



DÍOSPÓIREACHTAÍ PARLAIMINTE
PARLIAMENTARY DEBATES

DÁIL ÉIREANN

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

Business of Dáil	2
Allocation of Time: Motion	107
Financial Resolutions 2018	107
Financial Resolution No. 1: Tobacco Products Tax.	107
Financial Resolution No. 2: Stamp Duties	114
Financial Resolution No. 3: Intangible Assets	123
Financial Resolution No. 4: General	130

DÁIL ÉIREANN

Dé Máirt, 10 Deireadh Fómhair 2017

Tuesday, 10 October 2017

Chuaigh an Ceann Comhairle i gceannas ar 1 p.m.

Paidir.

Prayer.

Business of Dáil

Minister of State at the Department of the Taoiseach (Deputy Joe McHugh): It is proposed, notwithstanding the resolution of the Dáil of 3 October 2017, that in the context of tomorrow's and Thursday's sittings, the Dáil shall sit at 10 a.m. each day and that on Thursday it shall adjourn on the adjournment of the debate on the general financial resolution or at 4 p.m., whichever is the earlier. Oral questions within the meaning of Standing Order 38(1)(b) shall be taken at 10 a.m. each day, followed immediately by Leaders' Questions, in accordance with the schedule agreed on 3 October.

An Ceann Comhairle: Is the proposal agreed? Agreed. Before calling on the Minister for Finance, I remind Members that the budget documents being circulated remain confidential until the Minister has announced them.

Deputy Eugene Murphy: Except in *The Irish Times*.

An Ceann Comhairle: They should not be taken or sent by any means from the House before the conclusion of the statements.

Deputy Billy Kelleher: Has that cleared the Cabinet?

An Ceann Comhairle: It is a very important point to make.

Deputy Timmy Dooley: Somewhere the former Minister and Deputy, Mr. Phil Hogan, is having a laugh.

Financial Resolutions 2018

Budget Statement 2018

Minister for Finance (Deputy Paschal Donohoe): Budget day offers the opportunity to

reflect on a journey made, to recognise both what our country has achieved and what we want to achieve. On this budget day, we build on progress that would have looked impossible only a few short years ago. Today, we redouble our efforts to rise to the challenges that exist while mapping our national response to the new risks but also to the new opportunities of tomorrow. We should do so - and I do so - with optimism and with confidence in what we can achieve and in where Ireland can still go. Upon my appointment as Minister for Finance and Public Expenditure and Reform by our new Taoiseach, I articulated three economic pillars of this journey. Budget 2018 sees their delivery. This budget will safeguard our national finances and help to rebalance our economy, promote fairness and provide for sustained improvements in people's lives and make sensible and long-term investments to benefit us now and into the future. It has been framed to comply with the confidence and supply agreement between this Government and the main opposition party, Fianna Fáil. Its representatives are making their contribution to Ireland achieving more and I acknowledge that now.

The Economic and Budgetary Position

Before moving on to the strategy and measures for both revenue and expenditure, I will outline the economic and budgetary position of the Irish economy. The economy continues to grow strongly, with real growth projected to be 4.3% in 2017 and 3.5% in 2018. The benefit of this economic growth is best illustrated in the employment figures which show 19 consecutive quarters of employment growth, with gains visible across most sectors and well balanced across our country. Unemployment is now at its lowest since 2008 at 6.1% and is forecast to fall to 5.7% on average in 2018. This is close to the level considered to represent full employment in Ireland just six years since we had an unemployment rate at over 15%. There remains much to be done and our challenge is to maintain this progress and use the benefits of this growth for a better, fairer Ireland.

Balancing our Books

In this context, the budget I am setting out to the House today will deliver this Government's long-held objective of balancing our books in structural terms by achieving the medium-term budgetary objective, MTO. Achieving the MTO is not an end in itself. Sticking to careful budgeting through adherence to the rules agreed by the Irish people in the referendum on the fiscal compact will not protect us from every crisis. However, it will help reduce the chances that future crises are home grown and will mean that our economy, public finances and our society are in a better position to weather crises caused factors beyond our control. We know the list of these potential external risks is lengthy. It includes Brexit, potential changes in US trade policy and various geopolitical threats that could have impacts on the global economy and our country. That is why balancing our books in 2018 will also mean we can devote additional resources to tackling the needs of the Irish people and the economy in 2019 and beyond. In headline terms, the projected deficit for this year is 0.3% of gross domestic product, GDP, and taking account of the budget package, the forecast deficit for 2018 is 0.2% of GDP. In structural terms, the metric by which our obligations under the Stability and Growth Pact are set and measured, we will deliver a structural deficit of 0.5% of GDP, thus achieving Ireland's medium-term objective.

Reducing the debt burden we face is critical. Our debt-to-GDP ratio has come down impressively in recent years but it is still too high. We cannot ignore the level of this debt and what it could mean for future generations. That is why sticking to careful budgetary plans, avoiding overruns and protecting our solid economic growth will continue to reduce the debt burden in the coming years and reinforce the resilience of both our economy and our national finances.

It means we will be doing the right thing at this point in our economic cycle, the right thing for those who want sustained investment in our public services and the right thing by those who will bear the burden of our debt in the future.

The Rainy Day Fund

To further protect the economy and the national finances, I propose to establish the rainy day fund and transfer at least €1.5 billion to it from the Ireland Strategic Investment Fund to start it off. As set out in the summer economic statement, the annual contributions of €500 million will commence in 2019 after we have achieved the MTO in 2018. This is another important step in strengthening our national finances in a changing and risky world, especially in light of Brexit. To progress this initiative, I am publishing the consultation paper on the establishment of the fund today and I look forward to hearing the views of the Oireachtas on this matter in due course.

Sustainably Growing Investment

I now want to confirm that total voted expenditure in 2018 will amount to just over €60.9 billion. This will equate to €12,700 for every person in our country. Of that sum, nearly €55.6 billion has been allocated to current expenditure to ensure the continued delivery of sustainable and high-quality public finances. This reflects the Government's continued commitment to rebuilding and investing in our public services.

Total voted capital spending for 2018 will amount to over €5.3 billion, an increase of €790 million on the 2017 allocation. This is central to our national response to Brexit. It will allow our State and agencies to properly plan major projects over the medium term, while also ensuring that communities and businesses can plan ahead. This will result in capital expenditure doubling between 2015 and 2021, from €3.7 billion to €7.8 billion in gross voted capital.

This will bring Ireland's public investment levels to among the highest in the European Union and will ensure we can deliver crucial projects in areas such as housing, roads and schools. A number of such projects are already having a real impact on improving people's lives. To give some examples, last month the new M17 was opened between Gort and Tuam ahead of schedule and a new emergency department was opened at University Hospital Limerick, as was the renovated Páirc Uí Chaoimh. In Dublin, the Luas cross city will soon begin to carry its first passengers.

This increased investment will deliver better public services, promote more balanced economic growth and help address the many challenges such as Brexit and climate change. We cannot repeat old mistakes. Ramping up capital expenditure by too high a level, for example, would be a dangerous and simplistic policy. It would very clearly risk excessive inflation, and the overheating of the construction sector and, therefore, our economy. This, in turn, would deliver poor value for money for the taxpayer.

Budgetary Stance

The guiding principle in these choices is choosing the right budgetary stance. At the time of the summer economic statement, I announced that the unallocated fiscal space for 2018 would amount to a little over €500 million in nominal terms, and €180 million of that has since been committed to the public service stability agreement.

10 October 2017

To augment the resources for distribution in the budget, I am raising additional revenues of the order of €830 million, giving a total budget day package of €1.2 billion. Expenditure will receive an additional €898 million, in that €684 million is being used to fund current expenditure and €214 million will fund additional capital expenditure. I also will be introducing tax reductions on income worth €335 million.

The budget increases gross voted current expenditure by over €1.8 billion or 3.4% compared with the expected outturn for 2017 excluding the water charge refund. This growth in current spending is less than the forecast real growth in the economy of 3.5%. This is dramatically different to the levels of increases in current expenditure the last time this country was in a full-employment situation between 2000 and 2007, when the average annual increase in current spending was an unsustainable 12%.

I am increasing voted capital expenditure by €790 million from €4.5 billion this year to just over €5.3 billion in 2018, an increase of over 17%. This is about protecting our country's economic future while investing in our schools, hospitals, child care and housing.

Housing

Housing remains a crucial priority for the Government. I am very aware of the corrosive impact of homelessness on those who are homeless and on our society. I am also aware that many people living in the private rented sector wish to find more appropriate accommodation or move to their own homes but at the moment cannot do so.

Our actions to support the sector, though, are bearing fruit. Commencement notices for new housing are up by 47%. Planning permissions are up by 49%. We are increasing our ambitions for what we will build directly.

I am allocating a total of €1.83 billion for housing in 2018. Some 3,800 new social homes will be built next year by local authorities and approved housing bodies. I am increasing the housing assistance payment, HAP, scheme by €149 million in 2018. This will enable an additional 17,000 households to be supported and accommodated next year. This increased funding will also support the roll-out of the HAP place finder service across the country, thus allowing more households to move out of emergency accommodation and into rental properties.

Funding for homeless services will be increased by a further €18 million to over €116 million to ensure that those who are homeless or in emergency accommodation and those who provide support for them have more resources to do this vital work next year. An increase of €31 million has been allocated to the social housing current expenditure programme. This will bring the total to €115 million and will deliver an additional 4,000 social housing homes next year.

In addition to these extra resources next year, I am today also announcing an additional commitment to further accelerate the delivery of social housing from 2019. I am providing an extra €500 million for the direct building programme that will see an additional 3,000 new build social homes by 2021, as well as increasing the existing Rebuilding Ireland target of social housing homes to 50,000, of which 33,500 will be delivered through construction. The real way to tackle homelessness and to make housing more affordable for everyone is to increase housing supply.

The existing local infrastructure housing activation fund is geared up to contribute to a

significant expansion in housing delivery, with over 30 projects supporting the construction of 20,000 homes by 2021. I am providing additional Exchequer funding of €75 million for a second phase of the fund, which will also support the local authority delivery of affordable housing. When combined with the local authority matching contribution, this fund has the potential to provide approximately 5,000 more homes at more affordable levels by 2021.

Addressing the Financing of Housing Development

We must, however, also make it easier to get funds, build homes and house families and I am, therefore, announcing a significant intervention. I am making up to €750 million of the Ireland Strategic Investment Fund, ISIF, available for commercial investment in housing finance. The funds announced will be made available to a new vehicle to be known as Home Building Finance Ireland, or HBFI for short. It will increase the availability of debt funding on market terms to commercially viable residential development projects whose landowners want to build homes. To get up and running quickly, it will draw on the extensive skill and expertise in residential development funding that currently resides in NAMA. ISIF and NAMA are already supporting the commercial delivery of 30,000 homes and apartments up to 2021 and these additional funds have the potential to fund the construction of an additional 6,000 homes. This initiative, which will have no impact on the ongoing wind-down of NAMA, will be designed to avoid distortion of the market and to comply with state aid rules. Work is under way on enabling legislation to effect these proposals and I look forward to the co-operation of the House on this matter.

The Property Market

Stamp duty on non-residential property was lowered to 2% in 2011 to get the commercial property market moving again. It worked and now that the market is performing strongly, the time is right to focus resources elsewhere. Accordingly, I am increasing the level of stamp duty on commercial property transactions from 2% to 6% with effect from midnight tonight. This new rate is still well below the maximum rate of 9% charged between 2002 and 2008.

However, in relation to commercial land purchased for the development of housing, I intend to introduce a stamp duty refund scheme because of the housing supply challenge. The refund will be subject to certain conditions, including a requirement that developers will have to commence the relevant development within 30 months of the land purchase. Details of my proposal on this and all the other tax measures I am announcing today will be set out in the Finance Bill.

I also wish to signal some proposed changes to the vacant site levy. Taking account of house price and rent inflation since the level of the levy was first set in 2015, and now the clear urgency to see more strategic, serviced sites in and around our cities and towns brought forward for development to provide much-needed homes, the Government, has decided to more than double the current 3% levy rate that applies in the first year to 7% in the second and subsequent years. What this means in practical terms is that any owner of a vacant site on the register who does not develop their land in 2018 will pay the 3% levy in 2019 and then become liable to the increased rate of 7% from 1 January 2019. If they continue to hoard their land in 2019, they will pay 7% in 2020, resulting in an effective vacant site levy of 10% per cent over the previous two years. The message to vacant site owners is clear – to have their levy lifted, they need to get on with developing their lands urgently.

I am reducing the seven year period over which owners must retain qualifying assets to

10 October 2017

enjoy full relief from capital gains tax to four years. This will reduce any impact it may have on limiting the supply of development land available for sale. In order to encourage owners of vacant residential property to bring that property into the rental market for a minimum of four years, I am introducing a new, time-limited deduction for pre-letting expenses.

Mortgage interest relief for home owners ceased for new borrowers with effect from 2013. The relief that remained in effect for property owners who took out qualifying loans between 2004 and 2012 is scheduled to cease at the end of this year. However, it was stated in the programme for Government, and confirmed in last year's budget, that it would be tapered out to 2020 for the remaining recipients. In line with that commitment, I am confirming today that this tapered extension will take the form of the continuation of 75% of the existing relief into 2018, 50% in 2019 and 25% in 2020.

Building a Better Health Service

A good health service is vital to the success of any country. Spending on our health services is already at record levels and Irish health care spend *per capita* is already over 30% higher than the OECD average, but I know that our health service needs further improvement. Today, I am announcing an increase of €685 million in the allocation for the Department of Health. This brings total funding to almost €15.3 billion for 2018, reflecting an almost 5% increase. Securing value for money is now an absolute requirement that must be delivered to maximise the impact of these resources. The allocation includes an additional 1,800 staff aimed at a range of front-line services across the acute, mental health, disability, primary and community care sectors.

Deputy Finian McGrath: Hear, hear.

Deputy Paschal Donohoe: Some €90 million is being allocated to roll out a new access plan which will ensure that patients can avail of the medical care they need in the most appropriate setting for them. This will particularly benefit our most vulnerable patients as we enter the approaching winter. As part of the access plan, a total allocation of €55 million has been provided for the National Treatment Purchase Fund, almost trebling the amount allocated in last year's budget.

