular review and report back to Government.

Subsection (2) addresses the finding of the commission of investigation set out in its determinations and in chapter 6 of the first interim report to the effect that the commission lacked the necessary statutory powers under the Commissions of Investigation Act 2004 to engage in a balancing of interests which may trigger the public interest exception to what is otherwise a duty of confidentiality. This arose as the relevant section of the 2004 Act, section 21, expressly states that nothing in that Act shall compel any person to disclose information or documents over which a duty of confidentiality is asserted and found by the commission to apply. Section 2(2) of this Bill, therefore, confirms that the commission may admit documents in regard to

which a duty of confidentiality is claimed.

Paragraph (b) of subsection (2) refers to Article 27 of the EU market abuse regulation. Article 27 provides for the non-disclosure, on grounds of professional secrecy, of information received pursuant to that regulation. This would apply to information received by the Irish Stock Exchange and is similar to the obligation of professional secrecy under section 118 of the Companies Act 1990 and which is to be disapplied in respect of the disclosure of information by the Stock Exchange under section 7 of the Bill. The sole member of the commission has confirmed that there may be circumstances where he may request information which may fall under the provisions of the EU regulation. Again, I would like to reiterate that these provisions are introduced solely for the purpose of this investigation and the particular circumstances which have been identified by the commission. Without the introduction of these provisions, the commission is clear that its ability to carry out its work would be severely limited. A definition of “document” is introduced in section 2(3) so as to include tapes, discs and sound recordings as well as written material. Again, this is to ensure that the commission has access to all information needed to effectively conduct the investigation.

Sections 3 and 4 of the Bill are introduced to ensure that the commission may seek the directions of the High Court or refer any question of law to that court regarding the performance of its functions. It is clear from the determinations published by the commission that the commission had considered seeking the directions of the courts in respect of certain matters but that the 2004 Act does not provide any mechanism for a commission to seek such directions. Sections 3 and 4 make the necessary provisions.

Section 5 is an important section and will address two concerns identified by the commission. The first relates to the efficient management of the workload of the commission. As the House is aware, one aspect of the terms of reference for this commission is the investigation of transactions during the relevant period which involved capital losses to IBRC of more than €10 million. As noted in the interim report, 38 such transactions have been identified by the special liquidators to IBRC. Effectively, this would involve up to 38 investigations. I understand that it has been agreed, in consultation with the Opposition, that the terms of reference for the commission will be amended so as to adopt a modular approach to these investigations.

However, in light of the potential for a large number of investigations, the commission has recommended, and it would certainly appear prudent, the appointment of additional members to the commission. While the appointment of more than one member to the commission is possible under the 2004 Act, that Act does not permit those members to operate in divisions or panels, rather the members operate together as a single commission. This section of the Bill proposes, therefore, that where an additional member or members are appointed to the commission, they can operate in divisions and, importantly, the report and findings of any single division will be a report and finding of the commission as a whole. While it is not intended to appoint an additional member at this stage, this recognises and responds to the range of transactions potentially to be investigated by this commission. Permitting the commission to sit in divisions will also mean that the concern identified by the commission in its first interim report relating to a possible conflict of interest between a member of the commission in relation to any particular transaction can be avoided by allowing that transaction to be investigated without the involvement of that member, should the need arise.

Section 6 of the Bill addresses the disclosure of information by the special liquidators to IBRC to the commission of investigation. Determination No. 1 of the commission addresses

the assertions of duty of confidentiality and legal professional privilege which have been asserted by the special liquidators and which the commission has found to apply.

The issues regarding the duty of confidentiality have been addressed through section 2 of this Bill in relation to which I have already spoken. However, in its determination, the commission further found that it had no power under the 2004 Act to admit into evidence documents over which a claim of legal professional privilege was asserted and found to apply. While it is understood that the special liquidators offered to the commission a limited waiver of legal privilege for certain transactions, nonetheless the commission considered that it could not proceed further or admit into evidence such documents. It is clear from the commission's decision on legal advice privilege set out in determination No. 1 that the Commission was only seeking to obtain those documents which the directors of IBRC have received in the past which relate to legal advice which they might have received in respect of the write-offs of certain loans by IBRC and which are the subject of the current investigation.

While the special liquidators were willing to disclose the documents to the commission for the purpose of the investigation it did not consent to the documents being provided to any third parties although the special liquidators agreed to consider waiving privilege on a case by case basis. The inability to forward such documents to the former directors of IBRC would, in the view of the commission, deprive them of their right to fair procedures and their right to respond to the commission in a meaningful way.

Section 6 addresses the concerns raised by the commission. First, subsection (I) introduces a general requirement on the special liquidators to comply with all directions by the commission under the 2004 Act. With respect to the assertion of legal privilege by the special liquidators in respect of documents previously received by the directors of IBRC, subsection (2) will amend the Irish Bank Resolution Corporation Act 2013 to insert a new provision into section 9 of that Act. Section 9 provides for the Minister for Finance to issue instructions and directions to the special liquidators and the new subsection (2A) to be inserted by this Bill will provide that the Minister may, for the purpose of enabling the commission of investigation to perform its functions, give a direction to the special liquidator to do or refrain from doing a specified act. This may include a direction from the Minister to the special liquidators to waive legal professional privilege. There is no obligation on the Minister to issue such a direction and it will only arise where the commission requests the Minister to do so and informs the Minister, in writing, that the direction is necessary to enable the commission to perform its functions and it is in the public interest to do so. The basis for issuing such a direction would be the connection to the purposes of the IBRC Act as set out under section 3 of that Act and which, I remind this House, includes "to protect the interests of the taxpayer".

Section 7 will disapply section 118 of the Companies Act 1990 to enable the Irish Stock Exchange to provide confidential information to the IBRC commission who may admit it into evidence. Determination No. 3 of the commission, published in April, concluded that certain documents sought from the Irish Stock Exchange were confidential pursuant to section 118 which provides for professional secrecy in respect of documents obtained by the Irish Stock Exchange in pursuance of its functions under Part V of the 1990 Act in relation to insider dealing. As this is effectively a statutory duty of confidentiality, section 7 of the Bill will disapply it in respect of the disclosure of information to the commission.

Finally, in terms of the substantive provisions of the Bill, section 8 will amend the Commissions of Investigation Act 2004 but only in so far as it applies to the IBRC Commission of



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Investigation. Paragraph (a) amends the definition of document under the 2004 Act so that it replicates the definition under section 2 of this Bill. Paragraph (b) amends section 34 of the 2004 Act, again only in so far as it applies to the IBRC commission. Under section 34, a draft of any report by a Commission of Investigation must be distributed in advance of submission to the specified Minister and to any person who is identified or identifiable in that report. The provision in section 8(b) of this Bill will limit the distribution of the report to persons in respect of whom there is an adverse finding. This has been specifically requested by the commission to reduce the level of distribution which would otherwise be required on the basis that there is a strong likelihood of many persons being identified in the report but in respect of whom there would be no adverse finding.

Section 9 deals with the commencement of the legislation. I think Members of this House will agree that although this is not a long Bill, it will provide significant additional powers to the Commission of Investigation into IBRC. Given the conclusions and recommendations reached by the commission in the determinations and interim reports published to date, and following consultation with the Opposition, and with the commission itself during the drafting of this Bill, all of these provisions are proposed in order to ensure that the task set by this House back in June 2015 is conducted as effectively as possible.

I remind Deputies that the very significant public concerns regarding certain transactions carried out by IBRC, and which were recognised and acknowledged by this House, must be addressed in a comprehensive manner.

Finally, before I finish I would just like to return to a matter that I briefly mentioned earlier. Given the number of transactions undertaken by IBRC which have been identified and which involve losses of greater than €10 million, I understand that again following consultation with the Opposition, amended terms of reference will be brought forward shortly proposing a modular approach to the investigation with a focus in the first phase on the Siteserv transaction, being an issue of significant public concern raised in this House. This pragmatic approach will allow the commission to focus its efforts in the first phase.

The Government intends to brief the Opposition leaders on these revised terms of reference next week, and a draft Order with the revised terms of reference will then need to be approved by both Houses of the Oireachtas, hopefully before the summer recess. I also understand that, as requested by the commission under section 6(6) of the 2004 Act, the Taoiseach has recently agreed to extend the timeframe for the commission until the end of October 2016. This will allow the commission to continue its preparatory work while the legislation is being enacted and the terms of reference amended as I have outlined.

I thank the leaders and Members of the Opposition for their contribution in reaching a solution to the issues raised by the commission and which would, if unresolved, have undermined the ability of that commission to reach findings in relation to the investigations involved. I look forward to hearing the contributions from the Members today.

Finally, I thank the Ceann Comhairle and Deputies for facilitating the Second Stage debate in this House today.

**Deputy Dara Calleary:** On behalf of Fianna Fáil I endorse everything the Ceann Comhairle said regarding the farce at the start of business today. We waited 35 minutes to get a quorum to allow business to start. It is unfair on the Deputies who were in the Chamber. I understand

that the person in charge of business was on her local radio station talking about Fine Gael leadership which is a matter for the Fine Gael Party-----

**An Ceann Comhairle:** We should not get into that now.

**Deputy Dara Calleary:** -----but when it impinges on the business in the House it is not good enough.

I welcome the opportunity to speak on this legislation. The controversy around the sale of Siteserv fused together a number of issues that raised serious public concern. The legacy of Anglo Irish Bank, the enormous sums of taxpayers' money used to resuscitate the banking system and the exorbitant money spent on rolling out water meters were all linked together. Wealth, politics and policy were all woven together into a potential scandal that could simply not be ignored. In this light Fianna Fáil supports today's Bill as a mechanism to ensure that the issues raised are fully and transparently dealt with.

Anglo Irish Bank was the nadir of the banking crisis. Some €34 billion was expended on that bank alone in an effort to stop the rot and staunch the bleed of the crisis. Countless families suffered and continue to suffer from the consequences of the decisions that caused the crisis. These repercussions are not simply financial but stretch deeper into people's lives and the fabric of the State.

The State took action to tackle the disaster engulfing the banking sector at that stage. Taxpayers' money was used to try to salvage the banks and their vital role in the broader economy from a plummeting property market. Services and livelihoods suffered as a result of that effort. Getting value for this money must be at the heart of Government policy. This is a matter of both economic and moral importance. The grave impact of the crisis on people's lives must be dealt with fairly.

Against that backdrop and that challenge the emergence of rumours and information around the sale of Siteserv in early 2015 drew massive attention. Siteserv was sold by IBRC at a loss to the State of €119 million. The loss to the State was further reflected in other sales by IBRC and accusations of preferential loan interest rates. The idea that the remnants of Anglo Irish Bank's undersold assets linked to another deeply controversial public policy is incredible. Essentially, public money was grossly abused in order to privilege wealthy clients and it is indefensible in a modern democratic state.

Deputy Catherine Murphy and her staff deserve particular tribute for their assiduous work in this matter and in pursuing a series of damning documents under freedom of information and through parliamentary questions. Her efforts were commendable and are the reason we are here today. It is important to remember the foot dragging and rear-guard action taken by the Government on the idea of a commission. A compromised review by KPMG was an effort to stall calls for a full commission. It was only under significant pressure that the Government of the day relented and conceded the need for a full investigation.

Essentially, the commission was established to investigate and report to the Taoiseach on the substance and management of certain transactions and activities of IBRC that occurred between 21 January 2009 and 7 February 2013. Justice Brian Cregan was appointed the sole member of the commission in July 2015. Fianna Fáil pressed for a commission of investigation to shed light on the answers to the following questions. Why was there a surge in share dealing in Siteserv prior to its sale? There was a sudden upsurge in share sales in the month before the Irish



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Bank Resolution Corporation began to receive the first bids for Siteserv as part of a confidential sale process. In November 2011, some 6.4 million shares were sold in the firm, compared to 121,000 in October 2011, and 4.76 million between January and October the same year.

Second, why were shareholders in Siteserv paid €5 million for an effectively insolvent company? Shareholders in Siteserv got this payment when the company was sold. Normally, shareholders get nothing if a firm that is sold is effectively insolvent. There has been no adequate explanation as to why this happened. It is also unclear why Siteserv itself was allowed lead the sale process and not IBRC.

Third, why were other bidders apparently excluded from the sale process? According to the then chairman of IBRC, Mr. Alan Dukes, there were approximately 50 expressions of interest in the sale but it was decided to exclude so-called “trade buyers” to prevent the company being “upscuttled” by rivals merely seeking inside information. In the end, Siteserv’s advisers invited just six bidders to take part. This was approved by IBRC.

Fourth, was the Department of Finance kept fully informed of the sale process and what actions did the Department take on foot of concerns about the sale process? Documents released under freedom of information, FOI, show officials at the Department of Finance, including the Minister, Deputy Noonan, were concerned about the Siteserv deal and several other large IBRC transactions. What is startling about all this is just how low and bad relations were between the Department of Finance and IBRC at the time.

Fifth, why did the Minister not provide vital information via replies to parliamentary questions, PQs? The heavily redacted FOI files contradict responses to PQs given by the Minister and indicate that less than full responses were given. The PQ replies did not include information about the higher bids or about the meetings which took place between his Department and IBRC, including one which he attended with the IBRC chairman and chief executive to discuss concerns about the sale of Siteserv. Parliamentary questions are an integral part of how we hold a government to account and how any Deputy holds a government to account. Evasive replies by Ministers undermine the spirit of the system and the importance of parliamentary accountability.

These critical issues demand answers. However, the commission has been beset by legal problems which the Minister of State has gone through and which have generated serious delays in reaching a final publication. The commission which was due to report in December 2015 has now requested a deadline extension to October 2016. The legal barriers encountered early in the commission’s work have hindered progress in what was envisaged as a swift moving commission. On these grounds this Bill should be swiftly passed and acted upon to ensure we reach the new deadline of October.

The Commission of Investigation Act 2004 has been successfully used on several occasions across a broad range of areas. It is a critical tool for the Oireachtas to uncover the truth in deeply controversial areas. In view of this, the insurmountable legal problems encountered in this case are noteworthy. We must ensure they do not occur again and make changes to the Act where appropriate.

The IBRC commission of investigation quickly ran into difficulties over issues of legal privilege, professional secrecy, and confidentiality across several stakeholders. These issues were highlighted at an early stage. Its first interim report in December highlighted these concerns

and the need for bespoke legislation to address them. Fianna Fáil has serious concerns over why these matters were not adequately flagged and corrected prior to the inception of the commission. The Government had a duty to ensure the terms of reference were watertight in what is a legally sensitive area. It failed in this and we are now trying to rectify the matter via this new Bill. While we are happy to work with the Government to facilitate the passage of this Bill, we should not expect re-runs of this scenario in future commissions. It is important that lessons from this delay are understood and acted on urgently. Further commissions of investigation cannot be stymied and delayed by problems that should have been identified and addressed at the outset. The legal structures and resources of the Government are best placed to undertake this work. In particular, the fact that the Department of Finance is the source of one aspect of the legal impediments begs the question as to the level of communication in government over the terms of reference. Relying on the Opposition to identify intricate legal details will not suffice. These types of problems only further exacerbate public cynicism about our efforts to get to the truth of controversial public matters.

This is fundamentally a technical bespoke Bill that impacts solely upon the work of the commission at hand, with nine separate sections which give the commission powers to compel the submission of relevant documentation, waive legal privilege and empower it to overcome the series of legal obstacles impeding its work to date. The Government has made efforts to ensure the Opposition has been fully engaged with the changes and what is needed to enable the commission complete its work. I appreciate that the changes put forward in this legislation are required to allow us reach the deadline. Ultimately, the massive sums of public money involved demand transparency around how the sale was handled. The public have to be reassured that proper procedures were followed and taxpayers' money maximised.

The legacy of the banking crisis continues to be felt around the country. The claim that some people are privileged above others and that public money has been abused must be thoroughly and robustly investigated. There is no room for evasion or rumour in these important matters. Cynicism will continue to fester in these dark corners. The public deserves better. This commission is designed to uphold public faith, uncover any wrongdoing and ensure any lessons from this sale are learnt and implemented. We support this Bill's passage to empower Mr. Justice Cregan to shine a light on these matters, finish his work and achieve an aim which everybody in this House shares.

**Deputy David Cullinane:** Here we go again. We are back to correct mistakes because of rushed legislation.

**Deputy Paul Murphy:** Were they mistakes?

**Deputy David Cullinane:** They were mistakes on the Government's part. It could be said they were intentional but at the time we pointed out, as others did, that there were flaws in the establishment of the previous commission and in the liquidation of IBRC. This is what happens when things are kicked down the road. This Bill is evidence of the inability of Fine Gael and this Government to deal with complex issues. It is also an indictment of the so-called new politics of Fine Gael and Fianna Fáil which so far has been predicated on setting up commissions and committees, putting Bills on hold for 12 months and more, in fact doing everything they can to put things on the long finger, rather than make any real decisions but kick the big important ones down the road. It has done this not only with IBRC and Siteserv, but also with the issue of fatal foetal abnormalities, water, bin charges, and workers' rights.

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Here we are back again to make another attempt at cleaning up this mess. We can guarantee that we will be back in the near future. Let us not, however, forget the root of this problem, the bad decision to rush through legislation liquidating a bank in the middle of the night some years ago. I was in the Seanad at the time when the Minister for Finance came from the Dáil Chamber where very little time was given to the Opposition - I think it was 15 minutes for Committee Stage. My party in the Seanad was given one minute and 30 seconds to state its case and hold the Government to account on that Bill and to consider its wideranging implications. It was rushed through and we are now dealing with the consequences. It is not the first time that has happened.