The budget will also provide for a reduction in prescription charges for all medical card holders aged under 70 from €2.50 per item to €2 per item with a consequent reduction in the monthly cap from €25 to €20. It also allows for a reduction in the threshold for the drugs payment scheme from €144 to €134.

Deputy Finian McGrath: Hear, hear.

Deputy Paschal Donohoe: Some €40 million is being provided for primary care developments, which will allow a number of initiatives to go ahead. In particular, the Government looks forward to further progress in relation to the GP contract and we hope agreement can be reached on the introduction of additional services throughout 2018.

I also acknowledge that continued investment in primary care, including further GP contractual developments, will require a multi-annual approach. That is why, with regard to the capital envelope, an additional €471 million has been made available to cover the period 2018 to 2021. This represents, on average, an additional €120 million each year. It will allow for investment in critical infrastructure, including the delivery of the national children's hospital and many

investments in primary and community care schemes. Further details will be provided by the Minister for Health later today.

Improving health services, however, is only one of the ways in which we can make a healthier Ireland happen. With this in mind, I am increasing excise duty on a pack of 20 cigarettes by 50 cent, with a *pro rata* increase on other tobacco products. This will bring the price of cigarettes in the most popular price category to €12.

Furthermore, in line with the commitment made in the programme for Government, my predecessor announced his intention to introduce a tax on sugar-sweetened drinks following the completion of an extensive public consultation process. Accordingly, I am introducing a tax at a rate of 30 cent per litre on drinks with over 8 g of sugar per 100 ml and a reduced rate of 20 cent per litre on drinks with between 5 and 8 g of sugar per 100 ml. These levels of tax are consistent with the rates being introduced in the United Kingdom in April of next year and our sugar tax will commence at the same time subject to state aid approval.

In line with the Government's national cancer strategy, I also propose to increase the VAT rate on sunbed services from the reduced rate of 13.5% to the standard rate of 23%. This is in recognition of the clear evidence of a link between sunbeds and skin cancer, the most common form of cancer in Ireland.

Improving Education for All

Education, at all levels, is the bedrock of Irish society. It delivers benefits for the individual and for all. It is also vital to keeping our economy competitive and attracting investment in a post-Brexit world. Continuing investment in education remains a priority for this Government – from supporting junior infants on their first day in school right through to providing them with the skills they need to fulfil their ambitions.

Today, I announce education spending for 2018 of over €10 billion, a new peak for the sector, and 16.6% of total expenditure. This budget will deliver almost 1,300 additional posts in schools in 2018, and as part of this the pupil-teacher ratio at primary level will be reduced to 26:1. This is the lowest level it has ever been. An estimated €46 million is being provided to meet demographic and demand-driven growth, the reduction in primary pupil-teacher ratio and enhanced career guidance counsellor provision.

This Government is also committed to ensuring that children with special educational needs are given the opportunity they deserve to live independent lives and reach their potential. That is why the Government is investing over €1.7 billion for special education needs in the coming year.

Deputy Finian McGrath: Hear, hear.

Deputy Paschal Donohoe: This means that over 1,000 additional special needs assistants, SNAs, can be recruited in time for September 2018, bringing the total number of SNAs to over 15,000.

Deputy Finian McGrath: Hear, hear.

Deputy Paschal Donohoe: The quality of the Irish education system, our students, research and graduates has been a cornerstone of our economic success. It attracts investment, nurtures local business and fosters innovation but we cannot live on past glories and achievements, so

10 October 2017

I am increasing the national training fund, NTF, levy in 2018 from 0.7% to 0.8% to provide a further €47.5 million of additional investment in the higher and further education sectors next year. To provide clarity, I am also announcing that the levy will rise to 0.9% in 2019 and to 1.0% in 2020. The measures stem from the independent review of the NTF announced by the Minister for Education and Skills and the Minister of State for higher education in July. They will ensure that employers have a central role in determining priorities for this crucial sector in 2018 and beyond. Therefore, the final two increases will be subject to the implementation of necessary reforms.

Continued State investment in reforming the higher and further education sectors in the years to come will help to further develop our human capital and further safeguard our economic growth in this changing world but the Exchequer is also playing its role and this year, on foot of the mid-term capital review, it is investing an additional €310 million out to 2021 to address the infrastructure needs of higher and further education. Separately, the Ministers for Education will also announce in the coming weeks details of an additional €200 million public private partnership, PPP, investment in the sector to support regional development. Building on the significant funding in higher education provided last year, this increased investment announced today will help improve our competitive advantage, provide for our ongoing economic success, give opportunities to all, and mitigate the risks and uncertainty of Brexit.

Tackling Crime

Upon coming into office, this Government also signalled increased investment in An Garda Síochána, and today I will provide for resources to allow for the recruitment of an additional 800 gardaí during 2018.

Deputy Billy Kelleher: Are they all going to Stepside?

Deputy Paschal Donohoe: Another 500 civilians will also be hired. The additional allocation for the justice sector in 2018 is €63 million. The rationale for this investment is to continue to invest and develop a modern police force that delivers an exemplary level of service to communities. The Minister for Justice and Equality and I are in agreement that increased spending on gardaí and police staffing will continue to go hand in hand with a commitment to drive reform throughout the organisation. We all have a shared interest in getting to a better place.

Preparing for Brexit

As the impact of Brexit unfolds over the coming years, it is clear there are likely to be permanent changes in our trade patterns. Small and medium businesses will need to innovate and increasingly look to new European and international markets other than the UK. In order to assist small and medium enterprises, SMEs, with this, I am announcing a Brexit loan scheme. Together with my colleagues, the Tánaiste and Minister for Business, Enterprise and Innovation and the Minister for Agriculture, Food and the Marine, I am making a loan scheme of up to €300 million available at competitive rates to SMEs, including food businesses given their unique exposure to the UK market, to help them with their short-term working capital needs. This scheme is supported by the European Investment Bank, the European Commission and the Strategic Banking Corporation of Ireland. It will give SMEs time to put in place the necessary changes to help their businesses grow into the future. The Tánaiste and Minister for Business, Enterprise and Innovation and the Minister for Agriculture, Food and the Marine will be providing details of this scheme.

Furthermore, the Department of Business, Enterprise and Innovation will have a total budget next year of almost €871 million. This will, among much else, enable the recruitment of over 40 staff across the Department and enterprise agencies to bolster our ability to proactively respond to the challenges and opportunities arising from Brexit.

Supporting Tourism and Enhancing our Transport Network

While there is still a great deal of uncertainty about the outcome of the Brexit process, tourism continues to be a national success story. That said, one clear impact of the UK's decision has been the continuing weakness in the value of sterling. While I note that prices in Dublin continue to rise, I have said before that VAT policy cannot be decided on the basis of one location only, no matter how big, but in the context of the broader national interest. Accordingly, I have decided not to change the VAT rate on the tourism and services sector in budget 2018.

I am announcing a total allocation of over €2 billion in total funding for the Department of Transport, Tourism and Sport. This includes €112 million for funding to further enhance our tourism offering and market our country abroad. In addition to tourism, there will be an increase of €9.6 million in transport funding that will support increased public transport services and improvements to our road network that will see total current funding in this area rise to €414 million. The capital allocation for this Department will total €7.5 billion for the four year period to 2021 and will allow continued progress on many areas such as the national indoor arena, the Sallins bypass, the Oberstown interchange project and many other projects across the country that will begin construction, assisting commuters, enhancing development and improving our national competitiveness. BusConnects is also a programme of priority investment for public transport, which plans to fundamentally transform our bus system so that journeys by bus will be fast, reliable, punctual, convenient and affordable. *Encouraging Participation in Sport and Culture*

Investments in our cultural and sporting life are vital to supporting the vibrancy of our country. As part of the total package to the Department of Transport, Tourism and Sport, budget 2018 will also see a total allocation of €111 million in current and capital spending for sport next year. I am pleased, on behalf of the Government, to signal our strong commitment to Creative Ireland, the five-year legacy programme for Ireland 2016 which places creativity at the centre of public policy. Additional funding to the Department of Culture, Heritage and the Gaeltacht of €9 million in current funding and €4 million in capital will allow for key measures to be progressed in 2018.

It will provide more funding next year for the Arts Council, the Irish Film Board, Culture Ireland, the national cultural institutions and the Creative Children initiative, all of which have captured the public imagination. There will also be additional allocations for our built and natural heritage and for Waterways Ireland.

This Government is committed to the implementation of the 20-year strategy for Irish. There will be an increase of €2.5 million in the allocation for the Irish language and the Gaeltacht in 2018, with additional funding for the language planning process, including Údarás na Gaeltachta and various training programmes and organisations in Irish. Our national language is a vital part of our country.

Supporting Agriculture and Rural Ireland

So, too, is our agriculture industry and the wider rural economy and society. I am pleased

10 October 2017

to announce an increase in funding of €64 million for the Department of Agriculture, Food and the Marine. This will bring the total investment in this sector to over €1.5 billion in 2018, which will support Ireland's largest indigenous industry and strengthen the sector's ability to meet the challenges of Brexit. The Minister will bring forward a comprehensive package of Brexit response measures for 2018 amounting to over €50 million. The Department will also provide supports for capital investment in the food industry to increase competitiveness and innovation, and additional supports for Bord Bia marketing and promotion activities. In addition to the Brexit loan scheme I announced earlier, I have provided a further €25 million to the Minister for Agriculture, Food and the Marine to provide for the development of a further Brexit response loan scheme for the agrifood sector. This will be developed in 2018 in co-operation with the Strategic Banking Corporation of Ireland and others.

To facilitate the intergenerational shift in farm ownership and management, I am maintaining consanguinity stamp duty relief at 1% for inter-family farm transfers for a further three years. The exemption for young trained farmers from stamp duty on agricultural land transactions continues.

I propose to provide for the leasing of agricultural land for solar panels to be classified as qualifying agricultural activity for the purposes of specific capital acquisitions tax and capital gains tax reliefs. This initiative, which is subject to the panels covering no more than 50% of the total farm holding, should support diversification, expand the generation of renewable energy and help tackle climate change.

Providing opportunities for people and communities in all parts of the country to share in economic recovery is crucial and is a priority of this Government. To support this objective, the Taoiseach this year established a new Department of Rural and Community Development. I am increasing the budget for that Department by €19 million on existing programmes. This amounts to a 12% increase year on year to provide the conditions for sustainable rural development and provide local-level supports to support vibrant and sustainable communities.

Protecting Children

Next year, there will be a substantial increase in funding for the Department of Children and Youth Affairs. This is to ensure that we adequately resource those who are charged with the protection of our children, while also helping parents with the cost of child care. To ensure that we have the ability to help our most vulnerable children and families, to speak for them when others cannot, the allocation to Tusla, the Child and Family Agency, will be increased by over €40 million, bringing its total allocation to just under €754 million. This will support a number of crucial developments, including: the introduction of mandatory reporting under the Children First Act; addressing gaps in existing out-of-hours services; and providing for further investment and development of the family resource centre network. This Government continues its commitment to the development of affordable child care with a focus on children, parents and providers. An additional €20 million allocation in 2018 will support a range of child care measures including, from September 2018, further development of the extended free preschool programme, ensuring entitlement to a full two-year service.

In addition to other measures to provide quality and sustainability in the early years sector, the capitation rate for providers of the early childhood care and education, ECCE, pre-school programme will increase by 7% from September 2018. The measures, introduced in September 2017, for a universal child care payment for those under three years of age and increased rates

in targeted child care subvention schemes, will continue to be supported in 2018 in advance of the introduction of the single affordable child care scheme.

Addressing Climate Change

Climate change is the global challenge of our generation and it must be met - for the sake of our children and future generations. This is recognised in A Programme for a Partnership Government and also in the recently published national mitigation plan. We will continue to invest in renewable energy and energy efficiency and I have allocated €36 million to facilitate the expansion of the energy efficiency programmes across the public commercial and residential sectors.

I am also pleased to announce the allocation of €17 million to fund the roll-out of the renewable heat incentive and to incentivise the uptake of electric vehicles. In addition to the vehicle registration tax, VRT, relief to a maximum of €5,000 and the Sustainable Energy Authority of Ireland, SEAI, grant of up to €5,000 already in place, to further incentivise the take up of electric vehicles I propose to introduce a 0% rate of benefit-in-kind, BIK, in 2018. This will be introduced for a period of one year to allow time for a comprehensive review of BIK on motor vehicles to inform decisions for the next budget. I will also be bringing forward proposals for discussion in the new year in respect of VRT on leased vehicles to meet the requirements of the recent European Court of Justice, ECJ, judgment.

In line with the recommendations of a review of the accelerated capital allowances scheme for energy efficient equipment being published, I propose to extend the scheme for a further three years, to the end of 2020. In line with the national mitigation plan, I have also asked my officials and the ESRI to carry out a review of carbon tax with a view to bringing forward proposals in budget 2019 around the role of the tax in driving changes to behaviour-----

A Deputy: Is that it?

Deputy Paschal Donohoe: -----in households and business.

Ireland at the Centre of the World

I share the Taoiseach's view that Ireland is not a country at the edge of Europe, but at the centre of the world. That is why I am announcing increased allocations for the Department of Foreign Affairs and Trade and the Department of Defence. Included in the increased funding of €23 million for the Department of Foreign Affairs and Trade is an allocation to grow our global footprint for overseas staff.

Crucially, after many years, we will begin to increase our overseas development aid budget in recognition of our responsibility to help those in the global community in need. While the increase of over €13 million for 2018 is modest, it is a step in the right direction. With a more favourable budgetary position on the horizon in 2019 and beyond, we will make further progress.

Helping our Most Vulnerable Citizens

Our system of social welfare seeks to provide an effective social security net for the more vulnerable members of society. Those living with a disability, carers, the unemployed and older people on fixed incomes must continue to be supported in meeting the challenges they face on a day-to-day basis. As the economy recovers, working families and lone parents must be encouraged to partake fully in the labour market and benefit from higher incomes from employ-

10 October 2017

ment over time. We are conscious in particular that everyone should have the opportunity to share in the benefits of an economy emerging from recession. Last year we were in a position to increase all weekly social welfare payments and I am announcing today a €5 per week increase in all weekly social welfare payments, including disability allowance, carer's allowance, jobseeker's allowance and benefit, as well as a further €5 increase in the State pension. These measures will take effect in the last week of March.

Deputy Mattie McGrath: What about the widows?

Deputy Paschal Donohoe: I am also pleased to announce that a Christmas bonus payment of 85% will again be paid to all social welfare recipients in 2017.

I am conscious of the need to facilitate working families and ensure that being at work pays. Accordingly, from the last week in March I am increasing the earnings disregard for the one parent family payment and the jobseeker's transitional scheme by €20 per week, increasing the threshold for receipt of the family income supplement by €10 per week for families with up to three children and increasing the weekly rate of the qualified child payment by €2 per week. The increases in social welfare payments and more targeted measures for working families announced today aim to have a positive effect on redistributing income, reducing the risk of poverty and reducing the effects of inequality. These changes are an essential contribution to a fairer and more decent society.

There will also be improvements in other areas including an additional 250 places for the rural social scheme and an increase in the free travel scheme and the fuel allowance. In addition we are introducing a new telephone support allowance of €2.50 per week for those in receipt of both the living alone allowance and the fuel allowance. Further details will be announced by the Minister for Employment Affairs and Social Protection.

Separately, and in recognition of the work undertaken by our charities, I propose to introduce a scheme to compensate them for the VAT they incur on their inputs.

Deputy Mattie McGrath: Good man.

Deputy Paschal Donohoe: Thanks, Mattie. The scheme will be introduced in 2019 in respect of VAT expenses incurred in 2018. Charities will be entitled to a proportion of VAT based on the level of non-public funding they receive. A fund of €5 million will be available to the scheme in 2019.

I am also pleased to say that work on equality and gender-proofing of the budget continues. The Government is working with partners such as the Irish Human Rights and Equality Commission to achieve the goal set out in the programme for Government relating to equality and gender-proofing of budget measures. Concrete steps include cross-departmental workshops with the commission, examination of international best practice and the development of a policy document which will be published today. This afternoon, I want to reconfirm that the Government will continue to provide leadership in this area. We will work with the commission and others active in this field to ensure that equality and gender-proofing is delivered.

Rewarding Work

We cannot protect our most vulnerable citizens and create a fairer society unless we reward work and ensure our system of taxation is also fair. A system where those earning an average

wage are charged the higher rate of tax is unfair. We cannot hope to remain competitive if someone on a relatively low income who decides to work a few hours overtime has nearly half that extra money taken in tax. I am announcing to the House that the point at which an income earner attracts the higher rate of income tax will rise next year by €750 per annum. The entry point for single earners increases from €33,800 to €34,550, thus making progress towards the goal of ensuring that people on average wages do not pay income tax at the higher rate.

I am also introducing targeted changes to USC that reduce the rates but that do not narrow the base. The entry point to USC will remain at €13,000 but I am reducing the 2.5% rate to 2% and increasing the ceiling for this new rate from €18,772 to €19,372 to ensure that full-time workers on the increased national minimum wage of €9.55 per hour do not pay the upper rates of USC. I am also reducing the 5% rate to 4.75%, thereby reducing the top marginal rate of tax on income up to €70,044 to 48.75%. This is the fourth budget in which this marginal rate has been reduced.

To further help small and growing businesses around the country to address the challenges in our changing environment and to build on the progress made in the last two budgets, I am providing for a €200 increase in the earned income credit, bringing it to €1,150 per year from 2018. This increase is further recognition by this Government of over 147,000 self-employed individuals generating economic activity across the country.

Research has shown that employee financial participation can be effective in increasing competitiveness and helping companies to attract and retain staff in a competitive labour market. Therefore, I am announcing a new Key Employee Engagement Programme, KEEP, to support small and medium enterprises in their efforts not only to attract but to keep key employees in a competitive labour market by providing for an advantageous tax treatment on share options. KEEP will allow small to medium enterprises to provide key employees with a financial incentive linked to the success of the company.

Further to last year's increase in the home carer credit and a commitment in the programme for Government, I am providing for a further increase of €100 this year, bringing the value of the credit up to €1,200 per year. This credit is of assistance to over 80,000 families where one spouse works primarily in the home to care for children or dependants. As a next step, I am establishing a working group to plan, over the coming year, the process of amalgamating USC and PRSI over the medium term. A key objective of this group and of mine as Minister for Finance in the decisions that I make is that we do not narrow our tax base but ensure that we have a personal taxation system that is both competitive and resilient in the future.

Corporation Tax Certainty

In the area of corporation tax, we have seen unprecedented change and reform in recent years. Ireland has played its full part in this. We have a stable and competitive corporate tax regime which is internationally recognised as one of the most transparent in the world.

Deputy Peadar Tóibín: Is the Minister having a joke?

(Interruptions).

Deputy Paschal Donohoe: Our position is clear. The 12.5% tax rate is, and will remain, a core part of our offering.

Deputies: Hear, hear.

Deputy Paschal Donohoe: I also recognise the value of stability. With so much change ahead, Ireland must compete, not only on the rate, but on the ability to offer certainty. Last month I published the Seamus Coffey report which set out a roadmap for Ireland to implement a range of reforms over the coming years up to the end of 2020. The report recognises the importance of certainty and identifies the need for consultation. In response to these important recommendations, I am now launching a public consultation process as part of the update on the international tax strategy. Mr. Coffey has carefully examined the sustainability of our corporate tax receipts. His advice is that the level-shift in corporation tax receipts seen in 2015 can be expected to be sustainable up to 2020. In order to ensure some smoothing of corporate tax revenues over time, the report recommended that the limitation on the quantum of relevant income against which capital allowances for intangible assets and any related interest expense may be deducted in a tax year be reduced to 80%. I intend to make this change in respect of expenditure incurred by a company on intangible assets from midnight tonight.

The Next Step - the Ten Year Capital Plan

This budget is important but we cannot rest here. As we take the next step on our national journey in the face of growing external risks, but also external opportunities, we must think bigger and plan for the longer term. While today I am announcing capital spending not just for next year but for the next four years, this is just the first step from this Government in this area.

2 o'clock

Later this year, as has already been announced, the Government will publish the national investment plan and the national planning framework. These initiatives, which will work together, will outline where we believe, as a country, we should target resources and build capacity so that we can grow sustainably. The consultation process is already under way and I am confident that upon publication, we will have a blueprint for economic and social progress covering the length and breadth of this country.

Conclusion - Building the Republic of Opportunity

This Government of Fine Gael, the Independent Alliance and Independent Deputies-----

Deputies: And Fianna Fáil.

An Ceann Comhairle: Order, please.

Deputy Paschal Donohoe: -----seeks to renew opportunity in our Republic and create new opportunities for our Republic. The budget achieves sustainable and affordable tax reform, delivers improvements in services and ensures increased investment in our national infrastructure. We are broadening our tax base to make it more resilient and secure in the future. As a country, we normally only make these decisions at times of national difficulty. Let us resolve to do this differently now. We are increasing current spending in line with how we expect the economy to grow so that we can continue, step by step, to deliver sustainable improvements for all. Where we are spending more on our schools, hospitals, homes and public transport, we do so to bring a secure, productive and fairer future that bit closer. Our national horizons are now different. Yes, there are risks. Yes, there are challenges. But we have achieved so much and we can, and we will, achieve more. That is why I commend budget 2018 to Dáil Éireann.

An Ceann Comhairle: I thank the Minister and call Deputy Michael McGrath.

Deputy Michael McGrath: I wish to share time equally with Deputy Calleary.

An Ceann Comhairle: Is that agreed? Agreed.

Deputy Michael McGrath: On what is world homeless day, the budget and, more importantly, the Government will be judged by how it tackles the scourge of homelessness and our housing crisis more than by reference to any other issue. Today's budget is introduced in a very positive economic environment but under the dark shadow of escalating crises on the Government's watch in housing and health.

During the stalemate which followed last year's election, Fianna Fáil was the only Opposition party to recognise it had a responsibility to ensure the country had a Government. That remains the inescapable backdrop to the minority Government and the budget. Today's budget includes progress - in some cases modest but progress nonetheless - on many of the key priorities in our confidence and supply agreement. These include reductions in the universal social charge rates with a particular emphasis on low and middle income earners, avoiding the sudden loss of mortgage interest relief for 420,000 mortgage holders, an increase in the tax credit for almost 150,000 self-employed people, €55 million in funding for the National Treatment Purchase Fund, an increase in funding for housing assistance payments, extra funding for current and capital social housing budgets, a reduction in the pupil-teacher ratio in primary schools, ring-fenced funding of €35 million for mental health services in 2018, a further €5 in all weekly social welfare payments, including the old-age pension, as well as increased capital investment in key sectors of the economy. These are just some examples but Deputy Calleary will go into much more detail on the spending side.

This is the second budget introduced under the confidence and supply agreement. It is a budget which we, as a party, have sought to influence in the direction of a fairer Ireland. This means prioritising public services and investment in our economy. We have achieved this with the overall budget day package placing twice the emphasis on public investment over tax reductions. Were it not for our involvement, I do not believe today's budget would have such a mix. The two-to-one split is not a meaningless one. Shaping budgetary policy in this way impacts favourably on the funding of schemes, programmes and services for people nationally. While it would be wrong to overstate what one budget can achieve, especially when resources are limited, we welcome the progress made on many of the commitments we secured in the agreement last year. Last year, we ensured the country received its first progressive budget in six years, a fact confirmed by the then Minister and now Taoiseach, Deputy Varadkar. Today's budget builds on that progress towards fairer budgets.

The economy is going well, which we welcome, but there is deep uncertainty about what lies around the corner. There are critical questions on the future. What does Brexit mean for Ireland? What impact will a Trump presidency have on inward investment? What impact will Europe's renewed focus on corporation tax have on Ireland? If these are some of the economic questions, the questions for our society are far more fundamental and significant. The defining feature of the Government so far has been its abysmal failure on housing and health. Some of the figures which will be quoted today are far more important than others. Today, there are 8,270 people in emergency accommodation in Ireland, including 3,048 children. There are 678,438 people on some form or other of hospital waiting list. We remain committed to the political agreement we entered into last year but no one can argue that the Government's perfor-

mance in housing and health is either acceptable or sustainable. We have been told consistently by the Government that money is not the issue, in particular in respect of housing. If that is so, our message to the Government is very simple: “No more press releases, policy launches or glossy brochures; just get on with it and build the houses the people in our country need”. The Government really seems to have run out of ideas in health. In the talks last year, we proposed the reactivation of the National Treatment Purchase Fund, which was resisted at the time by Fine Gael but which appears now to be the centrepiece of its policy to tackle spiralling hospital waiting lists.

No doubt, Sinn Féin will shortly launch a blistering attack on the budget and, I hazard a guess, as was the case last year, an even more blistering attack on Fianna Fáil.

(Interruptions).

Deputy Brian Stanley: We are putting forward a costed budget.

Deputy Michael McGrath: They are good at attacking, which is what they do. However, our message to Sinn Féin is a very simple one. It had its chance to influence the Government when it really mattered. The opportunity was there but Sinn Féin bottled it. The party is the classic hurler on the ditch. It is full of opinions and wisdom but when the opportunity comes to don the jersey, take to the field of play and take on some responsibility whether at Westminster, Stormont or in the House, it runs for the hills.

Deputy Niall Collins: Hear, hear.

Deputy Michael McGrath: It is much easier to throw stones from the sidelines rather than to go into the battle and fight one’s corner.

Our party welcomes the fact that the economy is doing very well in overall terms. GDP growth was 5.2% last year, will ease to around 4.3% this year and is forecast to soften further to a still healthy 3.5% next year. It must be noted, however, that the Department of Finance forecasts that growth will slow every year between 2016 and 2021, all this against the great unknown which Brexit remains. Growth of 3% to 4% per annum is what we need to maintain. It is a sustainable level which avoids huge pressures and overheating in the economy. While Ireland is not obliged to reach its medium-term fiscal objective in 2018, Fianna Fáil believes the Government is right to seek to do so. Achieving a balanced budget in structural terms next year is a significant milestone which will have been achieved as a result, primarily, of the sacrifices of the Irish people. Beyond 2018, establishing a rainy day fund is the right thing to do. It is a fund on which we can draw when economic conditions are less favourable. Such a fund is a sensible part of budgetary policy and will be a sure sign that we have matured and learned the lessons of the past.

The principal revenue-raising measure in the budget is the increase in commercial stamp duty to 6%. In view of where the economy is at and the use to which the proceeds are being put, we support this increase. We hope the measure will redirect some of the construction capacity being absorbed by the commercial sector into building the homes we need as a country. It is important that where land zoned for residential development is sold and actually built on, this increase in stamp duty will not apply. I welcome the Minister’s comments in that regard. However, there are a number of cautionary notes to be struck as there is a potential fault line in the budget numbers on this issue. Commercial stamp duty is, ultimately, a tax on property transactions. The yield will depend on the number and value of such transactions in 2018. However,

the proceeds are being used to fund recurring changes on the expenditure and taxation sides of the budget. The impact of the change in stamp duty will have to be carefully monitored. The Minister has based his budget on the assumption that a 4% increase in the duty will yield an additional €376 million next year, which is an almost 150% increase on the yield of €256 million in 2016. One big assumption is underpinning the budget numbers and I would like to know the basis on which the Department has estimated the yield from the increase. Is it, for example, based on an assumption that there will be no change in the volume of such transactions in 2018? If a problem emerges, there will be a hole in the budgetary arithmetic and that is a risk about which we need to be aware.