IBRC took over the bones of the completely discredited Anglo Irish Bank and Irish Nationwide Building Society. These banks have cost the Irish people billions of euro. They became the excuse for Fianna Fáil and then Fine Gael and Labour to hollow out the rights and the public services of the Irish people. The history of banking in this State is that there were retail banks and some investment banks, which moved to being gambling banks. It was as if we took the casinos from Las Vegas and moved them to Ireland. They became outrageous gambling banks and the Irish people have been left paying the price for that. Casino capitalism took hold. There was light touch regulation and cheap credit was made available to these banks. Land was rezoned on a grand scale, there were tax breaks for developers and the golden circle came into its own. The banks were the so-called tigers of the economy. All the people associated with these banks were lionised as wealth-creators when in reality they were engaged on a mad gambling spree. When he spoke at a function in September 2005, at a time when Anglo Irish Bank was racking up spiralling debts and behaving in a most reckless fashion, the bank's then CEO, Seán FitzPatrick, said:

It was as if, overnight, we discovered just how good we were. We were bright, well-educated, flexible, good-natured, creative and even hardworking. The Paddy stopped drinking G&Ts before the three-course, three-hour lunch and found Ballygowan, the bowl of soup and the hang sandwich. We had ideas, and we had balls ... And all the time as we worked the scene and maximised the moment, the world watched in astonishment.

The world certainly watched in astonishment when the house of cards came tumbling down, the casino capitalism came to an end and all of these so-called wealth creators, who were lionised by Fianna Fáil, Fine Gael and sections of the media, were seen to be the frauds they were. That is the reality. Their inactions and greed have landed us where we are today. That is why we are back debating legislation on the IBRC. Responsibility for this mess must be taken by the Minister of State, Deputy Stanton, his Government colleagues and those whose support of casino capitalism contributed to the creation of this mess in the first place.

It could be argued that all the banks were bad. Anglo Irish Bank and Irish Nationwide were two of the worst offenders. There can be no doubt that we are still paying the price for the criminal behaviour of some people at the top of these banks. In May 2008, four months before the crisis broke, David Drumm of Anglo Irish Bank told *The Irish Times* that the economic downturn would present a chance to see "the other side of the show". How right he was. Unfortunately, the other side of the show involved the taxpayer having to bail out these banks. The Irish people had their so-called rainy day fund - the National Pensions Reserve Fund - robbed from them and used to recapitalise the banks, or so the story goes. In reality, taxpayers' money was used to bail out the banks on foot of their reckless lending. What did that mean? Those who depend on public services, such as our education system and our hospitals, paid the price. That is the legacy of the bankers. That is the other side of the show that the Irish people really

saw. This crisis gave the Irish people a rude awakening in terms of how power and influence work in this State. Many good books have been written about this period. They show how greedy elites and powerful golden circles controlled policy and the banks. There continues to be a special relationship between the conservative political parties and the so-called wealth creators. Billionaires who do not pay tax in this country think they can do and say what they like while attempting to frustrate commissions of inquiry. We all know who they are. They support some of the parties in this Chamber.

The IBRC was formed three years after the crisis first broke. Two years later, a monster was created by the special liquidation of the IBRC. Not surprisingly, many questions about the liquidation of the IBRC have gone unanswered. On the night it was liquidated, the Dáil was given 15 minutes on Committee Stage to debate the Bill providing for the liquidation. In all the subsequent media debates and commentary, my party and others quite rightly pointed out that we would be back here again. The Government told us this would not happen because the legislation in question was well thought out and represented the way forward. We can see what happened thereafter. The Bill was signed by President Higgins at 7 o'clock on a Wednesday morning, less than ten hours after its First Reading. It was almost unprecedented. The President had been rushed back to Ireland that night from an official visit to Rome to ensure the smooth passage of the Bill.

The Irish Bank Resolution Corporation Act 2013 was summed up by the media as offering the Irish people “a much-needed psychological boost” but little else. I think it was a disgrace that some people in the media did the job of the Government at the time. They sold the legislation as something it was not. They were not prepared to tell the truth about what the legislation entailed, what exactly was happening and who was going to pay the price. The people who should have paid the price for what happened in this country were let off the hook. Not for the first time, some people in the media missed the true nature of what was going on. We witnessed a cover-up that continues to this day, involving some of the most powerful people in the State. I refer, for example, to billionaires who do not pay tax but instead lecture the rest of us, threaten elected representatives and others and prefer to pass brown envelopes to elected officials. The brown envelope culture that threatened people’s very attachment to politics in this State is another terrible legacy of the so-called Celtic tiger. Even now, events following the liquidation of the IBRC are out of bounds under the Bill before the House. Even if this commission of investigation is successful, it will not reveal the full story of what happened at the IBRC and to the Irish people’s money.

When Sinn Féin started asking the first questions about write-downs at the IBRC, the Minister for Finance, the Taoiseach and their Government colleagues did not take us seriously. It took a lot of work and cajoling for the Minister to accept there was a problem. The Taoiseach decided off the top off his head to appoint the Comptroller and Auditor General to look into the issue. We eventually we got a commission of investigation. This is a complex legal issue. Clearly, the first attempt to set up a commission to do this job was a failure. It was signalled at the time that this would happen. The commission that was created by the Oireachtas in June 2015 was supposed to finish its work by December of that year, but the Taoiseach has extended this timeframe until the end of October 2016. It always seems to be the same thing in this State. We set up commissions and give them deadlines, but we end up having to come back and extend those deadlines because we have not thought it out and we have not given the commissions the powers they need.

The Teachta Dála who interrupted me earlier was right when he suggested this was not an

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accident. I do not think it was an accident that the commission was set up as it was. In my view, the intention of the Government at the time was to frustrate real progress and to hinder efforts to get to the truth. Many elements of what is wrong with this State are at play here, including the desire of the golden circles that have ruled it for so long to ensure their secrets are not unearthed. In November of last year, a shocking interim report listed - chapter and verse - the reasons the commission was not fit for purpose. Everything came shuddering to a halt. Panic set in among the officials who had to revisit the legislation. The legal advice from the Attorney General at the time should have been published, as we in Sinn Féin called for. We must get this right now. In my view, we will not have a third opportunity to do so. We cannot keep coming back at this over and over again. We have to get it right.

I must compare the enthusiasm from the Fianna Fáil benches today to that party's sudden and inexplicable U-turn on NAMA investigations. As always, the two faces of Fianna Fáil exist side by side. It was quite incredible to listen to Deputy Calleary talking about greed, the problems in the banks and what happened in Anglo Irish Bank as if his party was somehow exonerated from having any hand, act or part in this. Every time Fianna Fáil speaks on this issue, I am reminded of the infamous episode of "Dallas" when Bobby Ewing emerged from the shower. In the case of Fianna Fáil, it is as if the last five years did not happen. That is what it is trying to present to the Irish people. It has mastered such tactics, but it should be reminded at every opportunity that it is the party which is primarily responsible for this mess. It fostered the greed in the banks, put light-touch regulation in place, allowed reckless borrowing and lending to happen and facilitated the speculation that devastated the lives of many people. These were not victimless crimes. The corruption that flowed from this politics was not a victimless crime. Bad planning happened as a consequence of this form of politics. Who paid the price when this house of cards came down? The bankers, the small number of policy makers in government and in the Department of Finance and the small elite in the golden circle did not pay the price for the decisions that required billions of euro to be spent, as I have outlined. Children in schools, people on hospital trolleys and those who are told they cannot have decent contracts of work are still paying the price of those decisions to this day. It is in that context that a Fianna Fáil Deputy has shown the brass neck to talk in this House about what went wrong in the last decade, as if it had no responsibility for the era in question. In his letter, the Taoiseach speaks of the dangers of litigation inherent in this proposal. I fear he is right, but the country cannot stop because lawyers and, in particular, one client, believes he has the power to stop any investigation he wishes. There is always a danger of litigation, but that is not a valid reason to stop looking down holes.

The views of the public may not be fully focused on this issue at the moment but I do not believe for a second that all is forgotten. People know instinctively that this commission of investigation is looking into serious matters of fairness in our country. This is about people's money being treated preciously rather than being carved up among friends, among the elite.

We need only look at how abhorrent Fine Gael and the Labour Party were when it came to creating this commission to know that some uncomfortable truths might come out of it. The public will not let us off the hook for failing to correct this legislation. They remember what sparked this. It was allegations that certain people were getting sweetheart deals. That sounded and it still sounds like a perfectly reasonable possibility. For decades, this society has suffered from corruption at the top. Golden circles have operated with impunity and still do to this day. No one in his right mind believes that the corruption that was endemic in Irish politics is gone. We see it happening again in NAMA with all manner of allegations being made and the calls for



commissions of inquiry into various deals again set front and centre in Irish politics. All of this is because of the failure of the State to deal with these problems and the way it has allowed the people in the golden circle to do what they wish. Politicians, businessmen and many others see themselves as out of reach, above the law and not subject to the same rules as the rest of us. The tiny numbers that have seen the inside of a prison cell in consequence prove that they are not completely wrong. To this day, it remains a sore for many people that those who were behind the greed, corruption and casino capitalism were not brought to book. Their recklessness in managing the economy, in particular, the way they managed the banks and ran those banks into the ground, led to these two banks becoming liquidated in the first place. These people have not been properly held to account.

Many people believe the State will never truly hold these people to account because that is not the way we do it - we like to protect these people. They are above the law and deemed to be respectable. If ordinary people do not pay their television licence or water charges because they see the charges as unfair, they are threatened with court action, yet these other people can act with impunity. This two-tier society and approach to law and order is the problem. The Deputies in the Government party see themselves as part of a law and order party. That is their view when it comes to working class people but not when it comes to their friends in high places and the golden circle. They take a completely different view when it comes to how they operate in this State.

I do not believe anyone was surprised that the special liquidators kicked up a fuss when the commission came sniffing around. The people in KPMG are the wrong people for this job. They are part of the protected elite and have so many fingers in pies in this State that there is no way they should ever have carried out this job. People from KPMG were the auditors at Irish Nationwide, one chunk of IBRC. They have an interest in this legislation that goes beyond what they are being paid for. Their role in the special liquidation was like appointing a poacher as gamekeeper. Their interests are not those of the people. However, their pockets are certainly lined with the people's money to the tune of €5 million in fees and counting. It is the same thing over and over again. The same companies are involved in the same scandals and unfairness in the use of taxpayers' money. Again, it continues and nothing is done about it. We turn a blind eye and pretend there is no problem, or at least some people do. However, there are some among us who do not act in this way. There are those of us who shine a spotlight on these issues.

I remember clearly the comments of a previous Taoiseach. Some of us spoke about the problems with greed, light touch regulation and reckless spending and borrowing. We spoke about the economy being a runaway train. He said that we were naysayers who should consider committing suicide. That is how opposition voices were labelled. This applied not only to those in opposition in the political system, but also to economists who called it right. That is how we were treated and that is how we are still treated to this day. They take the view that there is nothing to see here and that people should move along. Each time we try to shine a spotlight on any of this activity, the response is always the same - it is consistent. Why is that the case? We must try to carry on despite what obstacles will be put in the way.

The new power given to the Minister to direct the special liquidators is at the core of this Bill and is long overdue. The Minister should not be hesitant in using this power as necessary. The Taoiseach speaks of introducing a modular approach. For my party, the Siteserv transaction must be the focus of the first module. It is the reason we have a commission of investigation and it is where the public interest is most focused. It is logical, clearly, to home in on the larg-



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est transactions. The extension of the deadline for the report is to be moved. It is important to send a clear signal that only in exceptional circumstances will any further extension be considered. If there are to be discrete modules, then interim reports should be published as they are completed. Any increase in the commission's budget must be justified and implemented tightly.

I will finish with a number of important points. I spoke at length about what led us here in the first place and what brought us to this point. Earlier, I mentioned that there are victims. The victims of all of this are the people who those of us in this Chamber should be representing. Collectively, we must ensure these things do not happen again. We can only do so if we have policies to ensure that the State has an important role to play in regulating the banks and ensuring that people are not above the law, including billionaire businessmen and women who should pay their taxes in the State and who should be subject to the same laws as the rest of us. We have a role to play to ensure that we do not allow our banks to behave in an inappropriate way. We have a particular responsibility to ensure that we do not spend taxpayers' money to bail out these people each time they make a mistake.

I remember clearly the height of the Celtic tiger. At the time, politicians from Fianna Fáil and Fine Gael and those who championed the rights of the banks told us that the State should stick its nose out of the free market and out of the banks. We were told to let the banks do what the banks do and that the rising tide would lift all boats. That was the mantra from the Government at the time. What happened? We know what happened. We had a bad crash and the people who were responsible for it walked away clean while ordinary people had to pay the price. In my part of the country, the south east, unemployment is still at 12.5%. People are on hospital trolleys throughout the State. Children go to school hungry. There is extensive poverty and inequality. Despite this, we still have these people at the top on vast salaries. Some of them are billionaires who do not pay tax. Some people in this Chamber think that is okay and we should continue with that. It is not okay and we need to change course.

I support the Bill only in that it seeks to deal with some of the concerns that have been raised by the sole member of the commission. I sincerely hope this legislation will improve the workings of the commission. I know there will be a final report and that some recommendations will flow from it. However, I am certain they will fall far short of what is actually necessary. I also hope the commission can really deal with the issues raised by many Deputies in respect of Siteserv and many other issues that flowed from the liquidation of IBRC as well.

I and my party are supporting the Bill only because we want to improve the work of the commission. We sincerely hope that it plays some small part in getting to the bottom of the many wrongs at the heart of how those two banks operated and how IBRC is now operating as well.

**Deputy Joan Burton:** First of all, while you are here, a Cheann Comhairle, I wish to say that what happened earlier this morning was seriously regrettable. The Chief Whip or assistant Chief Whip should come to the Chamber and apologise to the House for what happened. Numerous people were here. In fairness to those from Fianna Fáil, they were here in significant numbers. Others were here as well.

*12 o'clock*

I waited myself for more than 20 minutes. I believe that an apology is due. One of the most abused terms in recent times has been "new politics". This morning was an absolute example

of new politics at its worst, where it is all about show and not about content. It has very little seriousness to do with the current challenges which face Ireland as a country as we enter a period of very significant financial risk once again. If there are purposes to this debate, one of them ought to be that it gives us some valuable learning that we can use as we face into this next crisis. If there is to be a new politics and if Deputies of the Government party, of whom I saw only three while I was here for 20 minutes, have a problem with coming here at 10.30 a.m. on a Friday, with access to phones and so on, we should have been able to arrange a postponement for a half an hour or so in order that the House could resume in an orderly fashion.

In relation to this investigation, I have heard quite a few people going into the dreadful history of Anglo Irish Bank and its subsequent sorting out in large measure by the previous Government. The people who are now pontificating at great length in arrears on stuff that they were, to be honest, quite terrified about at the time really ought to pay attention to what is happening at the moment in the Italian banks and whether that is going to have serious knock-on consequences for Ireland in the months to come. We have a number of people here who are very proud supporters of the Brexit campaign in the UK in which the extreme right met the extreme left. All the rest of us in the different countries have been left to pick up the pieces.

I doubt that many Deputies of any party in the Dáil hold much of a candle for well-off bankers who are paid astronomical and disgusting sums, often for very little other than promoting and developing the share price of the banks in question. In wishing Mr. Justice Brian Cregan well with this investigation and in wishing for a speedy conclusion in which all of the questions that people have are answered, I hope that we can focus as a Chamber on the challenges that now face us as a consequence of the UK leaving the EU and the extreme difficulties and uncertainty that that will pose for banking.

I know it is not fashionable to say this, but in this city, in Waterford, in Wexford and the south east, there are very many Irish people - graduates and others - who work in banking, in the financial services and in the development of financial technology and they are very happy to be so working. A previous speaker seemed to be condemning everybody who works in a financial institution or a financial capacity. To be perfectly honest, I only wish that perhaps a bigger accounting firm had been looking after the accounts of the charity Console in order that those accounts could have been properly looked after. The people who are dependent on the services of the organisation for counselling could have had the resources of an organisation that everybody acknowledges was being used to great effect to help people, particularly siblings and family members who had been affected by suicide. We need a little bit of honesty here. We need to be honest about things.

**Deputy David Cullinane:** Do not misquote me.

**Deputy Joan Burton:** We must not simply condemn out of hand everyone who works in banking.

**Deputy Paul Murphy:** The Deputy cannot talk about honesty now.

**Deputy Joan Burton:** Even in the perfect Trotskyist nirvana, someone would have to look after the money, or perhaps money would be abolished. We know that nobody would have to work so that is taken care of. However, the people would probably need a little bit of income to do some of the things they wanted to do.

**Deputy Richard Boyd Barrett:** The Deputy is a hoot.

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**Deputy Joan Burton:** The previous Government of Fianna Fáil took out a €30 billion mortgage, roughly speaking, in the name of Irish taxpayers which was to be repaid in a period of ten years. It included a very significant and high rate of interest. At the time, Fianna Fáil took a two-year holiday on the payments of the interest so that when a new Government was formed in 2011, every March, €3 billion had to be paid in respect of that mortgage. If I were some of the Deputies in the House, that would not concern me. It would not concern or bother me because what is simpler is to abolish it all. As a country which was in significant financial difficulty, we have reached a much better place but we have not solved all of our problems. Renegotiating and restructuring the loans was a far better option than the default option which was suggested by a number of people quite wildly-----

**Deputy Paul Murphy:** A seismic shift in the Chamber.

**Deputy Joan Burton:** -----in this House without ever actually checking what that would mean.

**Deputy David Cullinane:** How did that restructuring go?

**Deputy Joan Burton:** Even in Argentina, which was held up as an example, it has only been in recent years - almost 20 years after their default - that they have begun to be able to sort their issues.

On the subject of Anglo Irish Bank, I was somebody in the Dáil who pursued the issues which led to the banking collapse, in particular the wild and extravagant property tax breaks which were given to developers and to many of what were called “high net worth individuals” to invest in property. That, more than anything else, sowed the seeds of the Irish collapse, as well as the fact that we had joined the euro and more money was available more cheaply to Irish banks to lend for property development. A small builder’s bank, a boutique bank which I think had been run for the previous 20 or maybe 40 years in a modest way and which was very little known about except by people in the building trade and by people involved in investment, suddenly ballooned to the point at which it became bigger, certainly, than Bank of Ireland and was possibly going to become bigger than AIB. There was a famous quote at one stage from the big main street banks, which of course we absolutely need as a society to look after our money, to help us to save and to help us to invest, that Anglo Irish Bank was “eating our lunch”. The other banks went after that particular model with the awful consequences that we know of for so many individuals, communities, business people and shareholders in the banks, many of whom were relatively small investors and lost all of their money, much of which was private savings for their retirement.