Servicing the mortgage on their home is the largest outgoing in the monthly budget of many individuals and families. There are more than 732,000 principal dwelling house mortgages in Ireland today. This year, some 40% of them, or more than 292,000 mortgage accounts involving in excess of 420,000 mortgage holders, will benefit from mortgage interest relief. The average benefit is more than €600 per qualifying account, although it is much higher in some cases, especially for those who bought between 2004 and 2008. Many of them have the largest mortgages in the State. Mortgage interest relief is currently paid to those who bought their home between 2004 and 2012. Under existing law, the relief is due to end completely for all mortgage holders at the end of December this year. If this were allowed to happen - it is the existing legal position - mortgage bills would increase by €160 million combined per year with many individuals and families facing a sizeable increase in their mortgage repayments. Thousands of mortgage holders not aware of this would receive an unwelcome shock in January and I have no doubt it would push some of them into arrears. During the last election campaign, we were the only party that campaigned to retain mortgage interest relief until 2020. We secured agreement last year that it would be retained to 2020 and phased out over the next three years as opposed to ending it overnight, which is the current position. The details of the phasing out have been confirmed in the budget with the tapering off of the relief to 75%, 50% and 25% over three years. I welcome that confirmation for the almost 74,000 family home mortgages in arrears.

The Government's mortgage-to-rent scheme has been an absolute failure up to now with fewer than 300 cases successfully completed. When this is contrasted with the fact that more than 32,000 family home mortgages are deep in arrears of two years or more, we can get a sense of just how much of a failure that scheme has been. There has been a great deal of talk from Government not just over months but, indeed, over years about revamping the scheme and it was well past time there was action on this issue as the banks and vulture funds foreclose on people who face the real prospect of losing their home. We have brought forward our own legislation that would empower an independent office to impose a solution to restructure a mortgage in arrears and I look forward to presenting this Bill to the Oireachtas Joint Committee on Justice and Equality in two weeks for detailed scrutiny.

Our party stands on the side of thousands of mortgage holders who were denied their contractual right to a tracker mortgage rate. Many of them have been treated disgracefully by their lender. They deserve their money back plus interest and they should be compensated. Fundamentally, we need to know how all the main banks happened to make the same mistake which was contrary to the interests of mortgage holders. The lack of answers so far is just not good enough and the entire House should combine and unite on that issue.

With such a tight fiscal space for 2018, income tax measures were always going to be relatively modest in this budget. While others believe that income taxes should remain untouched,

10 October 2017

Fianna Fáil believes the burden should be reduced in a prudent and sustainable way for hard working individuals and families. It should not be forgotten that pensioners also pay tax on income in excess of the exemption threshold of €18,000 for an individual and €36,000 for a couple, thresholds that have remained unchanged for a number of years. On income tax, our focus was on the USC. This is based on the democratic mandate we received in the general election last year and the fact that reducing the USC is a condition of the confidence and supply agreement. The USC measures announced by the Minister will impact more than 1.8 million people earning more than €13,000. The gains are modest but combined with the entry point to the higher rate of tax, someone earning the average industrial wage, which is currently €36,919, will gain approximately €246 in the budget. When the changes in last year's budget are added, their gain is well in excess of €400 per annum. This might not be much for some people but it certainly is for many of those we represent and the value of its benefit should not be so easily discounted.

Looking at the bigger picture, workers and pensioners are paying much more income tax than they were previously. For example, in 2007, a total of 2.156 million workers paid €13.6 billion in income tax whereas, in 2017, a total of 2.063 million workers, approximately 100,000 fewer, are expected to pay a total of €20.2 billion. The modest reductions announced earlier should be seen in that context. In 2007, income tax represented just under 29% of the total tax take or €6,300 per worker. Almost ten years later, income tax represents almost 40% of the total tax equating to €9,800 for every worker. This clearly demonstrates how workers and pensioners are shouldering a substantial burden in the economy and that should be recognised by the House. While the income tax base has broadened, it is among the most progressive tax systems in the EU and the OECD. This is as it should be and Fianna Fáil defends the progressive nature of our income tax system. Those who earn more should, and do, pay more but increasing the tax burden on higher earners further will not be without consequence. The suggestion that increasing the tax burden on those who earn more than €100,000 will not in any way damage our economy is ill-founded and those who propose this also advocate increasing PRSI for employers of these higher earners. They consistently ignore the advice that we receive from IDA Ireland and other agencies that seek to market Ireland as a place for inward investment in a competitive global environment.

Fianna Fáil welcomes the increase in the earned income tax credit, which will impact close to 150,000 self-employed workers. It still does not equal that of a PAYE worker but it is a move in the right direction and, as a party, we are committed to ultimately ensuring the self-employed and PAYE workers are treated equally in our tax system. I welcome the progress that has been made regarding the share based remuneration scheme. For most SMEs, this is a particularly important issue in attracting talent and investment to their businesses. I look forward to that being rolled out.

We must recognise the tireless work carers provide for their loved ones and I welcome the increase in the home carer tax credit, which will benefit approximately 81,000 households. Many home carers, including stay-at-home parents caring for children, are not claiming and benefiting from the credit and there is work to be done to be build awareness of it.

As a country, according to the White Paper published last Friday night, the Exchequer expects to collect just under €8 billion in corporation tax receipts this year, representing approximately 15% of our total tax take. Indeed, the White Paper projected an increase of €250 million more in corporation tax receipts this year than was expected when the summer economic statement was published. It is worth bearing in mind that in 2012 the Exchequer collected less than

€4 billion in corporation tax and, even in 2014, the figure stood at €4.6 billion. Notwithstanding what Mr. Seamus Coffey said in his report, there is a question about the sustainability of growth in receipts of that order. Some 80% of all corporation tax is paid by multinationals and the top ten multinational groups pay more than 40% of all corporation tax. This is apart altogether from the employment taxes paid by, and on behalf of, the 200,000 people employed by foreign owned companies in Ireland, not to mention the indirect taxes and indirect jobs they provide. The increased scrutiny of our corporate tax system in recent times must be considered alongside those facts. Fianna Fáil welcomes the publication of Seamus Coffey's report and supports the implementation of its recommendations.

Last week's announcement by the European Commission that it has referred Ireland to the European Court of Justice for failing to collect between €13 billion and €15 billion from Apple could not have come at a worse time. We disagreed with the European Commission's original ruling last year but that ruling must be respected pending the outcome of the appeals process, which could take a number of years. The simple fact is that it is now more than 13 months since the announcement of the Commission's decision and none of the money has been collected. This has drawn very unwelcome attention to Ireland from the Commission at a time when we really do not need it on the issue of corporation tax. I accept that collecting the money may well be a complex task but one is left wondering how it was allowed to get this point. The deadline for collecting the money was January 2017. In May, the Commission issued a warning to the Irish Government but it was not until July last that the Government even initiated the tendering procedure to bring in external expertise in respect of managing the escrow account.

There is now a concerted effort in Europe to overhaul corporation tax and Ireland must stand resolute in defence of its regime, including the 12.5% rate. There has been a revival of the common consolidated corporate tax base proposals. President Juncker has spoken about removing the veto on corporation tax and there is a French proposal, which is gaining some support, on introducing a new way of taxing high technology or digital companies. We believe these policies are wrong for Ireland and for Europe. Fianna Fáil does not favour tax harmonisation across the European Union. It would only serve to reward the larger countries and to narrow our tax base further. We should remind our counterparts in Europe that the Lisbon treaty made it clear that unanimity is required on corporation tax matters. It was on this understanding and unequivocal commitment that the Irish people ratified the treaty in 2009. Our corporation tax regime is a key pillar of our industrial policy. With the UK reducing its rate and the US planning to do so, we must be prepared to defend it while, of course, continuing to engage fully with the OECD base erosion and profit shifting, BEPS, project and our European partners. We must have a firm and clear bottom line on our position.

There can be no doubt that Brexit represents a major challenge to Ireland and its economy. The euro-sterling exchange rate is volatile. Today, the euro is trading at approximately 89p sterling, but the overall fall in the value of sterling since the Brexit vote in June 2016 is hurting many Irish exporters already. Some economists and analysts are even predicting parity between the two currencies in the not-too-distant future. This increases the price of our exports to the UK and decreases the price of imports from that country. We are already seeing the effects of this. Cross-Border shopping has increased and many traders in the Border region are under serious pressure. The number of tourists from the UK is falling and those who are coming here are cutting their stay time and are spending less. Online shopping is exploding. According to Retail Excellence Ireland, €850,000 is spent by Irish consumers online every hour and €600,000 of this is lost to businesses operating outside Ireland. With over 280,000 people working in the

retail sector, this deserves and needs attention particularly in the context of Brexit.

The risk of a hard Brexit should not be underestimated. If the trading relationship between the EU and the UK resorts to World Trade Organization terms of trade it will be nothing short of a disaster for the Irish economy. We believe there should be detailed, sector-by-sector planning. Crucially, this must be done in a transparent way. The report of the Revenue Commissioners which was leaked over the weekend and which was acquired by Tony Connelly of RTE is striking. It sets out in simple terms an overriding finding, that the seamless and frictionless border we have been hearing about from the Government since the vote in June 2016 is not possible in the event that the UK leaves the EU customs union. According to the Revenue Commissioners in the report, there will be no open border in this scenario. We are led to believe that the Revenue Commissioners have been effectively stood down by the Government from continuing their preparatory work on Brexit in terms of detailed planning. This is the wrong decision. However unpalatable it may be, Ireland must be prepared for all possible eventualities because we simply do not know what the outcome of Brexit will be for our country. Fianna Fáil resolutely opposes a return to a hard border between the Six Counties and the Republic and the common travel area must be maintained. Northern Ireland should be designated a special economic zone, similar to other jurisdictions. The Northern Ireland Executive must be re-established. European state aid rules must be relaxed in order that the State can better assist the agrifood industry in particular, as well as affected Irish SMEs. We welcome the announcement today of the low-cost loan scheme and look forward to receiving more details on it. The low-cost loan scheme for the agrifood sector was very successful and it is needed in that sector again, as well as across a number of other sectors.

Last year, during the passage of the Finance Bill, Fianna Fáil secured a commitment from the Minister's predecessor that an independent impact assessment of the help-to-buy scheme would be carried out. It remains our view that such an assessment should have been carried out before the scheme was introduced. The Minister confirmed that he is publishing the report today. I have seen the report because the Minister provided me with a copy of it in recent days. The report has concluded that abolition of the scheme at this time would create uncertainty, damage confidence and would likely impact on new build levels. The report by Indecon finds that, to date, there is no evidence that the scheme has impacted on the overall prices of new homes for first-time buyers but goes on to state that it is vital to monitor the price of help-to-buy new builds over the coming months. The authors also find that the measure does not appear to have had any significant overall impact to date on the level of supply, the main purpose of its introduction. The report rightly identifies that the key challenge for the housing market is to reduce the cost of housing, including both house prices and the cost of construction. Indecon expressed concern in the report's conclusions that the failure to carry out a cost-benefit analysis before the scheme was introduced should not be seen as a precedent for other measures. We hope this warning will be heeded by the Government.

The housing crisis is first and foremost a human tragedy but it is also a major problem for our economy. We are all aware of the rate of increase in house prices and, indeed, the rate of increase in rental payments. Many in this country have lost hope of ever owning their own home. The increased cost of housing is leading to increased wage pressures and increased costs for businesses. Companies thinking of relocating operations to Ireland are asking the basic question as to where their employees will live if they make that decision. Ireland has fallen to 24th in the World Economic Forum global competitiveness rankings and 18th in the World Bank's ease of doing business index. This is now a key issue. My colleague, Deputy Calleary, will deal

with the housing area in more detail but I welcome the announcement today of a new initiative to provide funding for the construction of homes by the private sector. We have argued for this for many months. It makes no sense that some builders and developers are obliged to pay up to 15% and 16% for money from international funds while the State has more than €6 billion invested abroad in a global portfolio held by the Irish Strategic Investment Fund, ISIF. We look forward to seeing the details of this initiative but we support it in principle. It must be far more ambitious and far-reaching than the ISIF Activate Capital fund already in place. The lending by this new fund should be conducted on commercial terms and, of course, only to viable projects. There must be proper underwriting relating to decisions to be made in that respect.

A noteworthy gap and deficit with regard to housing is the lack of any move on a national affordable housing scheme. A growing number of people are not eligible to get any support for rent as they are above the HAP thresholds but they have a level of income that is well below what would be necessary to get or service a mortgage. It is a growing cohort and now, more than ever, we need a national affordable housing scheme. We expect the Minister, Deputy Eoghan Murphy, to move on that as quickly as possible. We have not seen the legal advice against bringing forward a vacant sites levy to 2018. We welcome the Minister's intention to increase the rate and note his changing the current seven-year provision in respect of a capital gains tax exemption. Fianna Fáil welcomes this change, as it offers the potential to open up more opportunities for building the new homes we need across the country.

My party has consistently been raising cost of living issues and the costs faced by families. We welcome some of the progress on the drugs payment scheme, the prescription costs and so forth. We have consistently highlighted the problem of high mortgage interest rates. While they are reducing, more progress is required. We will bring a Bill to Committee Stage at the finance committee in the coming weeks, which we believe will help to make more progress on that front.

Motor insurance premiums continue to be a significant issue in the context of household budgets. The Fianna Fáil Party will hold the Government to account for the implementation of the recommendations of the cost of insurance working group.

In welcoming the reduction in deposit interest retention tax, DIRT, we express disappointment that the link with the exit tax rate on other comparable savings and investment products, particularly life assurance investment products, has not been reinstated. This disadvantages and discriminates against between 500,000 and 600,000 savers who choose these products.

The Fianna Fáil Party welcomes the sugar tax. If successful, the tax will not bring in a large amount of money because companies will change the types of products they are introducing and consumers will change their behaviour.

I very much welcome that the Government will make a start on a VAT compensation scheme for charities. My party has consistently raised this issue and I have raised it with the Minister in discussions. I am glad, therefore, that he is making a move on this matter.

On farming, Fianna Fáil is disappointed that there are no measures in the budget to deal with income volatility in respect of income averaging. A number of proposals were made to the Minister on income volatility, for example, on the introduction of a step-out year. I ask the Minister to engage with the sector in the lead-up to the finance Bill to ascertain whether measures can be brought forward in this regard.

10 October 2017

While I welcome the measures relating to electric vehicles, our overall performance in this area is simply not good enough. Much greater ambition is needed from the Government on the climate change agenda and meeting our commitments. This is important not only because of the need to avoid fines from the European Commission but also because it is the right thing to do. We owe it to future generations to redouble our efforts to reduce carbon emissions.

Fianna Fáil supports the increase in the minimum wage, as recommended by the Low Pay Commission. For those earning the minimum wage, it is particularly important that cost-of-living issues are to be addressed.

There has been one important reform of the budgetary process since last year's budget. The Oireachtas now has an independent parliamentary budget office. While the office had only a limited role in budget 2018, it has real potential to help reform the budgetary process and give Oireachtas Members a greater role in future budgets.

As a party, Fianna Fáil has conducted its negotiations on the budget in a professional and businesslike manner, without drama or histrionics. Our sole focus at all times has been to secure progress on measures contained in the agreement reached last year, not for our benefit or for the sake of it but in the interests of the people we represent. We have prioritised public services, especially for the most vulnerable and the tax changes we secured will be of benefit to thousands of individuals and families. I look forward to working with the Minister and other Opposition spokespersons on the detailed scrutiny of the finance Bill in the weeks ahead.

Deputy Dara Calleary: Today's budget is an important moment for centre-ground politics. It is an opportunity to continue on a fairer route to how the State delivers services for citizens and it gives working people a much needed break. It is a chance to build fairer policies founded on sustainable finances. It is also an important day for practical politicians. There are politicians in the House who see problems and debate them and others who see problems, debate solutions and seek to implement these solutions. In that spirit, the Fianna Fáil Party has left its print on this budget. We stepped up to the mark in 2016 to ensure that the country had a stable Government in uncertain times. Since then, we have emphasised investment in services, particularly housing, health, mental health, education at all levels, child care and improving the social and capital condition of communities, while at times focusing tax reductions on low and middle income earners. The minimum two to one split between expenditure on services and cuts in tax has been the hallmark of our policy, one which has fundamentally set the parameters of the entire budget.

The confidence and supply agreement is not a document created by spin doctors. It is directly responsible for a wide range of measures, including: the €5 increase in the pension and working-age payments for a second year in a row, targeted packages for the most disadvantaged and a phased reversal of cuts in telephone and fuel allowances; extra resources for housing and homelessness and a focus on delivering instead of announcing, as signified not only by today's measures but also by initiatives in recent weeks, such as the legislation on vacant properties introduced by Fianna Fáil last week; the investment of €55 million in the National Treatment Purchase Fund, which has been derided by many but which, if properly used, can give those waiting on surgical waiting lists a chance of treatment; the first proper investment in the mental health services that will deliver on the vision in A Vision for Change; a reduction in the drug payment scheme that will reduce medicine bills for working families and those with chronic conditions; reductions in prescription charges; a reduction in the pupil-teacher ratio at primary school level which, in addition to the planned demographic-related increases in teacher num-

bers, will make primary school classes smaller; expanded guidance counselling; greater post-graduate access; a greater investment in local and regional roads and community facilities; an investment of €25 million in the areas of natural constraint, ANC, programme assisting those farmers who farm in the most naturally disadvantaged of conditions; tacaíocht bhreise do na heagraíochtaí atá ag obair lenár dteanga dhúchais; and the establishment of the Public Service Pay Commission, which has delivered a sustainable package of pay rises to public servants and which offers a pathway to pay equalisation for new entrants.

These and other measures clearly show that Fianna Fáil's participation in the confidence and supply agreement is delivering for people across the island. Our participation is focused and laser-like and contrasts with that of the Government, a spin obsessed machine which today awarded itself a €5 million increase in funding for the so-called strategic communications unit, also known as the Government's cheerleading unit. This sum could buy many home help hours or home care packages. While the Government can keep spinning, we will keep delivering.

The Fianna Fáil Party's decision to participate in the confidence and supply arrangement was taken last year against the backdrop of the challenge set for politicians by the people through their voting patterns in the general election. That challenge, which came against the backdrop of an enormously difficult decade, was to provide political stability in an unstable world. It became even more urgent in the context of the Brexit decision taken later in 2016. The challenge was to ensure political stability was used to place fairness in our society, give working people a break and invest in services as central planks in any new political arrangements. Unlike others, Fianna Fáil did not run away from this challenge but took it on and in this budget, as in that introduced last year, we have delivered.

It is important to remember that today is not simply about new measures and changes costing approximately €1 billion, it is also about the €60 billion or more the State invests every year. The way in which the public service invests, ensures value for money and delivers services is key to building a state in which citizens can have faith. Delivery is the key to showing citizens that politics works. Today is about fanfare, ceremony and set-piece debates but we will be here tomorrow, in one week and in one month to ensure all of today's commitments are delivered. The confidence and supply agreement is founded on delivery. At times in the past 12 months, this has meant robust exchanges and difficult meetings away from the media focus of budget day and these will continue in the next 12 months.

As Deputy Michael McGrath stated, the key measure in the budget is focused on homelessness and an affordable housing package. I remind the House, not that it needs reminding, that today is World Homeless Day. Homelessness is not only an economic challenge but a moral imperative in a republic. More than 130,000 households languish on the social housing waiting list. Those renting homes are experiencing the highest rents on record, while house prices are rapidly growing beyond the reach of ordinary working people. The homelessness scandal is a scar on our communities, with some 8,000 people in emergency accommodation. The dream of owning a home is becoming more and more distant for more and more people. Despite figures showing employment growth, people are further away from securing a home than ever. We need to allow people to believe in this dream again. Regrettably, there is little in the budget package to inspire this dream in those who seek an affordable home.

The Fine Gael record on building homes is abysmal. Since 2011, the State has built just 4,000 new social houses, fewer than were built in almost every single year from 1994 to 2009 when Fianna Fáil led a series of Governments. If plans, spin and announcements were houses,

we would not have a problem. The plans announced today must result in delivery. The €1.1 billion announced for housing next year must ensure houses are built and people secure homes. The plans must focus on allowing local authorities to once again get back into the business of building homes and release funding for an affordable housing programme. Success will not be counted on the Government's balance sheet or in pats on the back from the OECD or IMF. Success will be bricks and mortar on the ground and homes and roofs for people.

The additional current expenditure of €148 million on HAP and the additional allocation to homelessness organisations are much-needed measures that will be spent many times over unless we address the crucial issue. The development of a carrot-and-stick approach, ramping up the vacant site levy to drive on development, is badly needed and, hopefully, will promote progress in this regard, but capital spending on social and affordable homes is the key to cutting through this crisis. That will be the test by which the Government will be measured.

For those who own a home and are paying mortgage interest, our insistence on extending the mortgage interest relief will ensure that 420,000 mortgage holders will avoid an effective mortgage payment increase from January onwards.

Morale in our health services is on the floor and matters of recruitment remain a serious impediment to achieving the personnel levels that we need. More than 680,000 people are languishing on hospital waiting lists. Glib comments about record levels of funding and being the best boy in the OECD class are not the way to address these challenges. Extra resources are needed, as are managerial and HR policy changes, to deliver the necessary reforms. The Oireachtas Sláintecare report has set out a clear ten-year roadmap to a fairer, more effective system.

The €55 million allocated to the National Treatment Purchase Fund, NTPF, must focus on surgeries. It must focus on targeted medical procedures, such as joint replacements and cataract surgeries, to ensure that we reduce the pain suffered by those on waiting lists. The NTPF has a track record of delivery. There are those in this House who seem to want to leave people on waiting lists in pursuit of a certain political model of health care delivery. We would prefer to get people treated, out of pain and off the waiting lists.

For working families and those with long-term or chronic conditions, the reductions in the drug payment scheme's threshold and the prescription charge are a welcome step towards alleviating daily and weekly health costs. The planned investment in primary health care must result in improvements in delivery in this regard. Rather than aspiring to completing talks on the new GP contract, just finish it and empower GPs to deliver on their talents.

Boosting personal assistance hours and disability services is crucial to giving people with disabilities a genuine pathway to inclusion. This will be an area that will be the subject of extensive post-budget engagement on our part, and we will aim to ensure that this year's HSE service plan reflects our priorities in that regard.

Similarly, the cuts in home help hours and home care packages are a key factor for hospitals. The HSE has adopted a penny wise and pound foolish approach to home help hours and home care packages. It seeks to save a pittance by restricting hours, yet it spends millions of euro on emergency measures to alleviate the hospital trolley situation. In Mayo alone, there are 142 families today for whom home help hours have been approved but cannot be allocated. This situation is replicated on the ground across the country.

There needs to be a focus on addressing the HR challenges in the health service. We have hundreds of vacancies in many areas, including nursing, therapy, surgery, etc. Those working in our health service are doing so under HR practices that belong to a previous era. Pay is one issue preventing people from taking up positions, but by no means is it the only one. The Public Service Pay Commission, PSPC, needs to be robust in addressing not only pay factors, but also HR practices. These vacancies are causing tremendous hardship for patients, and their families, who are dependent on such services.

In recent years, the gap in many State-provided services was made up by what are known as section 39 organisations. These include disability service providers, hospices and care centres. During the crisis, the grants to these organisations were cut. Like the FEMPI legislation, this was a necessary budgetary measure and the HSE instructed these organisations to pass on the specific cuts to their staff. In other words, employees were to be treated the same as public sector employees in the publicly owned section 38 organisations. We have seen the evidence of this.

In response to efforts to bring parity to this situation, however, the Government has been dismissive, evasive and, in some cases, downright arrogant. These organisations provide vital services for our communities throughout the country. Without them, the State would have to step in and spend far more on the provision of such services. The Government claims that this is a matter for the HSE and not it. Workers in these organisations deserve better than such financial gymnastics.

Fully implementing A Vision for Change will demand an extra €35 million next year, which builds on the extra €35 million that was factored into the base from 2017. Our mental health services have long been the Cinderella of our health system. These additional resources are only stepping stones in reaching our goal of implementing A Vision for Change in full. In addition, our securing of extra guidance counsellors for schools will assist in tackling teenage mental health challenges at school level. We will continue to monitor spending and investment in mental health tightly. In mental health awareness week, we in the Oireachtas have a duty to act on, and not just talk about, mental health and mental health services.

Building up a strong education system is central to equipping the next generation for the challenges of the future. The confidence and supply agreement placed education at its heart. We have made significant progress in some areas. The reduction of the pupil-teacher ratio by one is a welcome step that we prioritised. The broadening out of access to postgraduate grant supports was a key aim for our party. The continued changes in the thresholds are welcome. The additional funding for third level and further education is also welcome, but €47 million of it is being funded by a levy on employment. While employers benefit greatly from our third level and further education system, the Government cannot entirely leave the resolution of the funding challenge for third level to employers. It must step up to the mark itself.

We also need an outline of how the Government will spend this extra money. Will it be invested in a comprehensive and ambitious apprenticeship scheme? The Government has stated that it is wary of growing the capital budget by too much to avoid pressures on labour costs. An apprenticeship scheme and a retraining scheme will provide the Government with a solution, and properly funded ones will give many opportunities. The continued restoration of *ex quota* guidance counsellors is a positive development that will help schools across the country. We will continue to ensure that these resources are employed properly in each school.

10 October 2017

The education sector in particular has been affected by the disparities in pay for new entrants since 2011. This is a serious point of division within staff rooms across the country and is undermining morale and confidence within our education system on a daily basis. We must have the PSPC report on pay equalisation in advance of budget 2019 to allow us to make headway on this issue.

We welcome the changes announced in the early childhood care and education, ECCE, scheme in this budget and the extra resources for Tusla. We now need to ensure that the ECCE is achieving what it set out to do without resulting in displacement or price increases for participating families. We will monitor this situation closely.

It is also time to examine properly issues of pay, including pay levels, for professionals in the early child care sector. The State cannot continue to wash its hands of its responsibilities in this regard. This will be a key focus for us in advance of budget 2019.

A strong and fair social protection package must be at the heart of a progressive budget. Helping to mend the gaps in the social safety net and giving those who need it most a helping hand are characteristic of a state that places fairness at its heart. We make no apologies to anyone for prioritising this. We are committed to a sustainable social protection policy within the parameters of the fiscal space. The package that we have negotiated today will make a difference, however small, to those who need it the most. It is a clear example of a politics that is delivering for people, not the sterile shouts in the wilderness of parties that talk the talk but, when it comes to walking the walk, decide to run. Ensuring fair budgets that emphasise services and deliver for working people has been our core ethos. The welfare package is a step in that direction that simply would not have happened without Fianna Fáil taking responsibility and fighting our corner in the negotiations.

Much remains to be done to recover the ground lost in the recession and the regressive budgets that Fine Gael and Labour constantly pursued. We need to address the discrimination being experienced as a result of the 2012 changes to the eligibility criteria for the contributory State pension because 35,000 pensioners have had their payments cut. These cuts can be up to as much as €50 a week. Many are parents who made the decision to take time out of the workforce to raise their families and are now being penalised by the State for doing so. It is unfair and we must define a path to reversing this unfairness.

Ten years ago a budget measure on diesel cars changed the buying behaviour of the motor-ing public. Maybe those who championed it at the time do not like to be reminded of it now. Today's tax changes may not have the same level of impact but will raise consciousness about electric vehicles and begin a conversation we need to have about replacing fossil fuel vehicles with more sustainable modes of transport. Personal behaviour is one thing but it is only a small component. The national transport fleet needs to be radically transformed to lead the way. The forthcoming capital plan should be climate change proofed in this area but it must also provide the infrastructure to encourage people to take the leap so they know they will have the back-up for their new vehicles. The allocation of additional moneys for cycle paths and lanes around the country is welcome but I respectfully suggest we get cyclists to design them rather than engineers.

A specific Department for rural and community affairs was a key commitment in our 2016 manifesto. We welcome the Government's belated approach to setting up this Department. This is the first budget for this new Department so it is still too early to measure the impact of

its promised cross-governmental approach on rural and community affairs. One of the new Department's key pillars is the Leader programme. However, blockages in Leader, which has suffered from dire underspend, have to be a Government priority in the coming weeks. Failing to utilise these badly needed funds completely is a lost opportunity for communities across the country. It seems to me there are too many cooks spoiling the Leader broth. There are many inconsistencies across the country in the application process and groups with good and ambitious ideas for their communities are being frightened away by layers of red tape and administration. The Minister should cut the layers and open up the programme, otherwise the potential of Leader as a driver of rural and community development will be lost forever. Last year's boost to the CLÁR programme must be built on and work should be prioritised to reinstate initiatives under the old CLÁR programme which assisted small and local businesses to remain in rural areas. The relaunch of the local improvement scheme is an important step in raising the quality of private roads across the Irish countryside. Our securing of an extra €80 million for the regional roads programme must be spent comprehensively around the country in order to address the challenges our regions face.