The scale of the human tragedy as a result of the mismanagement and the abuse that happened at Anglo Irish Bank affected, and ultimately almost brought down, this State. If we are to have an honest debate here, we must acknowledge that sorting it out, no matter what option was chosen, was never going to be easy. Many of the Deputies who went for the default option have clearly never lived in a state either during or after a default. Otherwise they would know that is one of the worst things one could visit on any country’s population. It means massive unemployment, far higher than we experienced-----

**Deputy Richard Boyd Barrett:** Iceland did not do too badly.

**Deputy Joan Burton:** -----and massive poverty at a level which is utterly distressing. If those Deputies ever get an opportunity to visit such a country to see what happens they should

take it.

If people were honest about the development of IBRC and the deal with the promissory note, they would lay out what their alternative was. That €3 billion a year hung like a noose around the neck of the Irish State and had to be paid every March in cash. Otherwise default would have ensued with consequences that I am not sure those who advocated it have ever seriously examined in other states, but then it would not be theirs to worry about. Like Nigel Farage, Boris Johnson and their friends in the Brexit campaign, they could run off the field. They could be a general on their horse but then run off the way Farage and Johnson have done in the UK leaving others to sort it out.

**Deputy David Cullinane:** Deputy Burton's friend Tony Blair did the same.

**Deputy Joan Burton:** The person who was closest to him is Deputy Cullinane's party leader, Deputy Adams.

**Deputy David Cullinane:** Is he?

**Deputy Joan Burton:** I have not seen him being very forthcoming about a lot of the different elements of his life. So, while Deputy Cullinane was talking about honesty, perhaps he will have a chat with him if he was sufficiently brave enough.

**An Ceann Comhairle:** Could I suggest that the Deputy is straying a bit from the subject matter?

**Deputy Richard Boyd Barrett:** What was the debate about again?

**Deputy Joan Burton:** To renegotiate the €3 billion promissory note was a significant achievement. Of course it had costs and did not come free, but I challenge the people who said they had alternatives to set them out and cost them. For example, they should identify the consequences for pensioners who rely on the State pension. On my part, it was five years' work to protect those social welfare payments when others in international institutions would have seen them dramatically reduced, as happened in the two years that Fianna Fáil was in government after the financial crash.

In examining this legislation, I am not a lawyer so I will not comment on the amendments. I do not know if there are many people here who are qualified to comment in detail on the amendments which this legislation represents to the original terms of reference. The key thing is that the judge carrying out the investigation should have access to resources, facilities, powers and the capacity, if he so wishes, to go to the High Court. He or she should be able to deal in a competent and timely manner with all the matters which are raised. That is the critical issue.

Notwithstanding the initial queries which were raised by Deputy Catherine Murphy, there was a period in this House when others became involved in the debate and wished to expand the terms of reference to such an extent that I am not sure how long it would have taken to deal with them all. Deputy Catherine Murphy probably has a clearer idea.

It is nice to think that one will be able to investigate everything, but I hope this legislation will allow a focus on those issues that are critical in terms of the questions which were put. I also hope that in the context of the investigation we will then be able to identify better mechanisms in the Dáil whereby questions can be answered. In my view, had Deputy Catherine Murphy been able to get comprehensive answers to her questions - I do not necessarily have a

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solution, but perhaps by being briefed in detail and being able to interact with some of the officials dealing with the issues, and not simply with the Minister on the floor of the House - much of the commission's work could have been avoided.

That point is important because with new politics it is inevitable that we will potentially see a lot more commissions, which are expensive exercises. Social expenditure is significant, but if one has to spend vast amounts on commissions that will clearly restrict the sums that would otherwise be available for critical areas like health and education. Nonetheless, if we can get the answers it is money worth spending. I hope, however, that we will also get some advice and insight into how the Dáil can deal as well as possible with answering questions when they are first asked. A mechanism must be found to do so.

As Tánaiste, I know that from time to time Deputies tabled extremely complex questions about individuals - particularly individuals with businesses in the North - whom I personally had never heard of. They demanded an answer there and then which of course they are entitled to do under the rules of the Dáil. In all honesty, however, I was not in any position to give an answer because I was hearing about names, transactions, amounts and actions, in detail, of which I had no knowledge. Nor could I have any knowledge of them. I simply had no involvement in that particular area. I hope therefore that we will ultimately be able to use this legislation to make the Dáil function in a much better way than it has done up to now concerning inquiries and parliamentary questions.

I imagine that the concentration of much of the inquiry will inevitably be in relation to Siteserv. It is important it should be and that those questions are answered. It will be a matter for the judge to determine the inclusion or exclusion of specific transactions based on the powers as well as the actual terms of reference. Hopefully, that will facilitate a broader scope of inquiry and will allow witnesses to participate. It will also allow for other matters, which were raised at various times in parliamentary questions, concerning share trades. Inevitably though, the main area of focus will be on the issues around Siteserv. It is important that those should be addressed.

Special liquidators have also been mentioned and it is important that comprehensive answers should be available to any questions on them.

We also have the question of write-offs which were incurred at IBRC on the sale of Siteserv. I took part in the debate on the creation of NAMA. I was extremely critical and did not support the formation of NAMA. However, once it was formed as the State's bad bank for the purpose of rescuing what remained of our banking system at the time, it was literally impossible to untangle it at that point.

In terms of a banking collapse and looking at what is happening to Italian banks at the moment, once banks have adequate liquidity by and large they keep going, assuming that in the long run they make a minimum level of profit. They need solvency, as well as an appropriate ratio between their loans, deposits and borrowing. It was suggested in relation to the Irish banking collapse that there was a liquidity problem, including in Anglo Irish Bank which, in turn, became the Irish Bank Resolution Corporation, but that that was not a solvency issue, which was probably the biggest weakness in all of the discussions that took place. People in the Dáil, the Department of Finance and the Central Bank were terrified even to allow the term "solvency" to be discussed because banks are about confidence and once confidence is lost in a bank, even a small bank or credit union, creditors, depositors and so on tend to want to get their money



bank and this leads to the business of the banks diminishing and inevitably in a crisis such as happened here in 2008, the collapse of the banking sector.

There has been much mention of Mr. O'Brien. I hope that any connections or transactions he has had will be, if and where appropriate, properly examined and that the questions that people have raised will be answered in the report.

When we discussed what led to the crisis, I said that the key contributor was the crazy tax breaks given to developers and those known as high net worth people. I noted in recent weeks a development that we need to be careful about. We have a housing crisis and we need to build a huge amount of additional houses every year to cater for social housing and particularly to cater for affordable housing for young people who have been working since 2004, 2007 or 2008 and who now either individually or as part of a couple with a family want to buy a house. The Minister for the Environment, Community and Local Government, who has responsibility for housing, has put forward a proposal - I do not know if it has been agreed by the committee-----

**An Ceann Comhairle:** The Deputy is straying way beyond the realms of the legislation.

**Deputy Joan Burton:** No, this is relevant. Other speakers spoke at length about what caused the crisis. The Minister has proposed that developments in excess of 500 units, which in Dublin west in my constituency is a relatively small level of development, of which there are many in my area - in other areas there are bigger developments - be allowed to bypass the planning process of the local authorities. Deputy Barry Cowen was quoted as saying that he felt, if necessary - this is the reason I come back to these events - the Dáil should sit all night to pass the necessary legislation. He was recommending that the number of units involved could be as low as 150 and possibly as low as 30. In terms of the lessons being drawn from what happened in the run up to 2008, we should not abandon proper planning in this country to allow a free-for-all at a time when we have an incredible housing crisis and we need thousands of units built every year. The road to Hell is paved with good intentions. If we cut local authorities and local residents out of the picture we will have learned nothing at all of value from the terrible things that happened to people in this country as a result of bad and poor regulation.

This legislation is not just about the past: it is also about our future and how we respond and recover. Unemployment in this country is down to 7.8%. Youth employment has more than halved but is still unacceptably high. We have a way to go in that regard. Areas like the south east and parts of the centre of Ireland are still heavily affected by unacceptably high rates of unemployment. We still have a lot of work to do. We need to learn the lessons of the past and to look to models that will work. If Brexit goes badly we will be faced with real challenges over the next two years. Most commentators in the UK are already talking about a recession in the UK. The value of sterling has plummeted. This will probably lead to greater traffic going northward, which will affect towns like Dundalk which had been doing well for a number of months on the basis of the strength of sterling. I know that in political ideology the fate of a town like Dundalk and the fact that it was beginning to be prosperous might not count for much.

As we move to the discussion of how to manage our economy so that we have the type of Ireland we want, a society with people at work and with good, strong public services, particularly in health and education and social protection, then we need people contributing tax and social insurance so that we can afford the services that I believe we want. Although this legislation is extremely technical - as I said, I am not a lawyer - it may help us to learn about what happened, what we got right and did not get right and the solutions. As I said, we will need solutions in



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the time to come to the challenges of Brexit.

I wish the judge well. I congratulate Deputy Catherine Murphy on her work over a lengthy time to elicit answers in relation to these matters. I doubt if we will get all the answers but there are key modules of this that should be the focus of concentration. If they are addressed we may learn something valuable that will help us to avert future crises by which we may be threatened.

**Deputy Paul Murphy:** I am sharing time with Deputy Boyd Barrett.

**An Ceann Comhairle:** Is that agreed? Agreed.

**Deputy Paul Murphy:** What happened this morning, in terms of there not being sufficient members from the Government side in the Chamber to allow us commence our work, particularly given this is Government legislation, was very poor form. I am not sure Deputy Burton was best placed to make that point given she was only here for a couple of minutes and then left and as such did not contribute to the quorum.

**Deputy Joan Burton:** I was here for 20 minutes.

**Deputy Paul Murphy:** I do not think the Deputy was here for 20 minutes.

**Deputy Joan Burton:** I arrived here-----

**Deputy Paul Murphy:** It does not matter. My point is directed at the Government.

**Deputy Joan Burton:** It is the Government's responsibility to do that.

**Deputy Paul Murphy:** I agree.

**Deputy Joan Burton:** Do not get confused.

**An Ceann Comhairle:** Perhaps the Deputy would attend to the legislation and have the chitchat later.

**Deputy Paul Murphy:** Yes. It is important that we discuss this legislation and that we do not just re-run old battles from the election about who was right about bank bailouts and so on. This is important legislation.

We accept and agree with the proposal from the Government in terms of the amendments because we want to see the Commission of Investigation empowered to do its work effectively and to get over the barriers identified by Judge Cregan as quickly as possible and, in particular, to allow it report as quickly as is possible on the question of the Siteserv transactions. An important point for discussion is why we need to make this change long after the establishment of the commission. The point was raised originally by the judge in November and we are now making this change. An article in *The Sunday Times* by journalist Brian Carey, raises the questions better than I could. It states:

For all the world, the inquiry into loan write-offs at IBRC looks like it was built to collapse: the towering edifice, the flimsy foundation, the complex material, the entirely infeasible completion deadline.

It ran out of control well before it was due to begin. By estimating a duration of several years, Judge Brian Cregan first rendered the whole prospect outrageous. It was the

government's decision to broaden the probe to 38 transactions and losses to the state bank of more than €10m. Now the government claims that an investigation could cost as much as a tribunal.

“There were never grounds for a probe of that scope, depth, length of expense, nor was one ever demanded. And so the public's question for truth runs aground in a legal quagmire of confidentiality, privilege and enormous expenses. How convenient. There were only ever a handful of questions that begged answers in this affair. Did Denis O'Brien, the most powerful businessman in the country, receive preferential treatment in his dealings with IBRC? Was he unduly favoured in his purchase of Siteserv, a utilities service company which was heavily indebted to the bank? Did he get preferential rates of interest on his own personal borrowings? KPMG could review, as suggested by Cregan, the top twelve write offs, provided, once again, that there is no conflict of interest. It is the job of a liquidator to investigate the affairs of a bust company. As yet, the evidence is not there to justify a wide-ranging, lengthy and expensive judicial inquiry. Frankly, the public should be aghast that one should take place without at least establishing a case for such a probe. By the same token, the Siteserv issue should not be buried with this Administration. Right now, this looks like a manufactured botch job.”

One could accuse him in normal circumstances of extreme cynicism and of believing in conspiracy theories, etc., in respect of believing that what we have here is a manufactured botch job. That certainly would be the case if we were to take seriously what the Minister outlined when he reiterated that the Government shares with the rest of the House a desire to ensure that there is an effective, efficient and timely investigation into the issues of significant public concern which have been raised in respect of IBRC.

The problem is that this statement does not tally with the actions of the Government, particularly those of the Minister for Finance. Far from establishing this commission of investigation in timely manner and giving it the appropriate powers to do the work it had to do and certain terms of reference, this was dragged out of the Government kicking and screaming. Famously, we know that Deputy Catherine Murphy put 19 questions to the Minister and failed to get answers. We know that the Minister effectively engaged in deliberate attempts to bury the issue, claiming in answer to the 19 questions that there was nothing wrong with the Siteserv deal and that the board of IBRC was happy but never mentioning that his own Department had questions. We know he attended a meeting in July 2012 between the Department and the board of IBRC where the sale was discussed and the Department raised serious concerns about the way Siteserv was sold. The Minister had the opportunity at that stage to order an inquiry when he knew about the problems but he obviously did not do so. Over a number of weeks in the Dáil, we saw the Government under pressure and the KPMG investigation. Eventually, this was dragged out of them. The question raised by Brian Carey is not an unreasonable one.

The essence of the matter for us, which needs to be investigated as quickly and thoroughly as possible, is the Siteserv transaction. The consequences are that the taxpayer picked up a bill for €119 million. On the other side, Denis O'Brien effectively got a licence to print money through the imposition of water meters. The board of Siteserv was allowed to conduct the sale instead of IBRC, which was tasked with getting the best return for the State. We know that the board decided to exclude trade sales and instead entered into an exclusivity deal with one buyer, Denis O'Brien. We know that the board of Siteserv decided to reject higher bids for the company and that their shareholders got a €5 million payout for what was a bankrupt company. We also know that many of the directors of the company who conducted the sale were shareholders, that Arthur Cox acted for the buyer and the seller and that KPMG and Davy acted as

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advisers for the sale despite many of the Siteserv board having links to KPMG and many of the shareholders who got the €5 million being clients of Davy. Those are the central issues that need to be investigated. They are not that complicated in reality despite the previous stonewalling from the Minister.

Another issue relating to Siteserv that needs to be investigated but will obviously not be investigated by this commission as it is outside the terms of reference concerns the more fundamental point about why Denis O'Brien bought a bust company in a field in which he had no experience. Did he do so in the expectation that he would then be able to get the water metering contract as part of GMC Sierra? That is not included here because it is limited to the question of the write offs in terms of IBRC but it is an important part of the story. There are obviously two parts of that story. We know that Bord Gáis, which was responsible for the decision on water meters, told the Government that it was unnecessary to install the meters before the charges came in. Nonetheless, the Minister responsible at the time, Phil Hogan, decided to push ahead with the water metering. We also know a number of meetings happened behind closed doors, including two that involved the former Minister. We know that on 26 April 2015, Mike Aynsley said that the existence of the water metering tender was known, as was the likelihood of Siteserv bidding and the knowledge that should it be successful, the value of the company would be enhanced. On 24 April 2015, Alan Dukes said that the sale took place over two years before there was any discussion of a public contract for the installation of water charges so there are further questions to be asked there.

The fundamental point is that what has happened here is not victimless nor is it winnerless. There are people who won from this series of transactions. The Siteserv shareholders, Denis O'Brien and the firms that were paid fees to oversee the process benefited while the public was the loser. It goes to the heart of how Irish capitalism operates, which is why it is a sensitive issue from the perspective of the Government, particularly Irish capitalism in the so-called post-bailout environment where write offs have come to the fore as a mechanism for a transfer of public wealth to private individuals. In particular, it raises the issue of Denis O'Brien and his relationship with media and politics and what this demonstrates about how society operates - how the 1% works in practice. This commission has the potential to unveil aspects of how this relationship works and how people are able to make substantial amounts of money. We need to look at that.

It also involves an individual who is extremely litigious and who has used legal action or the threat of legal action against the Dáil to prevent it from discussing certain matters, against media outlets that attempted to report in line with the Constitution utterances made in the Dáil and against the satirical website *Waterford Whispers* for a joke. It is clearly an attempt to chill discussion in public and the media so that these things are not discussed and do not come out.

My final general point is about winners, losers and write offs. It is relevant in terms of the points made by Deputy Donnelly yesterday. We have had massive bailouts at a cost to the taxpayer with IBRC resulting from that. In effect, a second round of bailouts are taking place. There have been transfers of wealth to certain private individuals by the State through the mechanism of write offs. The Minister said that write offs are a normal part of doing business. That speaks to the reality of Irish society and how it functions for the top 1% for whom write offs are a normal part of doing business. However, if we look at struggling mortgage holders who cannot afford to pay their mortgages, we can see that write offs are not a normal part of their lives. They cannot get access to write offs so the point is that it is a case of write offs for the elite - the 1% - but no write offs for the rest. It is a mechanism for a transfer of wealth up-

wards, which is why we see the kind of accumulation of wealth we have seen over the course of the crisis. The top 300 people increased their wealth by about 60% while Denis O'Brien doubled his wealth over the course of the crisis. It is precisely through mechanisms like this that they are able to achieve that.

**Deputy Richard Boyd Barrett:** I did not hear Deputy Donnelly's speech yesterday but I received an e-mail from somebody who did, who had e-mailed me last February about her mortgage and engagement with the financial institution that used to be Irish Nationwide and became IBRC. It is telling about what is at stake in all of this. I will read out a little of what the person says:

I am an IBRC mortgage holder with a performing (just about so far) loan that has just been sold to Mars Capital No 3 Ltd. An unregulated fund. I have stood outside the Dail with other mortgage holders trying to get this government to see sense but no, Michael Noonan had no regard for me or any ordinary person caught up in the Government's liquidation of IBRC. So I wanted to know who will I be dealing with. Who is Mars Capital No3 ltd? I did some research on CRO.ie and discovered that Mars Capital No 3 Ltd had until January 15th, two directors one of whom had the same name as a person who held a senior position in IBRC in the past and who was also in the past an employee of KPMG the firm of liquidators. That surprised me but I am an ordinary person unused to looking at company documents. In recent days that director stood down and another is appointed per new documents lodged with the CRO. The other fact I discovered is that the company has three share holders - all of them charitable trusts which I googled and are associated, I think with a Dublin legal firm. They are named Badb, Medb and Eurydice. What in the name of God has charity got to do with it??? Who would use charitable trusts? Why charitable trusts? Who owns my loan? I am still none the wiser ... I believe this has to be examined. Why hide behind charitable trusts? I took my loan out with a building society not a charity. I stand to be corrected but the charitable trusts concerned may have been in the news in the past. I think I am entitled at least to know who owns my loan considering my government has done the selling.

I will inform people, if they do not know, that the charitable trusts were owned by Ireland's biggest corporate tax firm, Matheson, which has been in the news because it was using these three companies to help international hedge funds avoid tax. The Central Bank has reported on the use of these charitable trusts. They are apparently registered to relieve poverty and distress but actually help hedge funds and banks pay billions less in tax in the area of high risk assets. The Central Bank has warned that these structures are potentially extremely dangerous because we do not really know anything about them. This says everything about the web of connections between corporate accountancy firms, the financial institutions that we bailed out, and handing over the mortgages of ordinary people to vultures engaged in aggressive tax avoidance. That same institution gets a write-off but the person who e-mailed me does not get a write-off. They do not get a discount and do not even know who now owns their loan but we discover that the people who own the loan are a legal firm assisting people in tax evasion - I should say "tax avoidance," as I have to use the technically correct term. This same institution can write off €119 million to the benefit of the richest man in Ireland, Mr. Denis O'Brien, who is not tax resident in this country. Apparently he does not live here, although his kids go to school here and he has a yacht in Roundstone, County Galway. Deputy Murphy and I have said these things. In the middle of 2012, when I made some of these points and suggested the Mafia would have something to learn from some of the dealings of the rich in this country, I had the privilege of

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receiving a letter from Mr. Denis O'Brien castigating me for abusing my Dáil position, with a thinly veiled warning that I had better stop doing it. That is what goes on. Ordinary people like the woman who wrote to me, and thousands of other mortgage holders, some of whom lost their homes, are screwed to the wall by unsustainable mortgage payments and all the devastating consequences beyond that. Some €34 billion of the €64 billion total went into Anglo. All this devastation wrecked the lives of ordinary people, yet this stuff is going on where tax refugees like Denis O'Brien benefit. What was the other write-off he got? Independent News & Media, in which he had a major shareholding - I forgot about it - also had more than €100 million written off. He has done well out of IBRC. That is the sort of stuff that goes on.

I support Judge Cregan's request and the legislation here to give him the powers to look into all of this. As Deputy Murphy asked, why did it take us this long to get here? These points were first raised back in 2012 and the Minister and Government had to be dragged along kicking and screaming, obfuscating and resisting at every point the sort of investigation that was necessary into this sort of stuff. It appears to the innocent observer, such as the person who sent me this e-mail and the majority of citizens in this country, to be simply that there is one law for the rich and one for everybody else. The economic crisis was produced by the greed of a tiny network of super-wealthy people positioned in the banks and accountancy firms, often with quite strong associations with some of the major political parties in the country. I remind people about the Moriarty report and its findings on Denis O'Brien's relationship to a former Fine Gael Minister and a transaction in which he got the second mobile phone licence that enriched him overnight.

**Acting Chairman (Deputy John Lahart):** I remind the Deputy to stick to the contents of the Bill or what could be put into it. I need to remind him of that.

**Deputy Richard Boyd Barrett:** That is an absolutely fair thing to do, although I am sticking quite closely to the subject matter of it, as opposed to certain previous speakers who managed to stray into discussion of the Brexit vote.

**Acting Chairman (Deputy John Lahart):** The Deputy will appreciate that I was not in the chair then.

**Deputy Dara Calleary:** The Acting Chairman was lucky.

**Deputy Richard Boyd Barrett:** Yes. It is legitimate, and I will explain the connection if it is not clear. I think it is fairly clear. This is about the disposal of its assets by Anglo Irish Bank and IBRC and huge write-downs it gave to the benefit of one person we know, at least, who happens to be Ireland's wealthiest and most powerful businessman - somebody who had a record of past connections with a previous Fine Gael Government and had adverse findings made against him. My point is this stuff still goes on, it needs to be investigated and it has taken us this long. Therefore, although I support the Bill, I ask why it has taken us this long. Why must we now have a judge tell us that the initial basis of the commission was inadequate and could not do the job it was set up to do? It is not difficult to be a little suspicious and conspiratorial. I would like to think I am wrong, but one looks at the record of this saga, of how long it took us to get to the point where the Government even accepted that it was necessary to have an investigation into it, and then we have an investigation set up which we subsequently discover simply did not have the teeth to get to the sort of answers that it was set up to get. Added to that web of connections is the fact that at the centre of this is a look at a deal with the aforementioned Denis O'Brien, and meanwhile the ordinary mortgageholder is shafted. That is what ordinary people see, that is what I see and that is what needs to change.



I will respond to probably the only relevant question Deputy Joan Burton raised when she spoke about our attitude to the banks and how we could avoid this. Of course, something we must learn out of all of this, the debacle of the banking crisis and IBRC, is how all that happened and how we ensure it does not happen again. I am not sure this investigation can give us those answers. This is more specific, and rightly so. As Deputy Paul Murphy stated, if the commission throws its net too wide, it will be like Jarndyce and Jarndyce, for those who have ever read Charles Dickens' *Bleak House*, the legal battle that goes on for so long that nobody remembers what it was all about in the first place but a lot of lawyers get rich. Indeed, how pertinent that remains today in so many cases. We do not want a Jarndyce and Jarndyce. We want a short, sharp focused investigation into the particular transaction in relation to Siteserv, Denis O'Brien etc., and maybe a few of the other big write-downs that happened, and whether that was all above board. That is what we need. I hope this investigation can get those answers. I remain somewhat sceptical, given the saga of all this to date.

Even beyond that, and with the terms of reference of what this can achieve, we need to ask how we prevent all this happening again. Contrary to what Deputy Joan Burton and sometimes the Government suggest, we are not naysayers who do not have a proposal. We have a definite, simple proposal, that is, that banks - all of them - should be taken into public ownership and their mandate should change in order that it is not primarily about making money but about lubricating the economy and having particular social and societal objectives. That is what banking should be about. If banking were about that, we would not have had IBRC and this sort of stuff. Where does that culture come from where, if this person's e-mail is correct, somebody who was working for KPMG was then working for IBRC and then ended up working with this charitable trust that has taken over some of the loans sold to it by IBRC? The sort of culture that produces that is simply one of greed that is deeply entrenched in the logic of a private for-profit banking system. It is the nature of the beast. It cannot be regulated out of existence and it is a fantasy to believe it will be.

Signs on it that we are correct, because after the crash, in 2008, that was the big mantra. There was a general acceptance, even from those who had been the cheerleaders for all this madness prior to 2008, that maybe we needed to look at a bit of regulation, in Europe and in Ireland. The story moves on to where we are now and it has to be asked whether anything has changed when, once again, the property market is going crazy and we are selling off these banks that we bailed out just as they get to the point where they can generate a bit of revenue which we could possibly put back into areas such as housing. Deputy Joan Burton and the Labour Party were involved in starting the flogging off. It is extraordinary.

When we are asked where we will get the money from for the big social housing programme that we are always talking about and which it is claimed is the stuff of fantasy, my answer is, simply, the banks. We probably have the best capitalised banks in Europe at present. There are enormous amounts of capital in them and they will not lend it for the sort of things we need. I went to the consultation of the Minister, Deputy Coveney, yesterday on the issue of housing and, of course, the debate was circumscribed by a debate about finance and the complete failure of the market to deliver the investment we desperately need to get it off the ground. It simply does not occur to the Government or the political establishment, which is hard to understand after everything that has happened, that maybe we should take control of the banks we bailed out and direct their lending and investment decisions towards things that would be beneficial to society. To boot, we would have oversight of those banks, of their priorities and of their internal structures and we would have power to do something if anything went wrong, none of which we



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have in either these privatised bodies or these bodies that are set up and ring-fenced with commercial secrecy in order that detailed questions cannot be asked or five or six years of criticism, demands and pressuring the Government must be gone through eventually to get to some kind of investigation. Surely we can do a bit better than that.

**Deputy Catherine Murphy:** I am very relieved that we are finally at a place where we can begin the process by introducing this legislation. The thought crossed my mind this morning when it took so long to get a quorum that it had been stymied at every opportunity, and I wondered. I am not prone to conspiracy theories and I can tell the Minister of State how relieved I am that we ended up getting a quorum when it arrived after 11.10 a.m.

The commission had been fraught with problems. The majority arose because this, in reality, is the first investigation that has dealt with financial and banking matters under the 2004 legislation and it has been different from inquiries that have happened under that legislation to date. Given the turmoil of recent years, I doubt it is likely to be the last of this kind of inquiry.

It is bespoke legislation but at least it is charting a way. Upon reading the legislation, it is not quite clear to whom the final report will be made available. I note in the comments of the Minister of State, Deputy Stanton, that persons will have sight of it if they are mentioned in it, but whom will it be delivered to at the end of the day? Maybe that could be clarified because we need some degree of certainty on that at this stage.

It is just over a year since I stood in this Chamber and raised issues that I still believe were in the public interest - a complex web of cosy relationships, outrageous financial dealings and convenient transactions that benefited some far more than others, all at the expense of ordinary citizens.

The public interest element of the investigation is without question. IBRC was a bank that the people never wanted and yet well in excess of €30 billion of citizens' money was pumped into the institutions formerly known as Anglo Irish Bank and Irish Nationwide Building Society that then combined to become IBRC.

*1 o'clock*

Citizens have a right to understand why they are shouldering the burden of bank debts while some individuals appear to be doing very well from the purchase of distressed assets from IBRC. It became even more worrying when it transpired that Siteserv, a distressed asset that went on to win some lucrative water meter contracts, was purchased in highly irregular circumstances from IBRC. The information I got from a freedom of information request was that the Department of Finance had deep concerns about that. From the bits that are not redacted, it said that the reputation of IBRC and, by extension, the State is vulnerable due to the approach taken by the bank on these matters, and that the processes of IBRC should be beyond challenge to protect it. There was clear concern in the Department.

AIB, a 99% State-owned bank, owned by Irish citizens, loaned the individual the money to buy Siteserv. Our bank, which would not lend to businesses, gave the money to buy Siteserv, an asset owned by the State. When the loan was granted to that person, he owed the State significant sums of money already. We sold Siteserv to that person for less than it appears to have been worth. Why would we not ask questions about that? We did it when others told us they were prepared to pay more for the asset from their own resources rather than a loan from one of our banks. We know trade buyers were excluded, so we did not properly test what could

have come in. As we know, there was a write-off of €119 million, with €5 million going to the directors of what was essentially a failed company in terms of the amount of money available.

My pursuit of the questions surrounding such an irregular transaction culminated in my making a speech in this House approximately a year ago that created a furore I could not really have envisaged. I was attacked by powerful interests of those involved using media outlets that were afraid of the power wielded by this individual. On one occasion my reputation was rescued by Deputy Micheál Martin because a presenter did not intervene. It took me by surprise; the legal rule is thrown over news stories very often when they involve very wealthy individuals, but it is not done in the same way for other people. I certainly noted that at the time.

I have since discovered a whole other world that I did not know existed. A journalist contacted me on the false premise that he was writing an article and I took him at face value. He made an appointment - he was a journalist - to come to the Oireachtas to meet me. The sole purpose appears to have been to try to find out the sources of my information. He is Mr. Mark Hollingsworth. He did not get the sources but it appeared to be more of an inquisition than an interview. That kind of world, which I did not know existed, is there bubbling under the surface. We must be conscious of it. My staff and I were put under immense pressure, but at all times I felt the support of the public, and people went out of their way to e-mail me, call me, stop me in the street and encourage me to continue to ask the questions that they wanted asked and were obvious to very many people. I continue to have people on a constant basis saying it to me, even at this stage.

There can be no denying there is a disconnect between citizens and politics. Mistrust and the impression of “them and us” has damaged the relationship. Exposing issues of concern, insisting on transparency and accountability and pledging to uphold both is the only way we can restore trust in both political and public life in Ireland. Legislation being introduced today is a significant part of the process, but it is only part of it. The Minister of State mentioned terms of reference and I hope we will see them in the next week, as they are important. It is essential to put in a modular fashion how this will proceed. Looking at the first, second and third interim reports, substantial work has been done by the judge in preparing for the inquiry, narrowing it down and essentially it has concentrated on Siteserv as the first element in the modular approach. We need to have that in place by the time the Dáil goes into recess.

The terms of reference have shifted substantially already, focusing on transactions initially above €100 million and, subsequently, transactions of over €10 million. Looking at the amount of material that the judge has gone through at this stage with one transaction, I agree that in hindsight we underestimated the task involved. It is far more important that we narrow it and do one good piece of work and then go back to see what is needed. The Dáil will manage that. It is important to recognise that while of course the transactions that account for substantial sums of money are important to investigate, there are also instances where the sum involved may be relatively insignificant overall but the context would provide an understanding of key relationships, which would be a vital component of the larger investigation. For example, in 2012, the then heavily indebted developer Paddy McKillen sought a bridging loan of just €5 million from IBRC when he had a cashflow problem following his unsuccessful litigation against the Barclay brothers. As part of that process, Richard Woodhouse, a man connected with the Siteserv sale, and Mr. O’Brien advised members of the IBRC, including Mr. Aynsley and Tom Hunerson - people connected directly with the Siteserv deal - that Mr. O’Brien would provide IBRC with a guarantee of €5 million to support the loan for Mr. McKillen. Astoundingly, despite serious concerns from some about Mr. McKillen’s ability to repay the amounts he already owed IBRC

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- far in excess of €5 million - the bridging facility was granted. Essentially, a man with huge debts to IBRC was granted a loan from the IBRC on the guarantee of another man who owed significant sums to IBRC while there were questions over both men's financial ability to fulfil original loan agreements with IBRC. Those making the decision were directly connected with the Siteserv deal and other transactions. The larger transactions, those in excess of €10 million or €100 million, may be more straightforward than some of the smaller transactions that could give us some sort of better understanding of the relationships in the bank.

I also have a question on the provision of the loan by AIB, the bank that is 99% owned by the State, when the business sector in the country was screaming that it could not get credit just to keep staff paid. The loan was paid to Mr. O'Brien to help facilitate the purchase of Siteserv. It is interesting to note that the AIB group chief credit officer at the time the loan was advanced went on after leaving AIB to join the boards of Siteserv, Topaz and the Beacon Hospital, all owned by Mr. Denis O'Brien. Why? My point has always been that, while there may be perfectly legitimate answers to these questions, they stand out as legitimate and very obvious questions to ask.

An element of this legislation that I called for and which appears to be absent is a section dealing with the Irish Stock Exchange. There is one aspect of the stock exchange that I want to mention. In the course of trying to untangle some of the curious share dealings surround the sale of Siteserv, it proved wholly ineffective in maintaining any form of watchdog capacity or general oversight. The Minister of State referred to a section of the Bill dealing with confidentiality with respect to the provision of information by the stock exchange. Deputy Calleary and I have made this point.

There was a big spike in the share dealings before it was publicly known that this company was going to be sold. I wrote to the Irish Stock Exchange and it stated it does not possess details of individual dealings regarding nominee accounts, so it did not have the information. Then I wrote to the Office of the Director of Corporate Enforcement and it stated there was no indication at the time of reply that any issues arose that came within the remit of that office. I wrote back to the Office of the Director of Corporate Enforcement and then I wrote to the Central Bank, which stated it does not hold details of the beneficial owners of the nominee accounts holding shares. We wonder why prosecutions are not taken in relation to insider trading but if nobody is holding anybody to account or has the function to do that, how can it happen? We should not have legislation if we have not got the means of enforcing it and we need to do far more in respect of the stock exchange and of share dealings.

In every situation there must be a system of checks and balances and a significant one must be the ability of the media to report news. It became increasingly obvious during all of this that we had a major problem with both the ownership of our media and our defamation laws. Not having a functioning media may well be a contributory factor in future inquiries, where that role should properly be done by the media in scrutinising and holding to account in the same way as we in the Opposition are expected to hold the Government to account. It is the checks and balances in the system. There can be no doubt that the chilling effect of powerful individuals is a problem in this country and certainly it has appeared to be the case that the thicker the wallet the thinner the skin. Our defamation laws, as they stand, allow that to be the case. Aside from the chilling effect, there is also very real concern regarding media ownership. When an individual is able, as Fintan O'Toole wrote, to accumulate "excessive private power" which has "an impact on the public realm of democracy" one knows there is a problem with the system controls that are in place. We saw the work, for example, that was done quite recently by the "Prime

Time” investigations unit regarding Console. That was a very good piece of work, but even an adverse or a satirical comment will invariably produce a writ to RTE. Then we wonder why we do not see programmes by the likes of “Prime Time” about particular individuals, whether or not about this particular topic. That definitely has to be questioned. This is why the National Union of Journalists is calling for the establishment of a commission on the future of the media in Ireland. We should not just heed that call, we must commit to providing for that to happen as a matter of urgency. We have to get those checks and balances back into the system and the media are one element of that.