Is duais chultúrtha í ár dteanga náisiúnta. Tá acmhainní breise ag teastáil don straitéis 20 bliain chun é a chur i bhfeidhm ina hiomláine. Mar gheall ar an gcomhaontú muiníne agus soláthair idir Fhianna Fáil agus an Rialtas, tá an tiomantas tábhachtach sin cláraithe ag an Rialtas. Glacaimid go bhfuil roinnt beart san áireamh sa Ráiteas Buiséid inniu. Ní thuigim, áfach, na gealltanais, ar lámh amháin, ón Rialtas agus é ag caint faoi thábhacht na Gaeilge nuair a gcaithimid, ar an lámh eile, troid chun airgead beag a fháil le haghaidh na straitéise don Ghaeilge. Ba chóir don Rialtas a bheith níos dearfa agus an straitéis á chur i bhfeidhm. Is eagraíocht nuálaíoch í Údarás na Gaeltachta. Le blianta beaga anuas, bhí an t-údarás an-tacúil don phobal Gaeltachta ó thaobh úsáid na teicneolaíochta a mhéadú, go háirithe ar an gelár GTeic. Ní mór don Rialtas breis maoinithe, go háirithe infheisíocht caipitil, a chur ar fáil don Údarás chun an clár sin a leathnú.

The success of the 1916 commemoration programme last year was fantastic and it showed the importance of arts and culture to our Republic. That success has faded and we need an honest conversation about arts and culture funding and the sustainability of the sector in 21st century Ireland. The Fine Gael election manifesto promised a doubling of arts funding but a 4% increased allocation to the Arts Council this year is not a doubling. Once again we have the spin versus the reality of delivery. There is a need for a cross-departmental approach to securing our arts. Our Department of Education and Skills needs to be involved in terms of securing the values of the next generation so they understand the importance of arts and culture. The Department of Business, Enterprise and Innovation needs to be involved in providing support for those seeking to develop their businesses. The Department of Transport, Tourism and Sport needs to be involved. Many Departments have a role in providing a sustainable future for our arts and culture community but that role must be underpinned by proper funding.

Members of An Garda Síochána are the backbone of the safety and security of our State. They perform the most important duty of upholding the law and keeping our citizens safe. The scandals and controversies that have beset the organisation over the past number of years do not reflect on the ordinary members of the force who continue to serve our communities well and continue to retain the confidence of their communities. Our gardaí help us in our worst moments. They protect against criminality and resist threats to our State. That is why boosting Garda numbers to 15,000 was a key part of our manifesto and a central plank of the confidence and supply negotiation. Today a further significant step has been taken towards that number.

Putting in place the resources to enable the force to achieve civilianisation and freeing up gardaí to go on the beat is also vital and we have further progress on that front today. The upcoming Commission on the Future of Policing must be taken into account in 2018 in setting out the development of the force. The disappointing failures in the force over the past number of years risked unravelling hard won public support. The Government needs to ensure the resources that will be required by the commission will be in place as it does its work.

The ongoing recruitment in our Defence Forces is welcome but is in danger of masking the serious morale and condition problems that are afflicting all arms of our Defence Forces. Our Army, Air Corps and Naval forces are doing outstanding work on a daily basis, nationally and internationally. That work places them in personal danger every day. This work is not fully appreciated by the Government and we need far more than tea and sympathy to address the challenges facing our forces. There needs to be a pathway to address the capital investment required in facilities and equipment and there needs to be action to address the standing of Defence Forces representative organisations in terms of the Workplace Relations Commission which will allow them to represent members properly and meaningfully.

Of all sectors, agriculture is most acutely exposed to Brexit. Farmers across the country are in trepidation of what may come and of a lackadaisical approach on the part of Government to that challenge. Farmers in areas of natural constraint are particularly vulnerable. For this reason and to help to ensure we have the human infrastructure to deliver on Food Wise 2025 and to maintain rural communities, we welcome the boosting of areas of natural constraint payments to their 2007 levels. We have worked hard for this in the past 12 months and the Minister now needs to step up to the mark to ensure this extra investment is targeted at those who need it most. We welcome the commitment to a second competitive fund to assist the agriculture community in tackling Brexit. However, it will not be enough. This sector requires a laser-like focus to prevent damage to our food industry, our food exports and our farmers on the ground. We also need in advance of budget 2019, an accurate and honest assessment of the impact of the withdrawal of the UK on Common Agricultural Policy funding given its importance in terms of direct payments to farmers and supports for the regional and rural development programmes.

The year 2018 must also bring a fair and sustainable resolution to difficulties facing our community post office network. This has been dragging on for far too long and it is time to act. There is huge potential within this network if properly resourced. It is ironic on the day that a rise is announced in the minimum wage and in social protection payments, which are often delivered through this network, that most of those who operate community post offices work for much less than the minimum wage. The talking must finish.

Brexit has also had unforeseen impacts on public service broadcasting as a consequence of significant curtailment in advertising from UK based companies. This is impacting on RTÉ and on independent, local and national broadcasters. We value public service broadcasting in this country. It is important we make the investment to sustain it in these uncertain times.

The budget is a warm-up act for the forthcoming capital plan which will be published before the end of the year. The transport priorities within that plan must address the transport deficiencies within Dublin, including Metro North and DART underground, and the continuing regional deficiencies such as the N4 Sligo-Dublin, the N5-N26 Mayo-Dublin, the A5 Donegal-Dublin and the N20 Cork-Limerick roads. As I said previously, a key requirement of our confidence and supply agreement is the upgrade of regional and local roads.

3 o'clock

In this budget we have secured an additional €80 million as well as a local improvement scheme, LIS, package. However, again the impact of these schemes is being undermined by inconsistent application throughout the country and the use of these funds to make up for lost funds for local government.

This is probably the first budget that has been eclipsed by sport. I am realistic enough to know that more people are talking about Ireland's great win last night than are talking about today's events. There is also excitement and anticipation about the Rugby World Cup. I congratulate all involved and wish the bid to host that event here in 2023 well. It will require a capital investment, if successful, and all parties should reaffirm their commitment to that investment on this budget day. Our grassroots sports capital and current investment should not be sacrificed for big events. The forthcoming sports capital grants, national planning framework and the capital plan should be sports-proofed.

The Government's record on capital is the same as its record on housing and health - a lot of reports and no substance. It has outlined a series of pathways in terms of public private partnerships and the use of the Ireland Strategic Investment Fund that can deliver capital. We welcome today's announcements on housing. We will judge the capital programme when it is released in December. It must ensure that it has beneficial investment for regional areas.

This is the second budget produced under confidence and supply agreement. There are as many commentators on politics and on this budget as there were on last night's game. To some of them politics seems to be a game. Some revel in creating drama where none exists. Indeed some members of the Government see this as their main job within government. Others throw out idle speculation without a thought as to how that might impact on actual people. Politics is not a game. Politics is about people. All of us who are honoured to serve in this Oireachtas are here to serve the people and our country, and we hope to improve their lives and make this country stronger and a better place to live. It may sound twee, but it is the truth.

Fianna Fáil believes in acting on that aim and not just talking about it. This budget is by no means perfect, but it is much stronger, much fairer and much more ambitious for our island than it would have been without our input.

Deputy Pearse Doherty: This time last year I spoke about a missed opportunity. I spoke about how the budget should be judged on its impact on families living in hotels and patients on hospital trolleys. Now, a year on, what has been the result? In October 2016 when the last budget was announced there were 2,470 homeless children in the State. Last month there were 3,048. That is what budget 2017 delivered. That is what the so-called centre of Irish politics delivers.

The Government, with Fianna Fáil's support, cut in excess of €500 million in taxes in that budget. It has the audacity to come back in here this year and propose more of the same while our citizens are denied basic rights. In the real world, in modern Ireland in the year 2017, people are dying on our streets because of the housing supply crisis. Out there in today's Ireland the equivalent of the population of roughly ten counties, nearly 700,000 people, are currently languishing on hospital waiting lists, many in chronic pain awaiting much-needed operations, while other patients are left on hospital trolleys in our accident and emergency departments and hospital wards, like the 514 people on hospital trolleys today. Despite this, Fine Gael, its

Independent friends and Fianna Fáil have come in here today and told us now is the time to cut taxes and to return to the boom and bust politics of the past.

At the centre of this budget is the lie that we can fix the health and housing crises while at the same time cutting people's taxes. Those who support this budget know it is a lie - the same lie they tried to spin last year. It says something about how little the Government can achieve when its main claim about this budget is that it will balance the books. The Minister knows it is possible to balance the books while at the same time beginning the process of sorting out the crises in health and housing. He knows this because Sinn Féin showed him how it can be done. We demonstrated that in our alternative budget.

However, did the Minister ever ask what his version of balancing the books means for the child who hears their mother locked in the bathroom of their hotel room crying night after night because she believes that she has failed her daughter? What does it mean for the parents who have to watch their children suffer in pain because they cannot access treatment in our crumbling health service? How comforting is his version of balancing the books for the elderly man who was lying on a hospital trolley this morning? These are the realities of the Government's policies. While the Minister may not want to hear it, this is as a result of what the Government did last year and in previous years. The Minister is further normalising these policies here today with the help of Fianna Fáil.

Unfortunately, the only conclusion we can reach is that the Minister simply does not get it. He does not get what it is like to have to wait and wait to access hospital services while suffering in pain. He does not get what it is like to have to wait on a hospital trolley and suffer the loss of dignity that goes with that. He does not get what it means to be a front-line worker in these circumstances. He does not get what it is like to bring kids up in a hotel and have them walk through the hotel corridor in their school uniforms every morning while the other hotel guests look on in bemusement. If the Minister got this even a little bit, he would not come in here and prioritise tax cuts. Every cent that he puts into tax cuts is money he takes away from developing our health services and building homes for homeless people.

This is a budget that tolerates and normalises mass homelessness of children and older people. It normalises our crumbling health services. The people deserve better than that. Sinn Féin will not stand over these choices. It is a disgrace that this is the best Fianna Fáil and Fine Gael can cobble together. Where is the urgency? Has the Minister not noticed that people are dying on our streets? In the midst of the darkest days of the recession in 2012, there were fewer children in homelessness and in poverty than there are today, five years later. There were also fewer people on trolleys and hospital waiting lists in 2012. That is the Minister's legacy and that of the other Ministers who have stood and applauded, and cheered him on as he has delivered successive budgets.

The need to be seen to cut taxes means this budget amounts to too little spread too thinly for the services our people use every day of their lives. However, the Minister managed to find a few bob for pet projects and I am sure his ministerial colleagues are patting him on the back. Deep in the document he produced today, on page 132, we see that he found €5 million each year for the Government's new spin machine although previously, if we are to believe him, the Taoiseach told us it would be cost neutral. As we know, that €5 million is the equivalent of 50 resource teachers and 56 SNAs. However, the Minister believes that the Government's image is more important than putting that money into front-line investments.

The Government plans to increase capital expenditure on public transport by a measly €9.6 million. We have argued for €170 million on public roads and transport this year - 17 times more than the Government's figure. Incredibly, given the state of our roads and public transport, the Government plans to spend almost as much on opening Stepside Garda station for the Minister, Deputy Ross, than is planned to be spent on the entire new public transport services within the same Minister's Department.

The Minister spent his entire energy on negotiating tax cuts, and the health, housing and other needs of the population must make do with whatever is left over. The result is that in 12 months we will be back here and we will have spent the previous 11 months arguing why the health service is just as bad as it was, or even worse. We will be asking why waiting lists have grown longer and why the housing crisis has not gone away. The answer is what is happening today. It is because the Minister has decided to prioritise other areas. He has no new targets to deliver extra homes. With a €1.2 billion package, it is unbelievable that the Minister will not deliver one additional social house. That is just crazy. There is a housing crisis. It is not acceptable that, after spending €1.2 billion, the Minister is targeting delivery of the same amount of social housing as he targeted in the middle of this year. These are the Minister's priorities. His priority, and that of Fianna Fáil, is negotiating tax cuts. There are €335 million in income tax cuts when the people want to see the Minister challenge and address the crisis in housing and homelessness. We, as a people, have not lost our values. We do not accept that our children must live in this situation day in and day out. The Minister, however, has obviously hosted focus groups and had polling carried out, as did Fianna Fáil, and now he believes that tax cuts, USC cuts and marginal changes will get him the votes the next time around.

Níl le déanamh againn ach sracfhéachaint a thabhairt ar na beartais cánachais atá sa bhuiséad chun an gné lochtach de a fheiceáil. Níl plean ar bith anseo. Níl ann ach buiséad a bhí curtha le chéile faoi dheifir ionas gur thig leis an Rialtas an seachmall a chruthú go n-éireodh go geal leis chun a chuid gealltanais lochtach a chomhlíonadh. In ainneoin é seo, tá a fhios ag madaí an bhaile go ndearna an Rialtas praiseach cheart ó thaobh na mbeart atá á moladh aige inniu.

I congratulate both Fine Gael and Fianna Fáil on winning the battle over which tax cuts to make. Two tax-cutting parties cannot decide which way to cut taxes so they have cut them twice. What absolute geniuses. I am sure that bit of political theatre, which has been playing out on our television screens and on the plinth outside Leinster House in recent days, was of great interest to our homeless families. Cutting the USC and widening the tax bands will help some people but it will help some more than others. Those who will benefit most will be those who earn most. Giving back €53 a year to a person on an income of €20,000 is pathetic. Somebody on €25,000 will receive €66 back a year. That is just over €1 per week. Those on €30,000 are in line for the life-changing amount of €78 per annum, while they have to put up with the crumbling services the Government is delivering. This is stark because more than 50% of our people have incomes under €30,000. They are in line for an increase of €1.50 a week. Fianna Fáil, those custodians of equality, have managed to ensure that this budget package includes a reduction in the 5% rate of USC, meaning that those on incomes in excess of €70,000 will get €328 back per annum. That is four times what half the population will get back under this package.