We also need a discussion regarding why the media mergers guidelines are not retrospective. Where there have been similar concerns about other sectors that have an over-dominance in the market, steps were taken. The one I am thinking of, which was very obvious, was the situation regarding Ryanair and Aer Lingus, where Ryanair was told it was over-dominant in a particular market – between Stansted and Dublin, I think. It was ordered to sell some of that, if not all of it. Why is it that one sector is looked at and another sector that is just as important, if not more so, is not considered in the same way? While I am pleased to welcome the Bill and I look forward to the work finally progressing in a meaningful way, I regret that it is necessary to use legislation to force some of the parties involved to make the relevant documents and information available to Mr. Justice Brian Cregan in a way that overcomes the privilege and confidentiality issues asserted by some of those involved.

I am pleased that Siteserv will be prioritised as I believe it to be the issue of primary concern to the public and I believe it will act as a bellwether for other transactions that require serious questioning and analysis, including the controversial Topaz deal and the worrying circumstances surrounding the Blackstone transaction. Much of this has taken me to places I would not look at. Blackstone would not normally be on my radar, but I had a look at their website. There is a section within the company that deals with tactical opportunities, which they call “Tac Opps”. It is a bit eye-opening. This section is, by its own description, “an opportunistic investing platform seeking to capitalize on global investment opportunities that are time-sensitive, complex, or in dislocated markets where we believe risk is fundamentally mispriced”. We have a situation where one of the leading investment companies in the world, with the proud objective of capitalising on distress, was employed to advise IBRC, without any procurement or any competition from others, on the sale price of the assets. It went on to be allowed, astonishingly, to buy some of the assets it had priced itself. That is one of the issues the Department of Finance officials were concerned about and it is one of the major transactions they highlighted in the FOI information. The internal documents from the Department of Finance discuss concern about the poor quality of decisions taken. That language is terribly tame, but I suppose it is the kind of thing one puts into official documents that will be read at some point. I would have said something a little more extreme, but I will not say it in here. This was stated in respect of transactions such as Siteserv and Blackstone. The officials themselves seem to be extremely unhappy.

Situations such as these raise questions for any right-minded person looking at them. It is my job, and the job of those in the Opposition, to hold the Government to account, as a representative of the citizens, to look at these things and to ask questions. The public expects and deserves that those questions are asked. In respect of the point that was made about the Irish Nationwide mortgage-holders, what has gone on there is an absolute disgrace. The web that was outlined by my colleague, Deputy Donnelly, yesterday in respect of even the avoidance of tax is unbelievable, but the real concern should be those people who took out a mortgage

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in good faith with Irish Nationwide Building Society. Some of the mortgages were performing and some of them were distressed, but some of the distressed mortgages could have been serviced if there had been even a small discount. We are not just going to end up with this company running big profits out of all of this but the State will end up having to house some of the people who will, inevitably, lose their homes as well. The whole thing does not make sense.

I listened to Deputy Burton talking this morning about the great work that had been done in dealing with the promissory notes that were turned into sovereign debt on the night IBRC was liquidated. It was as if we should be thankful to them for doing all this hard work, that they sorted it all out. The promise the Labour Party actually made was that it would be dealt with. It was “Frankfurt’s way or Labour’s way” and the impression was given that the debt would be written off. That was a legitimate expectation that people had. We should continue to challenge the very idea that this debt is still there. The promissory notes were turned into sovereign debt and there was a restructuring of the repayment schedule but not one solitary penny of it was written off. Some €2 billion was borrowed and extinguished in the Central Bank to take it out of the economy. This was last year but there is a schedule of payments up to 2030 to repay an odious debt, with which we should never have been lumbered. We should not lose any opportunity to restate that point.

I wish Mr. Justice Brian Cregan well on the work ahead. I know he has done a lot of work in preparing for this and I have read each of his interim reports with great interest. It is right to narrow this down and it is critically important that we have the terms of reference before the Dáil goes into recess. Both these things are required for the judge to proceed with his inquiry in the fullest way possible.

**Minister of State at the Department of Justice and Equality (Deputy David Stanton):** I thank the Members of the House and those who contributed to this debate today. As I said when I presented the Bill, the Government wants an effective, efficient and timely investigation into the issues of significant public concern which have arisen in relation to certain transactions conducted by the IBRC. It is evident that this aim is shared across this House and I thank again those Members involved in the consultations which led to these provisions.

I also acknowledge the very substantial preparatory work which has been carried out by the sole member of the commission to date and which is set out in detail in the interim reports and determinations published to date. It is also clear that there is a very significant task facing the commission and the sole member of the commission acknowledges this in his reports. The provisions contained in the Bill before the House today seek, to the greatest extent possible, to facilitate the commission in conducting its work, to ensure that the information and documents sought by the commission will be made available to it, and to provide for a more efficient management of the workload where possible.

I will now turn to some of the issues raised in the debate. Deputy Calleary outlined a number of issues relating to transactions carried out in IBRC which have rightly given rise to significant public concern and which the IBRC commission is charged to investigate. The Bill today will enable that investigation and address the issues with the 2004 Act which the commission raised in relation to a particular investigation.

Deputy Cullinane stated that this Bill was the result of a rushed and flawed legislation but this commission was established under legislation dating from 2004. The issues raised by the commission concern the 2004 Act and not the IBRC Act of 2013. The commission identified



that, in the nature of this particular investigation, the sole member lacked certain powers under the 2004 Act, though not under the 2013 Act. The commission also confirms in the second interim report that, while the special liquidators initially claimed legal and professional privilege over a number of documents furnished to the commission the special liquidators, following a request from the commission, they informed the commission that they were willing to waive that privilege in respect of the Siteserv transaction. The commission is satisfied that the issue of privilege in respect of the Siteserv transaction has been resolved.

The Government and I share Deputy Burton's wish to see a speedy investigation by this commission. The provisions of this Bill are drafted to assist an efficient and, more important, an effective investigation. I assure the Deputy that the powers which she called to be given to the commission are included in the Bill.

In response to Deputy Paul Murphy, the intention is to amend the terms of reference to introduce a modular approach with a focus in the first phase on Siteserv, and this was welcomed by a number of Deputies including Deputy Murphy. Deputy Boyd Barrett asked why it had taken so long to identify matters which delayed the investigation. The sole member of the commission published his first interim report in November 2015, identifying the matters which were hampering the investigation. There was a period of consultation with the Opposition and with the commission to ensure the concerns of the commission were met as far as possible. At the beginning of June it was agreed to proceed with the provisions contained in this Bill.

I acknowledge the excellent and outstanding work of Deputy Catherine Murphy which led to the establishment of this commission. I say to her, "Well done". She raised a question about the circulation of the report. Initially, the draft report will be made available to all persons identified in the report with regard to whom there is an adverse finding, and the final report will be submitted to the Minister, in this instance the Taoiseach, under the 2004 Act. He is required to publish the final report as soon as possible unless it has to be referred to the High Court for any directions. Deputy Catherine Murphy also raised matters relating to the stock exchange but this Bill addresses the commission's concerns in respect of obtaining documents from that source.

Question put and agreed to.

**Acting Chairman (Deputy John Lahart):** I understand it is proposed to refer this Bill to the Select Committee on Justice and Equality pursuant to Standing Order 149. Does the Minister wish to move the motion of referral now?

**Deputy David Stanton:** I understand Committee Stage will be taken in the House.

**Acting Chairman (Deputy John Lahart):** Is that agreed? Agreed.

### **Financial Emergency Measures in the Public Interest: Statements**

**Acting Chairman (Deputy John Lahart):** I welcome the Minister. We concluded the previous debate a little early. Members' contributions did not last as long as expected. Does the Minister need a minute to catch his breath?

**Minister for Public Expenditure and Reform (Deputy Paschal Donohoe):** No, I am fine. Thank you. I thank the Acting Chairman for the opportunity to discuss the financial emergency measures in the public interest, FEMPI, legislation that, understandably and correctly, has been

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the subject of much discussion in recent days and weeks.

As Deputies are aware, last week on 29 June, I laid the annual review of the operation and effectiveness of the FEMPI Acts before the Oireachtas. The report confirmed the continued necessity of those Acts. I would like to start by outlining some key facts that led me to make that important decision.

Taken together, the measures under these Acts have reduced the pay and pensions bill for public services by €2.2 billion. That has played a very considerable part in the stabilisation of the public finances. For this I thank our public servants for their contribution to the economic recovery. Without their contribution through that level of financial sacrifice and their continued dedication to providing public services, we simply would not have exited the bailout programme.

However, we are not clear of all danger. The economy, though growing strongly, is still vulnerable to economic shocks, particularly international shocks such as those that could be posed by Brexit. Since the beginning of the year, only seven months ago, sterling has dropped by 14%. Last April, as part of the stability programme update, SPU, the Department of Finance completed a detailed risk and sensitivity analysis for our economic and budgetary projections. It suggested that a five percentage point depreciation in sterling could be expected to reduce gross domestic product, GDP - our national income levels - in Ireland, by one percentage point by 2018 to 2019, with attendant impacts on our public finances. However, this is only one example of the challenge our economy and our society face.

At home, our public finances, though improving, are not yet fully repaired. Although much progress has been made, we are yet to close our headline deficit, in other words, reduce the gap between spending and taxation, and we are still borrowing €13 million every day to fund our day-to-day spending. Moreover, the high level of public debt, currently estimated at €201 billion or 93.8% of GDP at the end of 2015, means that Governments will find it difficult to respond adequately if we experience another downturn due to global economic developments.

We have to comply with our requirements under the Stability and Growth Pact which are designed to limit pro-cyclicality in fiscal policy, avoid unsustainable expenditure increases during economic upturns and allow scope to increase or maintain expenditure during downturns without engaging in the steep reductions in expenditure that were necessary during the crises. I would make the point that even without the rules we are bound by as part of the eurozone, there is a continued need to ensure we manage well and spend well the resources available to us.

I have been struck by the fact that some of those who are calling for the removal of FEMPI are also the ones calling for more funding and resources for housing, more funding for health and for a range of other social issues, challenges and opportunities that our country faces. In so doing, they forget or fail to acknowledge the political choices that I, as a Minister, must make. There is not a limitless pot of money from which I or the Government can draw. Decisions must be made. Priorities must be identified. The “one for everybody in the audience” approach to politics is an irresponsible luxury that only those involved in permanent protest can afford. While the outrage of some on the Opposition benches is seemingly limitless, I want to tell them that taxpayers’ money is not.

Within the resources that are available and mindful of the risks outlined, there is a long list of demands and legitimate needs for increased Government expenditure: the recruitment

of more public servants, especially those needed to work in front-line services; investment in capital infrastructure in schools, hospitals and housing; the purchase of newly developed drugs for the health service; and enhanced funding for all involved in education, but with particular reference to meeting the needs of young people with special needs and how we better fund and equip the third level sector in the future. It is my role as the Minister for Public Expenditure and Reform to balance these competing needs with the unwinding of the FEMPI legislation. Immediate repeal of the FEMPI legislation would be simply unaffordable. Consider pay alone which would cost an additional €1.8 billion above the 2016 allocation for pay restoration. This would violate the terms of the Stability and Growth Pact and leave nothing for the other priority areas for the people we represent.

The phased approach of the Lansdowne Road agreement provides the mechanism to deliver pay restoration over the next three years at a total cost of €844 million in 2018. By the end of 2016, we will have been able to hire an estimated additional 18,000 public servants to do the work needed in communities all over the State. This is at a cost of an extra €1.1 billion - spending that is absolutely necessary - to help those people who we represent every day.

It must be remembered that this agreement is less than a year old. The public service committee of the Irish Congress of Trade Unions only adopted the agreement nine months ago and the Teachers Union of Ireland voted to accept the agreement in May. The agreement has the support of the vast majority of public servants. In total, over 280,000 public servants and 23 unions are now working within the agreement.

The agreement provides a negotiated and agreed pathway to pay restoration. It gives real pay restoration to individuals progressively and fairly weighted to those who are on lower pay. Public servants whose annualised salary is below €24,001 benefited with an increase in gross pay of 2.5% from 1 January 2016. For those on annualised salaries between €24,001 and €31,000, they benefited from an increase in gross pay of 1% from 1 January 2016. For public servants who are on annualised salaries up to €65,000 there will be a flat rate increase in gross pay of €1,000 from 1 September 2017.

Additionally, all public servants will benefit from the pension related deduction, PRD. These measures contained in the Lansdowne Road agreement will benefit all affected public servants by up to €733 in 2016 and €1,000 in 2017. Crucially, through the operation of the tax code, lower paid public servants will benefit proportionately more from these PRD measures. The combined impact of these measures, for example, on a public servant on a salary of €25,000 will be an additional €1,875 over the duration of the agreement. This is an increase of 7.5%.

The agreement is also flexible enough to allow for the concerns of recent recruits to the public service to be addressed in a negotiated way and in return for workplace reform to drive greater productivity in the public service. Already this has been the framework agreed with representative bodies of one group of public servants representing fire fighters. Officials of my Department and the Department of Education and Skills agreed in recent days with the INTO and TUI - both unions which are inside the agreement - to have engagement later this month to begin to fully scope out all the issues involved regarding pay arrangements for newly qualified teachers. I urge those unions and representative associations who remain outside the agreement to reconsider their positions and to avail of the demonstrated flexibility afforded by the agreement to address their remaining concerns.

Looking to the future, the programme for Government commits to the establishment of a

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public service pay commission to examine pay levels across the public service including any issues relating to new entrants' pay. The precise structure of such a commission and the technical aspects as to how it will operate have yet to be decided upon and will require broad consultation, including engagement with staff representatives as was committed to in the Lansdowne Road agreement.

I fully appreciate the impact of the pay reductions on individual public servants, but now is not the time to jeopardise our economic progress with the premature, and unaffordable, immediate repeal of the FEMPI legislation. This Government remains committed to the implementation of the Lansdowne Road agreement which has commenced the sustainable unwinding of the FEMPI legislation. I look forward to using this framework to further prioritise investment in our public services and our people.

**Deputy Dara Calleary:** I apologise in advance that I must leave the Chamber directly after speaking as I have another engagement.

As we are discussing the roles of public servants, I believe every Member will join me in sending our sympathy to the families and community of Dallas after the appalling tragedy this morning. I include all the victims of gun violence in the past few days in the United States in that sentiment. However, public servants working on the front line have once again paid the ultimate price.

The Fianna Fáil Party supports the gradual, negotiated unwinding of FEMPI as both a public policy and a legal imperative. Public servants, through FEMPI and the changes and practices in productivity since 2008, have contributed €2.2 billion per annum to the recovery of this State. This was at huge personal cost to them and their families and they deserve to be recognised for that contribution and for shoring up the public finances during an intensely difficult period for the State.

In the first instance, the Fianna Fáil Party wants to see the Lansdowne Road agreement public pay agreement fully implemented up to its September 2018 completion date. We also want to see the urgent establishment of a public pay commission as agreed in the facilitation document which allows this Government to do its business. The commission should provide a clear forum to deal with broader public sector pay claims and it should lay the ground work for a replacement to Lansdowne Road agreement and the full repeal of the FEMPI Act and its provisions.

We believe the following principles should be used in future pay negotiations. First, there is a need to improve public sector employees' take home pay. The central issue is the level of take home pay for all taxpayers and not just for public servants. Improvements for public sector workers can be achieved through changes to pay levels, the pension levy, universal social charge, PRSI and PAYE taxes, or a combination of these. The commission must ensure there is a mix of measures to deliver a take home pay bonus for public servants.

Second, the commission should acknowledge the importance of public sector pay to the public finances and the contribution made to date by all public servants across so many genres. The third principle should be a particular focus on restoring the take home pay of low and middle income earners. Increases should be targeted progressively on low and middle income earners to begin with. The fourth principle involves reforming the pension levy while consistently favouring those on low and middle incomes. For them to achieve the greatest benefit of

the reform of the levy, it should be done on a targeted basis.

With regard to the fifth principle, I welcome the Minister's announcement last Wednesday on the equality of treatment for newly recruited staff. Teachers, nurses and health professionals across the system who were recruited since 2012 do not have the same conditions or the same access to conditions afforded to those who were employed before that. However, we expect them to do the same job. For example, this week many teachers, who are thought to be on holidays, are actually attending courses all over the State. They are upgrading their skills and knowledge to deliver an ever changing curriculum, ensuring our education system contributes to Ireland being at the forefront of the world economy. We are asking our nurses, radiographers and health professionals to take on new technologies and new drugs, but the manner in which they are being encouraged to take on new education has been absolutely removed under the differences in treatment for newly recruited staff. We need to ensure that all our staff are treated equally and are given the same encouragement to upskill. This needs to be done in the knowledge that we are losing so many of our trained people to other countries and economies. Having learned their skills in Ireland, we need to allow them to have the choice, if they wish, to remain at home and use their skills here in health, education and in other sectors that need those kinds of services. We require an external body to independently verify the costs contained in any new agreement and the achievement of targets included in it. That is good practice and should be achieved across many areas.

We also want to see public sector pensioners given proper and fair treatment. Until now they were not considered in any agreement because the agreement automatically impinged on them. However, under FEMPI, they were hit with pay reductions. Now that there is an amalgamation of public sector pensioner organisations, a way should be found to hear their views during the negotiation as opposed to after, and to represent those views around the table before the agreement is made.

There has been enormous progress in public sector reform over the past few years. The work done by the Department of Public Expenditure and Reform in driving that on is to be welcomed and encouraged. We need to ensure that best practice is shared across the public sector and that the silo way of governing is finally taken down for once and for all in an ambitious programme that will eventually benefit all citizens.

Finally, there is the ongoing issue of the restoration of front-line services, all of which have taken substantial cuts in their budgets recently and which are directly linked to how we unwind FEMPI. If we decide to take FEMPI out overnight, the budgets available for front-line services, for the capital programme and to ensure we have a recovery and an economy that is going somewhere will be absolutely destroyed. We will not have an economic recovery that allows us to realise this country's potential. That does not mean we should long-finger taking FEMPI out. It should go into a process and we should set targets that people can see are being measured and reached. The public service needs to have an idea that FEMPI is coming to an end but we need to know it is being done in a measured way. We will continue to work with the Minister on that, where possible, and will continue to call him out on if there are unnecessary delays.

I would like to see details of the process for new teachers and to see a similar process get under way for health care workers and other workers, particularly newly recruited staff who are affected. An overnight repeal of FEMPI, which would cost between €1.8 billion and €2.2 billion, is unsustainable, but putting it on the long finger will not suffice to build confidence and morale in a service that has been hit not just by pay cuts but by so many other issues in recent



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years. All public servants deliver massive services every day and massive sacrifices in the face of an ever-increasing challenge. It is time to call time on FEMPI, but we must do so in a manner that does not create the conditions that necessitated its creation.

**Deputy David Cullinane:** I welcome the opportunity to have this debate today. The Minister laid his report on extending the FEMPI legislation before the House last week, which I have read in some detail. I have also juxtaposed that report with the summer economic statement. They make for very interesting reading. The language used in the summer economic statement contrasts very strongly with some of the language contained in the Minister's speech today, because he was speaking to two different audiences. The same is true of the language used by the Minister for Finance.

I have spoken directly to the Minister about public sector pay on several occasions. He knows I have a very real interest in the issue, as does Deputy Calleary and many in this House. I met with the Secretary General of the Department of Public Expenditure and Reform to discuss several issues with regard to public sector pay and I have spoken to some of the officials who are in the House today. They have all been very helpful. We are trying to cost a return to a single-tier pay structure in the public service. This week in the House the Minister said he would enter into discussions with some trade unions to try to bring about pay equalisation. I hope the information he gets can be given to us as well, because when we try to cost this we are told the data do not exist, it is impossible because of different systems used by Departments for pay and it is difficult to track where people would be if the changes were to be reversed. It is interesting that the Government is going to pursue this issue and I hope that we in opposition will get the same information the Minister gets when it becomes available.

The Minister for Finance said in his speech and his remarks about the summer economic statement that the recovery was bedded in. It is bedded in when it suits the Government. "We are in full recovery": that was the Government's mantra before the election. Today, however, the Minister for Public Expenditure and Reform said our economy is growing but we are not clear of all danger. I accept that. I am not saying it is wrong, but the Minister is saying it only in the context of wanting to retain FEMPI for as long as possible.

My party is not in favour of the immediate scrapping of FEMPI because of the cost involved and because those at the top of the public sector would benefit substantially in a very real and unfair way. We want a fair and timely unwinding of FEMPI. If FEMPI was to be unwound here today, somebody on €25,000 a year would get €66 back; somebody on €30,000 would get €577; somebody on €35,000 would get €1,752; somebody on €185,000 would gain €53,000; and somebody on €150,000 would gain €35,000. I am not in favour of giving people who earn very large sums of money that level of pay restoration.

The pay cuts imposed on those earning over €65,000 under the Haddington Road agreement are being restored as part of the Lansdowne Road agreement. There was a separate registered agreement. Those who earn between €65,000 and €110,000 will have their pay restored in two parts: on 1 April 2017, April Fool's Day, and on 1 January 2018. That includes us Deputies, who will get an 8% pay restoration. Ministers of State will get more and the Taoiseach will get more again. Those on more than €110,000 will get restoration in three stages, but for those earning less than €65,000 who had their pay cut in 2010, there is no restoration. There is a €1,000 flat increase, which the Minister says is fair. The big winners, however, from the Lansdowne Road and Haddington Road agreements are those earning more than €65,000 and those earning over €110,000. That is one of the reasons I will not support the immediate scrapping

of FEMPI. The emergency powers that the Minister and previous Ministers gave themselves in respect of public sector pay need to be repealed. The way forward is through negotiation. We want a negotiated unwinding of FEMPI, where the trade unions sit down with Government and others to create a fair and timely way to fully and faithfully unwind FEMPI. As part of that, for all the reasons the Minister mentioned about the problems in our public services and the need for money for health and housing, we cannot pay people earning over €100,000 or €150,000 more. We have to prioritise those on low and middle incomes. They have to be our absolute priority. Pay equalisation is a red-line issue for me. People need to understand, and some do not, that this is outside the terms of FEMPI. Even if FEMPI was scrapped it would not deal with that issue. That was brought in separately in 2010. There was no need to do it through emergency legislation because it affected new entrants who had no contracts.

This is the sorry list of FEMPI legislation and pay cuts brought in since 2008. First, in 2008, there was a pay freeze: workers were told their pay would be frozen for a year and that they would get an increase of 2.5% in September 2009. The 2.5% increase never came, but what followed crucified many public sector workers. There was the pension-related deduction, PRD, a pension levy on public servants in March 2009, and the comprehensive pay cuts for all public servants in January 2010.

*2 o'clock*

That was followed by the Croke Park agreement, which introduced so-called productivity measures. The changes to the pay levels of new entrants were also made around this time. We had the Haddington Road agreement as well. The payments received by existing retired public servants were also cut. Then we had the Lansdowne Road agreement. We had five separate pieces of FEMPI and two pay agreements. All of that involved a lot of pain for those on low and middle incomes. Unfortunately, they have not benefited.

It was interesting to hear the Minister say that workers in the public service have to wait. I remind the House that I am talking about those on low and middle incomes. The Minister said we cannot afford to give them back money that was taken from them because of potential dangers and external shocks, etc. At the same time, he is saying the cuts of €5 billion that have been announced are safe. Maybe he is not saying that, and those cuts are now on the table. What about the €3 billion that the Government is putting away for a rainy day? Is that safe as well? It seems that the cuts and the rainy day fund are safe and cannot be touched. The Government intends to give taxes back to people at the top who may not need those additional moneys. The policy of making €5 billion in tax cuts is solid, as is the safeguarding of €3 billion for a rainy day. It seems that those funds will somehow be shielded from the external shocks and dangers mentioned by the Minister. At the same time, the Minister is using a set of different criteria when it comes to the unwinding of FEMPI.

I cannot get a sense of the Minister's plan. I told him during yesterday's discussion that I cannot understand his approach. He does not seem to have a plan beyond 2018. When the Government set out its net fiscal space in the summer economic statement, there was no provision for public sector pay in 2019, 2020 and 2021. I know the Government intends to enter into discussions and to establish a commission, etc. I ask the Minister to give us an indication of what he thinks will happen. Can he at least tell us he envisages that some sort of agreement involving the further unwinding of FEMPI will be in place for the three years in question? At least then we would know that progress is to be made. The Minister has not given us such an assurance up to now. I would like to know whether he will do so today.

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Many people called for a debate on this issue. I do not see the spokesperson for the Labour Party here. Given the importance of the issue of public sector pay, I do not believe there are enough Deputies in the Chamber for this debate. People were jumping up and down about this last week.

**Deputy Paschal Donohoe:** We are here.

**Deputy David Cullinane:** I accept that. I am saying that many people are not here.

**Deputy Mick Barry:** We are here.

**Deputy Anne Rabbitte:** We are here.

**Deputy David Cullinane:** Some parties are represented in the Chamber but other parties are not and-----

**Deputy Richard Boyd Barrett:** The Labour Party Deputies are not here.

**Deputy David Cullinane:** -----for that reason, I want to call a quorum.

*Notice taken that 20 Members were not present; House counted and 20 Members being present,*

**An Ceann Comhairle:** As a quorum is now in place, we can proceed with business.

**Deputy Richard Boyd Barrett:** There is still no one here from the Labour Party.

**An Ceann Comhairle:** The next speaker is Deputy Barry, who is sharing time with Deputy Boyd Barrett. They have ten minutes.

**Deputy Richard Boyd Barrett:** Is it not 15 minutes?

**An Ceann Comhairle:** No it is a ten-minute slot.

**Deputy Mick Barry:** I would like to begin by making a point about emergency legislation. After the 1998 Omagh bombing, which left 31 people dead and 220 people injured, the then Government introduced emergency amending legislation in the form of the Offences Against the State (Amendment) Act 1998. Every year since then, the Dáil comes back to debate the provisions of that Act and to vote on whether to renew them. Two or three weeks ago, Deputies trooped up and down these aisles and turned left or right to vote for or against the renewal of the emergency legislation in question. The rules are different with this emergency legislation, however. The Government is able to renew the FEMPI legislation without a vote and with a mere token debate. A vote of this House is needed to renew emergency legislation which we are told is aimed at terrorism, but no vote of this House is needed to renew emergency legislation which we know is aimed at those who teach our kids and police our streets. The ways of the parliamentary system are truly amazing.

The aspect of the FEMPI issue I want to highlight is the lower rate of pay for new entrants. As Deputy Cullinane explained, this policy was introduced before the FEMPI legislation. It was for new entrants, as opposed to public servants who were already in employment, but it is very much linked to this debate. The hands of trade unions are tied in a way that prevents them from fighting this rule within the terms of the agreements underpinned by FEMPI. New entrant rates were introduced in 2011 and again in 2012 without consultation and without the

agreement of young workers, workers generally or their unions. It has been calculated that as a result of these rates, a primary school teacher with a 40-year career will lose out to the tune of €227,000 and a secondary school teacher with a 40-year career will lose out to the tune of €300,000. Young people who want to buy homes, get mortgages, start families and have ordinary decent lives are severely hampered by these cuts. If the amount of money involved in these cuts was a small fraction of what it is, this policy would still be wrong. A worker who does the exact same work as one of his or her colleagues should be on the same pay scale as that colleague. If a woman earned less than a man in a job, we would say it was wrong. If a person with black skin earned less than a person with white skin in a job, we would say it was wrong. If a person from the LGBT community was discriminated against and paid less than other workers in a job, we would say again that it was wrong. Why, therefore, does the State say that such a policy is fine in the case of a young person who is a new entrant? This is wrong right down the line. It must be changed and changed immediately.

I glimpsed the Minister of State, Deputy Finian McGrath, when he was in the Chamber a few moments ago. It is a case of “now you see me and now you don’t”. He is not here now, but he was here on 29 May 2013 when the Dáil was debating the FEMPI legislation. This is what he said that evening:

First, I thank the Acting Chairman for the opportunity to speak on this new legislation, the Financial Emergency Measures in the Public Interest Bill 2013. The Bill is an attack on all public servants and one should not beat around the bush, it will cause further hardship to all public servants and their families.

He continued:

This Bill is disgraceful legislation and I will be voting against it. I will stand by our public servants, who do not deserve this injustice and this legislation is not in the public interest.

If I had been in the House in 2013, I would have voted against it too. If there was a vote on the FEMPI provisions today, I would vote against them again. At least I would be consistent in that respect.

What can we say about the bould Minister of State? He voted against it in 2013 when there was a financial emergency but lends his support to it in 2016 when the financial emergency has passed. Maybe the Minister of State will come back to the House to explain his position.

This Government is a right-wing, anti-worker Government, but it is clearly a weak Government too. It has been put very much on the back-foot by the anti-water charges campaign. It was bested by the anti-bin charge campaigners some weeks ago. It will be no match for organised workers who prepare a strong and vigorous campaign. We will give our full support to any group of workers or trade unions who take a stand on these matters.

**Deputy Richard Boyd Barrett:** I listened to the Minister’s speech earlier. He implied that those of us looking to completely abolish FEMPI legislation essentially have no plan to finance such a move. He implied that we were reckless and that the calls amounted to the politics of permanent protest and so on.

First of all, let me state what we are talking about. We are talking about money that was stolen, mostly from low-paid public sector workers. I will underline the point that they were mostly low paid. In the disgusting demonisation and witch hunt that occurred at the time this

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legislation was brought in, public sector workers were made out to be public enemy No. 1 and the view was that they deserved to have their pay slashed. That was one narrative at the time. They were robbed with this narrative ringing in their ears. They were blamed for an economic crisis they had not created. It had been created by bankers and developers and the two major political parties in this State who cheered on those interests for many years.

The scale of the robbery was extraordinary. I will underline the point that the majority of these workers were underpaid. Fully 83% of public sector workers earn less than €60,000. Indeed, the vast majority earn less than €40,000. The scale of the robbery was extraordinary. If a worker earned €30,000 in 2009, his income dropped to €28,500 as a result of FEMPI legislation. Therefore, between 2009 and 2015 such a worker would have lost €16,000 or that amount was stolen from him. If a worker earned €40,000 in 2009, that worker had €27,000 taken off him cumulatively in subsequent years. If a worker earned €50,000, he had €38,000 taken off him in those years and so on.

They have been robbed since 2010. Under the Government's Lansdowne Road proposals, even by the end of 2017 they will still be earning less in take-home pay than they were getting in 2009 before this completely unjustified robbery of their income took place.

That is what we are talking about. We believe it was wrong to do it to them then. It was wrong to make them the scapegoats for the crimes of others year after year since 2010. There is absolutely no justification for continuing this theft of their income - we are not talking about pay increases, we are talking about giving them back what was taken from them wrongly.

Can we afford it? The Minister mentioned a figure of €1.8 billion as the cost. Let us bear in mind that approximately 30% will come straight back in tax. The Minister should factor that into his calculations and be honest about the figures. Furthermore, we know where the rest of their money would go. It would not go into offshore tax havens. It would not go into the pockets of people who pretend they do not live here and act as tax refugees - some of the richest people in this country. It would be spent in the high street shops and businesses that are struggling at the moment and that have been struggling ever since we slaughtered the income of ordinary workers with devastating consequences for our economy. It would fuel economic growth and generate revenue, employment and so on. It amounts to sound economics to give these workers back what was stolen from them.

I also wish to mention new entrants because of the scale of the problem. The fact that this debate took place two hours sooner than it should have meant 40 teachers who had planned to come to the Gallery to hear the debate will now be unable to hear it. To my mind, that is rather tragic, although perhaps the Government knew that. Anyway, I will tell the Minister about two of them.

**Deputy Paschal Donohoe:** No, we did not.

**Deputy Richard Boyd Barrett:** The Government did not provide a quorum. Anyway, Joanne was in the House recently and was due back today. As a result of the pay apartheid and the two-tier pay structure for new entrants, over the course of 40 years she will lose €240,000 that she would have earned otherwise. That is the price of a house. Alison, who started in 2011, was hit by the earlier FEMPI legislation and will lose €100,000 on the same basis.

I was at the consultation provided by the Minister, Deputy Coveney, on how there was no investment in housing. The economist explained that one of the reasons is because no one be-



believes that people have the money or can afford to buy houses. Why can they not afford to buy houses? It is because we have taken the equivalent of the price of a house out of the pockets of these young teachers, nurses and public servants and intend to continue to do so. That is wrong and it is also fuelling the ongoing housing and accommodation crisis. The Government should give them back their money. We can afford it and it would actually be good for the economy.

**Deputy Maureen O’Sullivan:** The key word in what we are discussing is “emergency”. I have in mind another emergency when the Second World War broke out. A state of emergency was declared because there were fears regarding our neutrality. It was proclaimed on 2 September 1939 by the Dáil, with various powers going to the Government, including censorship, internment and economic powers. The powers lapsed in September 1946 although they were not actually rescinded until 1976, and in the intervening years the powers were not used. People may or may not have agreed with those measures. Indeed, there were criticisms relating to an over-liberal use of the emergency powers for various political reasons. Anyway, the point is that there was an emergency and measures were taken during the emergency and then they were eliminated.

Now, let us consider the FEMPI legislation. The acronym stands for “financial emergency measures in the public interest”. We can accept that there was an emergency. Without going through the history of the recession, the arrival of the IMF and the ECB and bondholders, and regardless of the reasons for the financial crisis, we accept that there was a crisis and that drastic measures were required. We know the extent of the disagreement and what those measures should have been. However, public servants were one of the targets and I believe they were an easy target. There is no doubt about the hardship and distress these measures caused to those public servants, in particular, those not on especially high salaries. Another target was former public servants. It is unfortunate that the media always concentrates on those former public servants with high pensions. They forget about the other public servants on adequate pensions. They were cut as well.

Public servants reacted well to the cuts they had to live with. They continued with their high standards of work, whether in teaching, nursing, the Garda or the Civil Service. We know the work that went on regardless of the extraordinary cuts they took.

That was the emergency and now we are told the emergency is over. That was the slogan of the Government party during the election. If the emergency is over, then why are the emergency measures not over as well? It is extremely unfair to those starting out in teaching, nursing, the Garda and other aspects of the public service to have such an unequal playing field when it comes to salaries. Those most affected are the recently and newly-qualified teachers and gardaí. The reopening of Templemore was positive, a step forward. However, this is a further step backward on pay inequality.

If we are not in an emergency, how do we justify continuing to punish the workers on whom we depend for vital services? It seems there is a recovery for part of the population but not for everyone. I think about those who qualified two, three or four years ago and those who endured pay cuts for years. We know that inequality is making it difficult to recruit people with the necessary qualities motivation and enthusiasm for these jobs. It is not simply a question of qualification. I am a former teacher and I am still involved in schools. I chair the board of management of a primary school. I know the type of person is a more important consideration than the qualification. The letters after a person’s name does not make him or her a good teacher or nurse. I realise we need accredited qualifications. When interviewing prospective employees

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we consider their qualifications and tick that box. However, after that we look at their other qualities and the other aspects to their personality to determine who will get the job. We must encourage the best people coming out of third-level education to go into those jobs and professions which play such a major role in the lives of young people, in the lives of those who are ill or have disabilities and in our communities that want viable and effective community gardaí.

In my 36 years of teaching, I have never met anybody who went into it for the money. Back in the 1970s and 1980s, those going into teaching were at a considerable disadvantage because those with similar degrees coming out of third-level education and going into the private sector were certainly getting much better salaries than those who were teaching. It is like we are back in those days, except that the disparities are now within the profession between the recently qualified and those who qualified before FEMPI. The incentives offered by the last Government to public servants - teachers and gardaí - to retire early are part of the problem. Many fine and experienced people were lost in all of those professions.

Likewise, the supervision and substitution initiative is also part of the problem. Myself and many teachers saw that as a complete waste of much-needed resources that should have gone into other areas of greater need. The cost of it could have been put to better use. Schools had their own system of operating substitution and supervision. A grant of a fraction of the cost of supervision and substitution would have helped those schools to continue that and would have saved money that could have gone elsewhere.