In this package of personal tax measures worth €335 million, the major benefits will go to those on incomes that are much higher than average. To put it in context, particularly for those who want to purchase a house or who are trying to set off in life and are thinking about purchasing a house in the future, this €1.50 a week must be measured against house prices that are

rising by €50 a day. More importantly, it amounts to spare change while our public services and infrastructure are still recovering from the brutality of the austerity years.

If there is one thing a budget can do, it is that it can really physically shape the country in which we live and set out a vision for its infrastructure. It is a challenge to have the foresight and political courage to invest in the long-term interests of the people. Sadly, the Minister does not do long term. Another year passes by without the imagination to invest in our railways, our roads, our schools, our hospitals or our cross-Border infrastructure. In normal times, that would be a bad mistake. At a time we are facing the threat of Brexit, it is unforgivable. The measures announced today are at best weak and at worst counter-productive. Brexit could lead to a drop of up to 7% in GNP and nothing the Minister has announced today will help the Irish State prepare for that. Now is the time to build up our defences, to look at our transport hubs, to bring balance to the State and to look to towns and cities outside Dublin. The failed Fine Gael and Fianna Fáil model of tax breaks for private developers, funded by the selling of public assets, is a disaster waiting to happen.

The Minister talks about Brexit. He launches the odd scheme here and there but he misses the big picture. The Minister said he is up for taking us on a journey. It is a journey on which he is selling off the wheels to pay for the petrol. The short-sightedness of this budget is staggering. It ignores those who will bear the brunt of this lack of vision. The Minister's plans for a loan scheme in respect of Brexit does not get to the heart of the issue, which is to invest to meet the challenges of Brexit. The Minister's capital expenditure plan of €790 million is miserly in comparison to that which Sinn Féin advocated and to which €1.6 billion would have been allocated. The Minister's plan will struggle to cover depreciation costs alone, never mind the type of increased capacity that is so desperately needed. This would be the case if all of the capital spend was direct expenditure but we know that it is not.

As we all know, not just Brexit but also changes in how the United States faces out to the world and how the EU manages its affairs are coming. These things are largely beyond our control. This country is a small boat on an open sea but we can control our own infrastructure. We can make sure our transport, energy and water systems are fit for purpose. We can ensure that we have the strongest base going into choppy waters. That is the sensible thing to do but the Minister does not do sensible. That is why he has decided in favour of tax cuts again instead of investing sufficiently in capital expenditure. The Government's capital investment plan puts capital investment at just 2.16% of GNP for 2018. That is shockingly low. It is reckless and unsustainable and is one of the lowest levels of capital investment in the European Union. The Minister will tell us what will happen in 2021, but it is now - at this point in time - and next year that investment needs to be ramped up.

For every €1 in tax cuts, up to €4 could have been spent on capital investment and this would have been smoothed out over the coming years. It is a shocking use of the limited space we had in this year's budget. This budget fails the Brexit test because it fails the investment test. Sinn Féin's capital investment plan, Fighting Brexit, would have increased capital investment by €1.65 billion above the Government's plans, resulting in a rate of capital investment to GNP of 2.84%. Spin and announcements will not see off the challenges of Brexit but a well-planned and ambitious capital plan would give the economy the boost it needs. This is not a budget fit for a country catching up on infrastructure and with a young, growing population. The State's infrastructure is creaking after years of an investment drought. More and more international investors and companies identify this infrastructural deficit as the biggest issue facing our country yet the Minister has missed the opportunity to deal with it sufficiently in this budget.

Let us look at what the Minister has announced in the area of health and compare it with the reality of what is needed. From the budget document we see that €646 million of this year's increase is current expenditure. Let us examine what the health system needs just to stand still - not to improve any services or to reduce the number of people on trolleys, the time spent on waiting lists or the numbers on those lists. The health system needs €129 million to cover demographic changes, that is population growth and ageing in 2018. The health system also needs an extra €165 million to cover the cost of pay agreements and €97 million of carryover funds to cover the cost of measures introduced last year, the full effect of which will be felt in 2018. It also needs a budget increase of €300 million to cover the overspend, that is to properly fund what is actually delivered in our hospitals. In summary, the health system actually needs an increase of €691 million next year simply to stand still.

This Government, along with its backers in Fianna Fáil, has chosen to leave our health system short of the money that is needed to stand still. That is why we have such a number of patients on trolleys. That is why we have a waiting list that is out of control. That is why people are waiting such lengthy periods for operations. In real terms, the Minister is cutting the health budget at a time of deep crisis. Our health system will be in worse shape this time next year as a consequence of the budget the Minister has brought before us. Not investing in health is another massive failure on the part of the Minister. That is because it is simply not a priority for him. The Minister and his Government do not understand the gap between where our health system is and where it could be. Every day, rights are being violated because of the underfunding of our health system. Although one would not know it listening to the Minister as he balances the books, our health service is on its knees, from primary and community care to our acute hospitals and everything in between. Only last month, senior doctors in the Irish Hospital Consultants Association warned that there was clear evidence that our acute hospitals are beginning to fail.

Although the continuous crises in the health service have meant that people have become almost immune to shocking stories and news about it, the situation can never become normalised. In January this year, 612 patients were left on trolleys, the highest ever recorded number of patients on trolleys in the history of the State. That is not normal. Currently, nearly 690,000 people are waiting for surgeries across the State, the highest number ever recorded. That is not normal. As of May, 29,688 people were waiting for a first-time occupational therapy consultation, nearly half of whom were children and teenagers. That is not normal. The list goes on. It is a litany of shame. The Government has failed to run a functioning health service and is continuing to preside over its failure.

I will use one story to illustrate how bad these failures have been over the course of Fine Gael's time in government since 2011. During that time, a child in Dublin - just one example of thousands that could be recited here today - was diagnosed with scoliosis and her parents were told she needed surgery. The young girl joined the waiting list like many others and she waited and waited and waited. She was left waiting for almost two years for her spinal fusion surgery. Because she was left waiting for so long, the surgery did not take correctly and the young girl's spine continued to curve. The screws in her spine have now become loose and are causing her severe pain. The young girl is now back on the spinal fusion list for scoliosis surgery again. She is in chronic pain and has been waiting almost six months for her second surgery with no set date as of yet.

This is a result of Fine Gael's policies. Did the Minister and his colleagues intend to do that to the young girl? Of course not. Nobody would set out to do that. However, let us be clear

that when the Government underfunds our health system, that is what happens. People will be in pain. Lists will get longer and patients will be left languishing on hospital trolleys because of the actions and inaction of the Government. These are Fine Gael's policies and that is what they lead to. There is no shying away from that. No matter how often this happens, it is not normal.

The Government's failures in health not only destroy the morale of the diligent staff in our health service, but they put lives at risk. No doubt they have cost lives, too. To what end? This is not the fallout of ambivalence; this is policy - the Government's policy. It is the commodification of health care and the dereliction of the role of the State in protecting the sick and the vulnerable.

Cé gur tháinig meadú ar an mbuiséad sláinte anuraidh, níor chuidigh an t-airgead seo ach leis na seirbhísí a choinneáil i bhfeidhm. Mar thoradh ar na ciorruithe suntasacha a rinneadh ar an mbuiséad sláinte idir 2012 agus 2015, tá an maoiniú méadaithe atá á fhógairt inniu de dhíth chun na bearnaí a líonadh.

Because the health spend was cut so significantly in the years 2012 through 2015, the health service is left using any slight funding increases essentially to plug the gaps to which those cuts have led. We can see what these cuts and the privatisation agenda have meant for patients, but what has it meant for staff? The recruitment moratorium in the health sector, which was introduced by Fianna Fáil two years before any other sector of the public service, severely damaged our health service. So, too, did the continuation of this policy. The Government's policies and inability to address the problems in the sector have reaped a whirlwind on the health service. As a result, we now are faced with a recruitment and retention crisis as staff leave or even refuse to countenance working in the system. What has the Government's response been? It has been for the Minister for Health to beg health care staff to give the HSE another chance and work in Ireland. This comes brazenly in spite of the HSE and the Government repeatedly ignoring health care professionals' basic appeals for better working conditions, adequate training and fair pay.

As Dr. David Tansey stated in a letter to the *Irish Independent* on 30 September, such a response:

illustrate[s] a worrying indifference on the part of the Government to addressing the reasons behind why so many of our young healthcare professionals are emigrating. This cavalier attitude of expecting young doctors and nurses to return to a HSE in a worse state than it was five years ago, just because the Minister asked them to, is both naive and disrespectful to medical professionals on the front line.

There is no doubt but that this Government has no plan for health care. It inherited a crisis and has no intention of fixing it. Even beyond funding, the Government will not embrace the reform and initiatives needed. There has to be better ideas and management of the funding that is provided. For example, there is the idea of a single integrated waiting list management system, which would create a national waiting list of patients and procedures. Such a master waiting list could utilise the full capacity of our hospitals and the skill sets of our doctors and nurses and allow patients to have their procedures carried out quicker in a hospital that has the ability to do so, rather than waiting for months on a list for a single hospital. Sinn Féin has pushed this idea for over two years now under the name Comhliosta and, despite promises from the Minister for Health to pilot such a project, there has been little movement. That is a constructive idea.

What we get today from Fine Gael and Fianna Fáil is more money for the National Treat-

ment Purchase Fund, NTPF, which is outsourcing our health system. Fianna Fáil has stated that Fine Gael is bereft of any new ideas in respect of the health system but the only idea Fianna Fáil has put forward is the one it came up with years ago, which was to privatise part of the health system. Putting money into the National Treatment Purchase Fund will not significantly reduce waiting lists. It will just divert much-needed funds from the public sector to the private sector. The beneficiaries of this will not be patients waiting for surgeries but private interests who seek to profit from people's sickness and illness.

Sinn Féin does have a plan. It is called universal health care and it works. We all accept that investment is not the only answer to the issues in our health system but anybody who dismisses it as anything other than the key to improving our health system is wrong. There is no way to deliver the 500 extra beds next year we believe are needed to tackle the accident and emergency scandal without more investment. The 250 extra nurse and midwives needed for our maternity services can only be delivered through the public purse. This investment should be the start of a move towards universal health care. That is the way to end the permanent state of crisis in our hospitals and other services.

Tá cearta daonna á ndúiltiú ag an Rialtas de bharr a gcuid polasaithe, gan tracht a dhéanamh ar an easpa maoinithe atá á thabhairt dár gcuid ospidéal. Mar a dúirt mé, tá bealach níos cothroime ann. Ar an drochuair, tá achan cuma ar scéal nach bhfuil fonn ar an Aire an infheistíocht chuí a dhéanamh agus na leasuithe cuí a chur i gcrích. There is another way but unfortunately I hear no evidence today that the Government is up for the investment and reform needed. It is clear from the announcements today that the health of our people will have to wait another year to be considered a priority.

The Government's record when it comes to people with disabilities has been appalling. The fact that we are the last remaining EU state to ratify the United Nations Convention on the Rights of Persons with Disabilities, despite being the first to sign up to it, speaks for itself. Mór ár náire. The Minister of State, Deputy Finian McGrath, has made this his Alamo. On the day the Government is cutting over €300 million in tax, the Independent Alliance has to stake it all on delivering €3 million from the budget for the basic rights of people with disabilities. The €300 million in tax cuts is fine but €3 million to implement the United Nations Convention on the Rights of Persons with Disabilities is controversial. People with disabilities in Ireland are at almost twice the risk of living in poverty as the general population. There is a serious lack of appropriate, accessible private and social housing. There is a lack of accessible and readily available public transport, parking and public spaces. People with disabilities have great difficulty finding and retaining employment. Respite care services fall well short of what is required and the amount of personal assistance hours does not even come close to what is needed.

Parents are being forced to spend hundreds of euro every month on private therapy if they want to see their child talk, walk, or have any hope of realising their individual potential. The situation as it stands is dire. Budget 2018 was an opportunity for the Government and Fianna Fáil to make a real difference in the lives of those who are living with a disability in Ireland. For our part, Sinn Féin put forward proposals as part of our costed alternative budget. Under our proposals, the disability allowance would have been increased by €6 while the needs of people with disabilities in education and housing would also be addressed.

I am sure the Minister is aware today is World Mental Health Day. Thankfully, in recent years, there has been a sea change in our attitudes as a society towards mental health. Unfortunately, the resources have not always followed the more progressive thinking. Today is no

different. In mental health, the Government has yet again theoretically allocated the magic €35 million figure. This is not the first time as it is announced every year. The actual full spend has yet to materialise. It is literally a copy and paste from last year's budget document which is about as much thought as the Government ever gives to the vital issue of mental health.

Young people with mental health issues are suffering at the hands of severe underfunding. They are among our most vulnerable citizens yet we do not protect them or respect their rights. Currently, staffing levels of child and adolescent mental health services, CAMHS, are at a meagre 53% of those recommended in A Vision for Change. In turn, this is causing excessively long waiting lists and endless distress on young people and their parents. As of July 2017, over 2,400 children and young people were awaiting assessment by CAMHS. These young people and their families face travel issues due to the inordinate distance they have to travel to access mental health care. We need 12 additional child and adolescent mental health teams, which would cost €8.9 million in 2018. Is that not a worthwhile investment for the Government to make? There is agreement across the mental health community that the implementation of A Vision for Change has been incomplete and uneven, despite widespread support from service users and providers. Those are not my words but those of the charity Mental Health Reform. That is a damning indictment not only of Fine Gael's failure to commit to and drive the mental health strategy but also of Fianna Fáil's. Eleven years have passed since the strategy was first launched. Mental Health Reform's recent review also identified several policy shortfalls in the strategy itself, shortfalls exasperated by the emergency in social and affordable housing and failures to protect adequately the rights of mental health service users.