We are told that we are the fastest growing economy in Europe, according to figures from the European Commission on how much we are expected to grow by and predictions of GDP. There are similar figures coming from the Economic and Social Research Institute, ESRI. There are signs of the recovery. After all, the slogan was “let’s keep the recovery going”. The recession is over. It is very difficult to expect teachers, nurses and gardaí to accept that inequality with no real end in sight. I was not here for the Minister’s speech but I listened to it and read it. I was struck by two of the headlines. He said that the economy is growing but that we are not out of danger. He spoke about the €2.2 billion saving and how we are still vulnerable to economic stress and shocks etc. The other point he made was about sensible spending and careful allocation. Why is the burden on particular public servants disproportionate to the burden on other sectors that could shoulder that burden much more easily? The most affected are those on low wages. There is inequality in wages for front-line workers.

The Minister said that by the end of 2016 there will be an additional 18,000 public servants to teach and to nurse. Where is the incentive for our brightest graduates to stay here when they are being offered not just better pay scales abroad, but also better conditions and prospects of advancement and promotion in other countries? We have excellent training here in our universities, at third level and in the training colleges. However, so much of it in recent years has been for the benefit of other countries. We need to look at what the Minister is addressing here much more quickly. Again, I ask the Minister about the impact analysis and the equality-proofing of financial measures that are taken. There are civil servants and public sector employees who are in receipt of family income supplement. I believe that says a lot.

The Minister talked about increases of 2.5% on salaries below €24,000. That is not going to make much of a difference. There are alternatives. I will not go back over them. The Minister knows them. Corporate tax is just one such alternative. We are told the rate is 12.5%. Social Justice Ireland has done interesting studies on Ireland having an effective corporate tax rate of 6.5%. We must think of what could be done with that for the people who most need it.

**Deputy Michael Harty:** I am grateful for the opportunity to contribute to this debate. FEMPI was introduced in 2009 during our financial crisis. Yes, it was an emergency. However, the FEMPI legislation was so harsh that it was similar to legislation which would have been introduced during war times. It is now seven years later and we still have FEMPI. It is a pity that we did not have this debate prior to the end of June when the FEMPI legislation was signed again for another year. I agree with many of the other speakers that there needs to be an unwinding of FEMPI. It needs to happen very quickly because it has led to a large inequality in our public service and certainly in the payments to our public servants.

We know about teachers. They have lobbied us extensively over the past month. The figure of €240,000 over the lifetime of a teacher has been mentioned here. Not only that, but there are teachers doing the same job and working beside colleagues who are being paid 20% extra. That is completely unacceptable. It also applies to nurses and gardaí as well as pharmacists and doctors. There is a huge range of public servants who are subject to FEMPI. It is quite intolerable that this financial emergency measure is still in place in 2016 when we are told that the recovery is here and is spreading across the country. Unfortunately, it is not here and it is not spreading to our public servants.

In relation to doctors and to general practice in particular, FEMPI has been very harsh. It has been harsh on general practice because of the method that GPs are paid by. GPs are paid a global fee which includes their income as well as the support structures for general practice. We have suffered a cut of 38% under FEMPI. That is a cut of 38% to our income, to our ability to supply services and to the support structures that supply services. If one was to go through the figures, one would clearly find that the cuts to supports for services are even greater than 38%.

What has this meant for general practice? It has meant that general practice is now on the brink of going into decline. It is facing such a financial crisis that many GPs are finding it very difficult to make an income. Practices are ceasing to function. There are GPs who have left with their families and gone to Australia, Canada and the Middle East to try to make an income. Income which they can generate from general practice with FEMPI still in place is not sufficient to make a decent standard of living. GPs have absorbed the FEMPI cuts. Very few people will have seen a decrease in the service they get from their GP. The GP is the last person to be paid in a practice. Everyone gets paid, including the nurse and the secretary. Quite often, the income to general practice does not make general practice sustainable. I know that doctors do not have much sympathy in Ireland because we are seen to be making a very good living. Since FEMPI has come in, that has changed. Practices are ceasing to function, GPs are emigrating and there is a huge manpower crisis which is coming down the road in general practice.

We hear that the new ten-year vision for health is going to place a great emphasis on primary care and general practice. The manpower crisis in general practice will mean that the manpower will not be there to supply that expansion of service into primary care because GPs are finding it extremely difficult to continue under our present payment system. We have been asking and asking for the last number of years for a new GP contract, which will hopefully come within the next year and will help to unwind FEMPI for GPs. The effects of a declining general practice on our health system is quite extraordinary. If most chronic illnesses are going to be transferred into general practice and primary care, the GPs are not going to be there. We have a problem with emigration, as I mentioned. Established practices are closing and those doctors are moving to other jurisdictions where the health service is much more user-friendly, friendly to those who participate in it and friendly to those who supply the service.

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In Ireland, we have an extraordinary number of medical schools which produce a huge number of graduates every year. Our GP training schemes, which had been oversubscribed, are now barely able to recruit those sufficient numbers for training. The GPs who do come out are looking at general practice and because of FEMPI are saying that they are not going to enter into a contract which commits them to working 24 hours a day, seven days a week, 365 days a year, in which they have all of the expenses and commitments that go with running a practice. They are leaving and going to Australia, New Zealand and Canada. They are deciding not to take up general medical services, GMS, contracts and are instead working as sessional GPs or locum GPs.

The reason why we still have a GP service in this country is because so many GPs are embedded in their practices and have nowhere to go. They cannot leave their practice, it is their way of life. Some 33% of GPs will reach retiring age in the next ten years. As those GPs come to retire, however, there are no entrants coming in to replace them, or certainly very few. There is therefore a huge GP crisis coming down the road and it has been accelerated and exacerbated by the introduction of FEMPI. FEMPI will have to be unwound, although I know it has become tied up with the Lansdowne Road and Haddington Road agreements. It is a matter of extreme urgency that FEMPI is unwound so public servants can have equal and decent pay.

All legislation has unintended consequences. One of the great unintended consequences of FEMPI is that it has made general practice completely unworkable. That matter should be addressed soon. I urge the Minister and the Government generally seriously to examine FEMPI. If our financial emergency is over then the legislation which underpinned it should come to an end also.

It is unfortunate that this debate is happening after the FEMPI legislation has been renewed for another year. When it comes up for renewal next year, I hope the Minister will contemplate its unintended consequences which have been disproportionate to general practice. The legislation has also been disproportionate to many other public servants such as teachers, doctors and nurses.

**Deputy Róisín Shortall:** I am glad to have a chance to speak in this debate. The backdrop to the debate is the question of who in Ireland has taken the brunt of austerity. While there was a recognition that the country was in a very bad place a number of years ago and cutbacks had to be made in certain areas, the burden of that austerity fell disproportionately on those on low and modest incomes. One would have to say also that the burden of austerity has fallen disproportionately on public servants.

The FEMPI legislation is now effectively illegal. It was introduced at a time when there was a financial emergency here but, by any standards, that has eased substantially. Nobody could claim that the economy is in an emergency at the moment. That does not mean that we have gone back to pre-recession times or anything like it, or that there are not still threats, but we are not in a financial emergency. It is impossible for the Government to claim that we are. For that reason, there is an onus on the Government to phase out FEMPI in as short a timescale as possible. Unfortunately, however, that is not happening.

I imagined that FEMPI's illegality would be of serious concern to Government Ministers. There is no shortage of Ministers trumpeting the rule of law to delay legislation in other areas. We had it just recently in the case of allowing terminations in the case of fatal foetal abnormality, for example. We had it two weeks ago in defence of the continuing discrimination on reli-

gious grounds for children seeking to attend their local school. Where are those Ministers now when the rule of law is clearly not being applied in respect of public sector pay? Some laws are evidently more legal than others in the Government's mind.

Together with other Members, I raised this issue with the Minister on Wednesday during oral questions when we were met with a list of excuses. Even Brexit was used as a reason not to phase out FEMPI at a much quicker pace. The Minister keeps hiding behind the fact that unions signed up to the Lansdowne Road agreement, but there is nothing stopping him from improving that agreement. It is hardly as if unions are going to say no to a better deal for their members. We now have a situation where the unwinding of FEMPI is tied up with the Lansdowne Road agreement. There is a lack of clarity about the element that is Lansdowne Road and the element that is the unwinding of FEMPI. It has been kicked into Lansdowne Road while FEMPI should really be dealt with as a separate issue.

In addition, the Lansdowne Road agreement does not provide for full restoration of pay cuts. I would like to know what the Minister's plan is beyond the three years of the Lansdowne Road agreement. How long more does he think the so-called financial emergency will last? I ask the Minister to spell out when, within his plans, he intends to complete the full unwinding of FEMPI.

Several things have changed since the Lansdowne Road agreement. The economy has vastly improved, thankfully, beyond what was expected prior to the agreement being signed. We are no longer in an emergency. A new Dáil has been elected with a majority in favour of improving the terms. Three Ministers or Ministers of State who voted against the 2015 FEMPI Act are now in government.

There is a lot of talk about how that vote went last year. I remember the then Minister coming into the House and talking about the real danger of legal action being taken against the Government. If that danger was present last year, surely it is present to an even greater extent this year. At the time, however, people took different views about that legislation. Some people voted against it because it did not go far enough. Others voted for it because some start of rewinding was better than none. By any standards, we are surely in a situation where there is majority agreement in this House to accelerate the unwinding of FEMPI. I wonder what are the views of those Independent Ministers now. It would be interesting to hear their views but I do not think any of them has turned up for this debate today.

Three representative bodies are outside the Lansdowne Road agreement. The Minister's attitude to these bodies has only served to antagonise the situation and delay a resolution of this issue. Public servants need more than just a pat on the back telling them, "Well done, you've made a great contribution". We need to recognise the reality of life for public servants. There was a time when if somebody got a permanent pensionable job as a teacher, garda, nurse or in the civil service, they had a reasonable expectation of a fair standard of living. If they were in a relationship with another public servant there was a fair expectation that they could afford to buy a three-bedroom house and be reasonably financially secure for their lives. That expectation no longer exists.

Public servants are faced with a double-whammy as a result of the recession. Their pay was cut substantially and pensioners were also included. At a time in their lives when they expected some easing of financial pressure, they had huge cuts to their pensions. This happened at the same time as a raft of new charges and taxes were introduced, so people saw huge reductions in



their disposable income. A major adjustment was required to their standard of living, including spending on holidays and looking after their children or grandchildren.

The Minister needs to recognise that what people were put through was fairly horrendous. Given that the country is now coming out of recession and all the headline figures are in a reasonably healthy state, serious consideration should be given to accelerating the unwinding of FEMPI. The Minister has not indicated any rethink of the situation over the last couple of years. Neither today nor in his response last Wednesday did the Minister indicate a recognition of what people have been put through. The impact on people has been severe. We are going to pay a big price for that in future in terms of people's attitude to the public service and morale within it. These deep cuts have hit people's morale, which is evident in terms of the impacts we are seeing in how services are being provided. The most notable of these cuts, namely, the reduction in pay for new entrants, is having a devastating effect on teachers, gardaí and nurses. They are finding it hard to survive, financially. Not to mind buying a house or having a family, they cannot survive financially in terms of paying rent and normal overheads on the level of salaries that are available. This is why, on a large-scale basis, young entrants to teaching and nursing who cannot survive here are emigrating to places like Dubai and Abu Dhabi for five years to try to make some money so that on their return they can live and have a normal quality of life in this country. It is appalling that professional public servants working to provide important services in our country are being treated like this and are being forced out of this country. According to the principals of our schools all over the country, up to seven teachers a year are seeking career breaks solely for that reason. That is not a sustainable situation. The Government must address this matter urgently because ultimately we will pay a huge price in terms of the quality of our public services. Public servants deserve better.

**Deputy Fiona O'Loughlin:** We all know why FEMPI was introduced and we all know when. However, that was then and this is now. For the past seven years, we have been asking our public servants to take a huge hit. Seven years is a long time in family life, when the number of increasing bills have reduced every aspect of one's standard of living and one is left with the feeling that nothing or very little has been given in return. The financial and emotional strain that has been put on individuals and families during this time has been immeasurable. Marriages have failed, houses have been repossessed, educational opportunities have been missed and families have watched as their loved ones emigrated to countries where front-line services are appreciated.

Over the past few weeks, I have taken part in many debates in this House centred around our health, justice and education systems. These systems are floundering for many reasons, not least because of morale. We cannot continue to expect our nurses, teachers, gardaí, doctors and soldiers to take punishment for a crime they believe they did not commit. I could speak for hours about the circumstances of many different individuals that I know but I will instead focus on a married couple who are neighbours of mine. Both of them are employed as teachers, living in Kildare but working in Dublin. Like 50% of the working population in Kildare, they must commute to Dublin as rents there are way too high. They are struggling to save for a deposit for a house, which is difficult while paying exorbitant rent. They have a baby on the way and would like to have some certainty in terms of their future and accommodation. They cannot afford any more pay cuts, nor can they afford to pay for the 33 extra hours of child care needed for them to engage in Croke Park hours. Between last August and December, the woman in this marriage had already worked an extra 150 hours outside of the 22 hours teaching between year head work - unpaid because there is no A post - teaching preparation and planning, as well as

teams and committees. Since both are teachers, they have both lost supervision and substitution money and both pay the extra public sector tax, namely, the pension levy. They are struggling to exist even before their child is born, subsequent to which they will have to make provision for child care costs. They need to know that their quality of life will improve immediately and will continue to do so. They need to see a light at the end of the tunnel.

The FEMPI measures played a central role in meeting critical financial targets. Many would argue that while FEMPI was a necessary evil, it was imposed on the easy targets, those in front line services. In most cases, these are the people occupying roles that are often described as vocations or groups that cannot engage in collective bargaining, professions that inculcate a sense of duty in their members and that carry out a job irrespective of pay and conditions in order to serve the public. Public servants are at breaking point. It is not in the public or national interest to have these professionals operating as under-paid government employees, who in many cases no longer have a sense of duty or appreciation and have certainly lost morale.

Realistically, FEMPI cannot be repealed overnight with the stroke of a pen. However, it must be withdrawn soon if, as a country, we are to hold on to the loyalty of our public servants. If we are to recruit new public servants, pay parity must be restored. Pay and conditions for public servants have been allowed to deteriorate to the point where these valuable workers are barely able to survive. They are certainly not in a position to put money back into the economy. Future pay agreements should focus on low and middle income earners and equality of treatment for new entrants.

Unequal pay in teaching and all front-line public services is a stain on the equality values of this country. We must put equity back in the conversation with equality. While front-line public sector workers had nothing to do with the economic crisis, they have done more than their fair share of the recovery. I understand that under the circumstances the FEMPI measures needed to be put in place for public servants but, as previously stated by the Minister for Finance, Deputy Noonan, “the emergency is over”, with evidence to back this up from a variety of recent growth statistics. The Government cannot now treat these temporary emergency pay levels as new norms to be bartered up from. There is something radically wrong when a couple living together, both working in supposedly good jobs, are struggling to pay their bills every Friday. As a society, we have much to gain from putting in place proper pay and conditions and resources to the people who care for and nurture our sick, our students and who keep us safe in our homes and communities, often putting their own lives at risk. We need to attract and retain the very best of people in these jobs.

Many years ago, a wise man said to me in relation to appreciation: “Soldiers die for it and babies cry for it.” We need to appreciate the people at the coalface of our services and to do so in a proper way by restoring pay and conditions, giving them adequate resources and restoring pay parity.

**Deputy Ruth Coppinger:** I wanted to contribute to this debate because, obviously, I was a public servant, a teacher, at the time the FEMPI measures were enforced. There are many public servants and teachers following this debate with interest. There would have more of them in the Gallery had the debate not commenced earlier than scheduled.

Statistics published last night show that the rent situation in this country has rocketed beyond belief, with a couple, two people on an average wage, now paying 40% of their income on rent and mortgages here being the third highest in Europe after London and Amsterdam. The

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Government wonders then why young teachers, nurses and other public servants cannot wait until 2018 for full pay restoration. The landlord will not wait for his or her rent until 2018. That is the reality, yet young workers are expected to abide by this situation.

As has been said already, a person with a 40 year career can expect to lose approximately €250,000 throughout the course of his or her lifetime, which is an absolute outrage. It was not justified that ordinary working people were made to pay for the crisis that they did not create in 2011 and it is certainly not justified now when we are told we are in recovery and growth rates are expected. It is clear what is happening and workers should take note. This Government, and capitalism in general, intends to maintain austerity even though there is not the same justification that they can make for it. They have used the crisis - one should never waste a good crisis - to drive down pay and conditions in the public sector and then to carry that through into the private sector. Of course, we had the division between public and private sector throughout the crisis which was cleverly stoked up by Fianna Fáil and its partners in Government at the time and carried on today.

Where does Fianna Fáil stand on FEMPI because it is carrying and maintaining this Government? It has done something really sly here, namely, renewing it without any debate in the Dáil. Fianna Fáil Deputies in here offer tea and sympathy for those affected by it. Are they in favour of full restoration of pay and the end of pay apartheid in the public sector and are they going to make it a key issue with the Government? Clearly, they are not going to do so. They will go after public sector votes but they will let this continue.

We constantly hear the mantra that the ASTI is the odd one out and everyone else has signed up. Is it not possible to exit something? Does someone need to be forced to take part in it? It seems as though they do not have a right to opt out. FEMPI was used as the threat to force teachers, nurses and others to vote for this agreement because FEMPI was held over their heads like an axe. It was a case that if they did not agree with it, the Government would cut their pay and freeze their increments. If the Minister seriously intends to freeze the pay or increments of teachers, I sincerely hope they take a stand.

I commend the ASTI because we would not be talking about the two-tier pay system if it had not taken a stand. It would be game over, ball burst and move on, but because the ASTI took the stance it took, which unfortunately was not taken by the other two teachers' unions, we are now having a discussion and the ASTI has made this an issue. I believe the reason the ASTI is making this an issue is because unions can no longer pretend to represent workers if they are willing to stand over something like this. It is not possible for someone to look young teachers in the eye if they go into the staffroom knowing that they earn more money than young teachers for doing exactly the same work. It is called apartheid and inequality.

The Luas workers were slammed for taking such a stand, yet when we appear on a panel in the media, we hear the statement, "Didn't the unions sell out young workers?" Yes, they did and now we have a union taking a stand and saying "No" and being blackguarded and threatened with its members' pay being cut. All the unions should have taken a stand and they should follow and support the ASTI.

I read that the firefighters are to get a rent allowance of €4,500. Is the Minister offering that to teachers or nurses or is it just a case of buying people off individually? I fully support the firefighters, by the way, but I want the same thing extended to all workers. We are going to have a brain drain in this country. It is already the case that we are unable to keep nurses in this

country, yet the Government is continuing this. I cannot help but feel that it suits it because it justifies keeping people in horrific conditions imposed during the austerity regime and it is now maintaining it despite the fact there is not the same economic justification. I offer my full support to the ASTI. It is hoped the gardaí will also maintain their opposition to it. Unfortunately, they are not in the same position as other workers to take industrial action but the Anti-Austerity Alliance will back any public sector workers on this.

**Deputy Thomas Byrne:** It is very important that this debate takes place and that everybody who has spoken here today has paid tribute to the tremendous and essential work of the public services. My wife is a nurse and the work she does and is expected to do is incredible and, at times, unbearable, particularly if there is a problem and somebody on the night shift is sick. Somebody on the day shift then has to stay there. This happens regularly in nursing and that is only one example. There are many other examples of the supreme sacrifices people make because if our public servants, especially those in front-line, essential services, did not do what they do, many other people would suffer.

Public servants have suffered hugely in terms of their pay since 2009. Those cuts were brought in with the highest paid public servants taking the biggest percentage cut. This is a fact. The contribution the public servants have made has been astronomical and has played a key role in keeping this State on track. That must be remembered forever more because they have made a contribution above and beyond pretty much everybody except for those who lost their jobs, who paid the ultimate price. Thankfully, many of them are again working.

The mantra “repeal FEMPI” is going around at the moment. I would rather unwind FEMPI because if we simply repealed it, we would face a €2 billion-odd bill. What is more, the disproportionate benefit would be to the higher paid public servants because they took bigger cuts, so we would be giving a massive boost to higher paid public servants. The idea of repealing FEMPI is not a refined idea and I urge those who use this slogan to think about it. We need to plan it properly to ensure the people who benefit from any unwinding of it are the lower to middle income workers, the newly qualified and new entrants to the public sector. This has been highlighted most vociferously in recent weeks and months by the teachers, particularly young teachers. Their unions have been on board but the young teachers have driven it massively and have driven it on behalf of An Garda Síochána and other young public servants. It just so happens that teachers were recruited throughout the crisis while people were not recruited in many other areas. We want to see the unwinding of it in a orderly process that protects the State, looks for equality for new entrants to the public sector and targets low and middle-income workers.

**Deputy Ruth Coppinger:** So you want to change public sector pay scales?

**An Ceann Comhairle:** Can we stick with the topic?

**Deputy Thomas Byrne:** In answer to the question put by Deputy Coppinger-----

**An Ceann Comhairle:** Please, do not get involved.

**Deputy Thomas Byrne:** Fianna Fáil does want to see equality in the pay scales. The situation as it stands is wrong and must be unwound. The changes to bring about that equality must be delivered.

I welcome what the Minister has initiated this week in terms of the allowances. I think this was a key demand of the young teachers in particular. The Minister is meeting the TUI and the

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INTO about that, which I welcome. I want the Minister to explain to me the timescale for that is and when it will happen. I hope it is not just a smokescreen. Deputy Calleary and I, along with many Fianna Fáil colleagues, have been pushing the Government hard on this because we know it is wrong and want to see it changed. However, we are also aware of the financial situation of the State and we want to protect that. I hope there is some sort of deadline for this and that it is a real process. I hope it is not just being done to annoy another trade union. That may well be the result but I hope it is not the intention. I hope the intention is just to deal with that issue and get those allowances restored. The precedent is there. I have spoken about this and have called on the Minister for Education and Skills in this House to be an advocate for teachers, including the young teachers on those unequal pay scales. Will the Minister explain a bit more about how this process will work and tell us what the end point and costs are? They are not hugely substantial in terms of the State's finances.

We want that equality and we want to see FEMPI unwound but we want it done in an orderly process that does not give a huge and undeserved benefit to higher paid public servants. The Ceann Comhairle knows that if we simply repealed it tomorrow, we would put a huge and unsustainable financial burden on the State and make a lot of very highly paid people even more highly paid, and that is wrong. Let us think about how we describe these things. Targeting it at those who need it most is the best way to do it.

**Deputy Ruth Coppinger:** Cut the top pay scales then.

**An Ceann Comhairle:** Will Deputy Coppinger restrain herself?

**Deputy Jack Chambers:** I am pleased to be able to speak on this issue today. As the youngest Deputy in the House, I will focus on the impact of the FEMPI legislation on young people - school and college leavers - entering the Civil Service. The legislation was brought in six years ago to curtail expenditure on public pay. Unfortunately, the measures were necessary at the time and the economic recession illustrated that. Enormous credit is due to public sector workers who had to swallow this very hard medicine. During this time, their workload increased due to the numbers who retired and the recruitment embargo, and yet the money they were taking home at the end of the month fell. We owe a huge debt of gratitude to all those who continued to work diligently and who still do so for the good of the country in trying circumstances. The legislation has helped put us back on the right course and I am very grateful that Ireland in 2016 is a very different place from Ireland in 2009 when FEMPI was introduced. This is why we are able to have this conversation today.

*3 o'clock*

Fianna Fáil supports the gradual unwinding of the FEMPI legislation and a return to normal industrial relations mechanisms. I would love to be able to do what Deputy Coppinger says and make the magic bullet response and restore public sector pay fully. As Deputy Thomas Byrne has mentioned, we have to be responsible and target those low and middle-income earners in the public sector who should have their pay restored. If we were to remove FEMPI today, those at the higher end of the payscale-----

**Deputy Ruth Coppinger:** Is the Deputy saying the older teachers should pay?

**Deputy Thomas Byrne:** No, the senior civil servants.

**Deputy Ruth Coppinger:** That is interesting.



**Deputy Jack Chambers:** Such a move is not sustainable and would cost us in the region of €2 billion. The impact would instantly wipe out the available fiscal space at the expense of investment in front-line services. We are also in uncertain times following the Brexit referendum. Ultimately, people have worked too hard, sacrificed too much and the country has come too far to jeopardise our economic recovery by performing such a reckless move.

Instead, we need to have a sensible and realistic conversation where we set out exactly how we will go about unwinding FEMPI in the fairest way. Fianna Fáil believes the setting up of a public pay commission is the best way to do this. This has been agreed in a minority Government facilitation document. The question we must consider in the House is where we begin. The negotiated dissolution of FEMPI should be targeted first at low and middle-income earners and in particular at ensuring new entrants are treated fairly. A priority of the House must be to make a career in the public sector an enticing and exciting option for our youngest and brightest to consider as they complete their education. At the moment, this is not the case. For most young people, the idea of the public sector does not enter their thoughts after school or college. Why should they when they see how poorly they will be treated in the two-tier sector that has been allowed to develop?

A week has not gone by since I was elected without a young teacher, garda or nurse contacting me about their situation. These bright, talented, ambitious young people are struggling to survive because of the poor pay and conditions of their work. If we take teachers for example, those who entered the profession after 2010 are on significantly lower pay scales than their colleagues, even though they have precisely the same responsibilities. It means that over a 40-year career, new teachers will earn some €250,000 less than the colleagues they are working beside. Many new teachers are now thinking long and hard if it is all worth it. There is no shortage of first-hand accounts of young people in the industry struggling to meet the cost of rent, food, transport or keeping a car on the road. Thoughts of mortgages or paying off a loan are but a pipe dream for many.

We have seen how gardaí are in the same situation. The starting salary of €23,000 is an insult and pathetic remuneration for the men and women putting their lives on the line to keep us safe. The commitment and dedication required in this regard is not easily found. These people's talents should be nurtured and honed. A €23,000 salary does not do this and will never do this. With the ongoing criminal feuds gripping many parts of this city, the need to develop An Garda Síochána is more important than ever. The Government wants to expand the force to 15,000. This will not happen if we do not provide a proper salary. The situation is the exact same for nurses and all the young people on the front line trying to deliver services in the most difficult of scenarios. Changes to this legislation should start here and with the low earners who bore the brunt of the pain. It is time they were rewarded.

**Deputy Louise O'Reilly:** I was somewhat amused to hear Deputy Chambers talk about the public servants, young teachers, gardaí and nurses who contact him. They must be public servants with an incredibly short memory.

**Deputy Thomas Byrne:** The Deputy should not insult public servants.

**Deputy Louise O'Reilly:** I am blessed with a memory that goes back to the last time Fianna Fáil was in government. I was a member of the ICTU public services committee. We emerged from Government Buildings to be told-----

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**Deputy Shane Cassells:** We are blessed with the memories of Sinn Féin not being able to condemn the killing of public servants.

**Deputy Jack Chambers:** What about the gardaí?

**Deputy Louise O'Reilly:** Every time I stand in this Chamber, am I to be barracked by the men in Fianna Fáil?

**Deputy Shane Cassells:** Corrected.

**Deputy Louise O'Reilly:** May I please be allowed the facility to speak without the lovely gentlemen-----

**An Ceann Comhairle:** Can we have silence for Deputy O'Reilly, please?

**Deputy Louise O'Reilly:** -----from Fianna Fáil barracking me at every opportunity? Will the Deputies please restrain themselves?

**Deputy Thomas Byrne:** The Deputy is well able to give it.

**Deputy Louise O'Reilly:** We emerged from Government Buildings to be told there was new legislation to be brought in to be known as the Financial Emergency Measures in the Public Interest Bill. We did not know it would be shortened to FEMPI and become shorthand and common currency within the public service and public lexicon. It was one of the greatest travesties perpetrated on public servants because it was called a pension levy by Fianna Fáil. It could not have been a pension levy because it was applied to the people I was representing at the time who were paid on an hourly rate as home helps. It could not have been a pension levy because it was applied to people who will never benefit from a public service pension scheme and yet they were expected to pay for the mistakes made by the Government at the time. Those people were the first ones in the firing line when Fianna Fáil decided to drive our economy off the edge of a cliff.

Those people could not understand it as ICTU had made an offer to the Government of a scheme that would have ensured similar, if not more or less the same, savings. It would have protected the rate and made it easier for those people to get it back. They did not know what the Government had in store for them. They were very hopeful that with a new Government in place and the Labour Party in Government something would be done for public servants and they would not be expected unfairly to shoulder further burdens. They were wrong. We would have negotiated and balloted but those public and civil servants knew the Government had within its arsenal legislation with the capacity to punish them. It was unfair to those public servants and it is a bit rich to have people who started it now suddenly finding some sympathy, although it is welcome.

We discussed this issue at our Ard-Fheis and recognised the role played by public servants. They are the people who turn up when a house is on fire and when someone has been the victim of a crime. They are the people who used to collect our bins and we all dearly wish they still did, and they are the men and women who work as porters. Those people have been unfairly and systematically targeted since the first FEMPI legislation was put on the Statute Book. Those people are the ones who have had to carry the can and are the ones who least deserve it.

It is unfortunately a fact that if FEMPI were scrapped in the morning, the biggest beneficiaries would be the civil and public servants earning over €100,000. I certainly did not put myself

before the electorate to assist those people because they can do quite well for themselves. I am here to represent workers on low and middle incomes - the fellows who turn up when a house goes on fire or the porter who pushes people down to theatre - who look at this legislation and know it is still there hanging over their heads. It is unfair, and any unwinding of this legislation must prioritise the low to middle-income earners who were the first in the firing line and the first to be targeted by the people sitting to my left in the Chamber.

**Deputy Shane Cassells:** I welcome the opportunity to speak, and I apologise for shouting in the Chamber and causing disrespect. I mean that honestly and I will use my time to address comments properly. I sincerely hold the view that for Sinn Féin to speak about public servants, in particular the Garda Síochána, is the height of hypocrisy, given Deputy O'Reilly's failure to condemn the killing of members of the Garda Síochána and given that members of her parliamentary party turned up in the middle of the night in Hiace vans to collect those released from prison. I will use my time to address that.

**Deputy Ruth Coppinger:** The Deputy should stick to FEMPI.

**Deputy Shane Cassells:** I will use my time to address that, given the impact on members of the force. They have been pretty firm in reminding those members of Sinn Féin as well of their lasting impact and legacy on the Defence Forces.

Whatever the need in the past, the circumstances have now changed and, as a new TD, I want to address the FEMPI legislation. It is something that many teachers spoke to me about during the course of the campaign and since I have been elected as well. The Government has dipped into the pockets of serving and retired public servants and imposed discriminatory cuts to pay and pension. No other group was targeted in such a shameful and discriminatory fashion.

The average public sector pension is approximately €20,000 per annum. This amount is not excessive. Nor is this amount highlighted in any debate on public sector pensions, and these pensions are subject to income tax and USC charges. Pensions form part of the employment contract that the workers signed and as one retired worker said to me, he would expect a sovereign government to honour its agreements and contracts.

I agree with what Deputy Thomas Byrne, my party's education spokesperson, and Deputy Jack Chambers said on the timely unwinding of FEMPI and about the need to ensure that those at the lower scale, not those at the upper scale, benefit the most. I would press the Minister and the Minister of State to indicate that timeframe so those listening to the debate can know when they will see a rise in their incomes and a tangible benefit.

**An Ceann Comhairle:** Before I call on the Minister to respond to the debate, I point out that the House had ordered that this debate might continue until 5.30 p.m. and be further continued at another date in that the House envisaged an adjournment. I regret that there are no further Deputies present to contribute and therefore, I call on the Minister to respond to the debate. This will bring this important debate to a conclusion.

**Minister of State at the Department of Public Expenditure and Reform (Deputy Eoghan Murphy):** My colleague, the Minister, Deputy Donohoe, clearly outlined the international headwinds our economy is facing into and how it is necessary to take tough decisions, such as the continuation of the FEMPI legislation, so that we do not gamble with our economic recovery. In closing this debate, I want to firmly link international and national developments to show that our stance on FEMPI is reasoned and informed by our experience of the twin crises

in the recent past.

Ultimately, it was not the banking crisis that collapsed the Irish public finances in 2010. It was the combination of the banking crises and a fiscal crises that brought the troika to our door. Each on its own could have been manageable, given our low debt and National Pension Reserve Fund, but together they were impossible to navigate. As the Oireachtas banking inquiry found:

The Government's fiscal policy resulted in significant, long-term expenditure commitments being made on the back of cyclical, transaction-based revenue streams that ultimately proved to be unsustainable...

The oversight, challenge and effective scrutiny by the Oireachtas of the Government and its policy decisions in relation to fiscal policy, financial stability and the system of financial regulation was inadequate in the pre-crisis years...

All the main political parties, whether in opposition or in government, advocated pro-cyclical fiscal policies, including increasing expenditure and reducing taxation, in the years leading up to the crisis...

As the former Minister, Mr. Charlie McCreevy, stated in his testimony to the inquiry, "It is difficult to run a surplus in a democracy." We are not running a surplus; we are running a deficit. As the annual review of the FEMPI legislation notes, the headline general Government deficit in 2015 was 2.3% of GDP, or €4.9 billion, and yet some here would put the €2.2 billion savings made as a result of the FEMPI measures straight on to this deficit in one budget year. If we did that, we would be repeating the mistakes of our recent past, loading permanent expenditure onto an economy and tax base that is not yet able to sustain them. This would violate the terms of the Stability and Growth Pact and send a signal to international debt markets that their expectations of continued sound financial management were false. The cost of Government borrowing to meet this deficit would soar. Inevitably, as the Minister, Deputy Donohoe, explained, this would also mean no spending for other priority areas - no targeted recruitment of front-line staff, no capital investment in our schools and hospitals and no relief from USC for low paid workers, including public servants.

Instead of this unaffordable and fiscally dangerous scenario, we have in place a negotiated and agreed pathway to pay restoration. Some 280,000 public servants out of 300,000 are working within the Lansdowne Road agreement, LRA, and enjoying sustainable pay restoration on the back of our continuing recovery. Twenty-three out of 26 public service unions and representative bodies have signed up to the agreement.

The Government has to, and will, respect and keep faith with the decisions of the vast majority of public servants to come within the Lansdowne Road agreement. The benefits of and the protections afforded by being within the agreement will therefore apply to them.

The Government does not want to be in dispute with any group of people working for it. Those not represented by a body which is within the agreement cannot expect to benefit from the terms of that agreement. For those representative bodies which remain outside the terms of the Lansdowne Road agreement, it is they who are choosing to set themselves apart from their public service colleagues, it is they who are seeking to obtain the benefits of an agreement to which they seek to resile from the obligations of their colleagues under that agreement and it is they who wish to obtain preferential treatment over and above that available to their colleagues under the LRA.

The recent decisions by the TUI and AGSI to sign-up to the Lansdowne Road agreement is a sign of the progress that can be made when parties work together under the terms of the LRA. The agreement is also flexible enough to allow for the concerns of recent recruits to the public service to be addressed in a negotiated way.

In that context, officials of my Department and the Department of Education and Skills agreed on Tuesday last with the INTO and TUI, both unions inside the agreement, to have engagement later this month to begin to scope out the issues involved fully regarding pay arrangements for newly qualified teachers. This represents a sensible and sustainable mechanism for pay restoration in the public service. It allows for careful fiscal planning, with public service wages growing at a pace that the economy and our tax base can support, now and in the future. I urge those unions and representative bodies not signed up to the LRA to engage with the Government and follow their colleagues and friends into the agreement.

The Dáil adjourned at 3.15 p.m. until 2 p.m. on Tuesday, 12 July 2016.