We have to do better. Tá bealach níos fearr de dhíth. Caithfear freastal ar riachtanais an phobail i dtaca le meabhairshláinte. This is about real people and real lives, not a political game, as Fianna Fáil said, played out for the media. In 2017, a woman in James Connolly hospital was found to have taken her life in a side room of the emergency department. All psychiatric beds were occupied. She had nowhere to go and staff were not able to care for her properly. This tragic story is not exceptional, unfortunately.

Deputy McDonald previously raised with the former Taoiseach the case of Ryan Dempsey, having met his family. A young man, just 22, he died alone in a ward off the accident and emergency department in St. James's Hospital, without hope that he would get the care he needed. He had presented to the accident and emergency department and had been discharged five times in just six months. There was never a place for him.

Ryan and others were failed by a system which is not fit for purpose due to decades of neglect and underfunding. CAMHS in places like Cork has turned away children who have expressed suicidal thoughts because they simply cannot take on more cases. Staffing levels in the service are at just over 50% with this chaotic environment taking a huge toll on those working in it. In Cherry Orchard Hospital in Dublin, 11 CAMHS beds were closed this year out of a total of 63 across the State, well below the promised 100. The Linn Dara unit there was opened just two years ago.

Sinn Féin's alternative budget provided for an additional €51.23 million investment in mental health services and care. We identified several areas where additional funding is urgently needed. It is needed - not wanted nor wished for - to keep people alive. Instead, the Government has allocated only €35 million, a highly doubtful figure. Community mental health 24/7 crisis intervention needs to move beyond the current Monday to Friday week-day service. If we are to have a fit-for-purpose crisis service, we need to move to a seven-day roster. Currently,

at-risk and vulnerable people are being left with no option but to attend emergency departments or Garda stations. This is wholly inappropriate. Sinn Féin proposes to treble the current budget for counselling in primary care, increase the number of mental health and intellectual disability nurses, fund counselling and other mental health services for people in direct provision and better resource suicide crisis assessment nurses.

Today is not just budget day but also World Homeless Day. I do not know if the Minister was aware of this when he announced his housing budget for next year. The Government has €1.2 billion at its disposal but no additional social housing units on existing targets will be provided. That is appalling. There will be no capital investment in affordable homes, funds are limited for getting vacant units into use and only 3,000 units on the social housing targets through to 2021 above the existing plan will be provided. There has been no change to the overall social housing target. The existing target is 5,869 units, set when Deputy Coveney was housing Minister. Today, the target announced for next year is 5,900 units. Only €26 million for repair and lease is a low level of investment in securing access to vacant properties. There should be ten times this investment in repair and lease to deliver units. Only €25 million has been allocated for the local investment housing activation fund with no guarantee that any of these units will be affordable.

Where is the vacant home tax? It did not materialise as it is not one of the Government's priorities. Current estimates indicate that houses in developments benefitting from this scheme, such as Cherrywood in Dublin, will be selling houses from €340,000 to €440,000. Up to €750 million from the Ireland Strategic Investment Fund will be made available for commercial investments through Home Building Finance Ireland and NAMA for private developments. Like the local infrastructure housing activation fund, there is no guarantee this will deliver affordable units.

This is the proof that the Government has given up on our banks doing their job in the economy. It is an amount that tells us the Government has no intention of eradicating homelessness in this small wealthy country. It is an allocation that says this Government is okay with children living in hotels. How did the Cabinet sign off on a €1.2 billion package and not deliver an additional social house? Did anyone at Cabinet pipe up and say we should build another couple of social houses with the €1.2 billion to be announced at 1 o'clock in the Budget Statement? I cannot understand how the Minister can stand over this type of budget. Everything in it was actually announced six months ago. We expected the Government to do what it always does. However, we also expected it to pay lip service to the issue but it did not even go that far. This issue is not a priority for the Minister.

Today we learned of a new plan for NAMA to deliver housing. It was new to the Government but one for which we have been calling for years. Sinn Féin even has legislation in the Seanad to make NAMA deliver housing. NAMA's governance structures need to be overhauled but the architecture as an off-balance sheet vehicle to deliver houses is already in place. I put this to the Minister for Finance last year but he rejected the need for any such proposal. I wrote to the Taoiseach and sent him the relevant legislation several weeks ago. I am glad the Minister is toying with the idea of going down this road. We will tease it out in full detail when the legislation comes before us.

None of the plans already announced is working. The Government has plan after plan, announcement after announcement, but the housing crisis is getting worse. Every section of the housing market is affected. There are not enough council homes. Costs of rents are spiralling

out of control while house prices are inflated. The figures speak for themselves. There are over 8,000 people, along with over 3,000 children, homeless. Many of these children have spent or will spend more than two years in emergency accommodation. Earlier this month, the Government's special rapporteur on child protection said emergency accommodation denied children several rights, including the rights to health and education, compromising their ability to develop. There are 90,000 households on council waiting lists. Many of these lists have a waiting time of over ten years or more. Rents are continuing to rise to unsustainable levels. If one is lucky enough to secure rental accommodation, one can be often subjected to overcrowded conditions, insecure tenure and poor quality surroundings.

The Government's solution to this is to bring back bed-sits. It is looking back for an easy option instead of developing progressive solutions. Local authorities have been starved of the central Government resources necessary to conduct inspections of rented accommodation. There is not enough building going on. The flawed statistics presented by the Government do not accurately reflect the number of new builds coming on stream. Vacant houses blight our city centres and are dotted across the countryside. However, no vacant home tax has been implemented. The Government has tried the carrot approach. Private developers have been offered public money for site infrastructure in return for affordable housing units. Unfortunately, the Government has no definition of "affordable", which means different things in different places. The provision of affordable homes for rental or sale is, unfortunately, not a priority for the Government. Plans to develop and roll out a cost rental model were announced but then abandoned.

In some ways, the answer is easy - build more houses. That has not been sufficiently done because Fine Gael does not believe in building social housing. There is no other explanation. The State should deliver 10,000 social housing units next year before any private build is taken into account. There should be no excuses on that issue because it is our responsibility to ensure it is done. We need a new affordable housing programme to build affordable houses on public land that will be made available to families earning less than €75,000. We need to provide our local councils with the capital needed to deliver affordable rental units. That is the scale of investment needed. Is é seo an dúshlán atá os ár gcomhair, ach tá Sinn Féin réidh faoina choinne. That is the challenge that we face. Sinn Féin is up for it. It would deliver no gimmicks, spin or tax breaks but, rather, houses for the people. It has shown in its alternative budget how it could deliver 10,000 social houses and 4,500 affordable houses in 2018.

The State continues to be decades behind other countries in how it values, finances and legislates for early years education and care. It is currently spending little more than 0.1% on early years services. We are at the bottom of the OECD table of expenditure on early childhood educational institutions. The result is raised costs for parents, unsustainable services and poor pay and conditions for the early years workforce. The type of start we give our children inevitably impacts on their progress for life. There is an intrinsic link between the working conditions of those responsible for children and the quality of care and outcomes for those children. Investment in pay and conditions for those we entrust to mind our children is required, along with a genuine State subsidy scheme for all parents who choose to use child care services in order to make child care affordable. Many child care workers have gone to great lengths to obtain qualifications and training, yet low pay means they do not consider a long-term career in child care to be financially viable. That must change. They deserve to be paid a fair wage matching the importance of their career. That is a budgetary matter because the State ultimately subsidises the wages of those workers. We want an early years and child care sector of which

we can be proud and that is reliable, high quality and affordable to all. We are a long way off that and, once again, it has not been addressed in the budget. The grand and much-leaked announcements in relation to early years investment fall far short of what is required. Sinn Féin's alternative budget proposed approximately five times more investment in the sector in 2018 than the Government has announced. Sinn Féin's proposals are affordable and deliverable if the political will is there to implement them. However, the Government has decided not to take the side of struggling parents, child care workers or community providers. The Minister is once again making hollow promises to parents which the sector cannot deliver because investment figures fall short of what is needed. We cannot build a modern economy with child care being done on the cheap. The State must put its resources into child care as a priority. However, the budget has made clear that our youngest citizens and their parents do not have the Government on their side. The proposed €20 million investment does not cut it. The second mortgage many families face in child care bills will not be reduced by the budget.

I do not know if the Minister is aware that thousands of third level students last week took to the streets to demand investment and reject a student loans system. They were not marching for themselves but for the future of education for all. They must be the wrong sort of people because their demands have gone unheeded in the budget. The Government talks about giving families a break but it could have removed a huge burden for tens of thousands of families by beginning the process of abolishing student fees and it chose not to. This budget is about letting the education system carry on as usual. The issues of modernisation and funding have been ignored. Tá tuilleadh infheistíochta ag teastáil go géar chun ranganna níos lú a sheachadadh agus le haghaidh níos mó muinteoírí agus síceolaithe oideachais a earcú. Ach bheartaigh an Rialtas seo neamhaird a thabhairt dó. Níl mórán curtha san áireamh mar chuid den bhuiséad seo fá choinne páistí scoile - idir pháistí bunscoile agus pháistí meánscoile. Again, the Government had other priorities.

Child care and education are not the only issues that young families needed to be addressed in the budget that were not. This is a young country, yet the young gain less when taxes are cuts and lose most when short-term policies are adopted. This is not a budget for the young of this country, such as those whose education is dependent on parents being able to afford student fees that should be lowered, nor is it a budget for young families trying to save for a home or pay their rent. Their right to housing has been relegated below tax cuts. The budget continues the direct discrimination against young jobseekers, who are considered less deserving of help from the State than their older siblings. Young civil servants, teachers, nurses and gardaí will have to wait for pay equality. It could have been different - this could have been a budget for a young country. This should have been the budget, and would have been if Sinn Féin were in government, where pay equality was begun for all civil servants, teachers, gardaí and nurses, where young jobseekers got equal treatment as is their right and where real measures to make it possible for a working family to buy a home were put in place. However, the Government is not on the side of young people.

Discrimination is not limited to young people. The shameless cuts to the pension bands and rates in 2012 that left so many people, mainly women, with lesser pensions has not been addressed. The 35,000 people affected by those cuts have been left to get on with life while receiving less than others because they may have left work for periods, mainly to raise their families. However, that was not a priority in the budget. I welcome the increase in the State pension but the deeper issues of inequality in the pension system have been left unresolved. Why will people on social welfare packages have to wait until later in the year to receive the increases an-

nounced? There is no justification for that. Under Sinn Féin proposals, all working-age social welfare recipients would have received an increase of €5 and those with disabilities an increase of €6 at the beginning of the year. This budget will deliver a less equal Ireland for our young people and the women who have fallen into one of the worst traps of the austerity programmes.

Tá feall á dhéanamh ag an Rialtas ar mhuintir na Gaeltachta agus ar an Ghaeilge féin. Tá an Ghaeilge i mbaol báis mar theanga pobail laistigh de deich mbliana. Tá an teanga féin ag sleamhnú chun na cille. Tá aithris á déanamh ag an Rialtas ar a chuid faillí i leith na Gaeilge sa bhuiséad seo. Níl tugtha ag an Rialtas dúinn ach cur i gcéill.

Maíonn an tAire Stáit, an Teachta Joe McHugh, go bhfuil an Ghaeilge “ag dul ó neart go neart”. Léirigh figiúirí an daonáirimh dúinn gur a mhalairt atá an scéal. Tháinig titim 23.6% ar chainteoirí laethúla i nGaeltacht Maigh Eo, titim 18% ar chainteoirí laethúla i gCiarraí agus titim 15.8% ar chainteoirí laethúla i nDún na nGall, mo chontae féin. Is titim í sin de 11% ar chainteoirí laethúla sna ceantair Gaeltachta ar an meán agus titim fosta ar líon na gcainteoirí Gaeilge ar fud an Stáit. Agus ní nach ionadh é, ó 2008 go 2014 tháinig laghdú 89% ar bhuiséad na Gaeilge, na Gaeltachta agus na n-oileán. Tá an Rialtas ag teipeadh go holc ar an Straitéis 20 Bliain don Ghaeilge 2010-2030 agus tá drogall air plean gníomhaíochta a fhoilsiú lena chuspóirí a leagan amach go sonrath.

Tá todhchaí na Gaeilge agus na Gaeltachta ag brath go mór anois ar dhá bheartas – is iad sin an polasaí don oideachas Gaeltachta agus an phleanáil teanga. Ach níltear ag tabhairt maoiniú cuí ina dtaobh. Níl raibh ach €1 milliún curtha ar fáil don pholasaí don oideachas Gaeltachta cé go bhfuil níos mó airgid de dhíth leis na cuspóirí ar fad a chur i gcrích - cuspóirí ar nós cúrsaí tríú leibhéal nua a chur i bhfeidhm, múinteoirí agus cigirí breise a earcú, maoiniú breise a thabhairt do scoileanna agus a leithéid.

Maítear go bhfuil an phleanáil teanga mar “last chance saloon” ag lucht na Gaeltachta leis an Ghaeilge a shlánú. In ainneoin é seo, fuair mhuintir na Gaeltachta buille trom nuair a dúradh leo nach mbeadh dóthain airgid ar fáil leis na pleananna teanga a chur i bhfeidhm mar a leagadh amach iad. Le breis is dhá bhliain anuas bhí eagrais agus daoine áitiúla ag treabhadh le chéile leis na pleananna seo a dheardh. Anois is gá dóibh athbhreithniú a dhéanamh orthu uilig. Ní “tús láidir” é sin mar a d’fhógair an tAire Stáit, an Teachta Joe McHugh, ag an am, ach masla don phobal Gaeltachta.

Mhol Sinn Féin €5 milliún a thabhairt don phlean i gcomhar infheistíocht sa Ghaeilge agus sa Ghaeltacht atá curtha le chéile ag Conradh na Gaeilge. Bheadh €5 milliún á thabhairt againn do chiste reatha Údarás na Gaeltachta agus €5 milliún don chiste caipitil. Bheadh €4 milliún á thabhairt againn don phleanáil teanga. Tá an t-airgead seo atá luaite sa bhuiséad againn anuas ar chaiteachas an Rialtais. Bheadh €2 milliún sa bhreis á thabhairt againn leis an pholasaí don oideachas Gaeltachta a mhaoiniú i gceart, agus bheadh €1.3 milliún á thabhairt againn le tús a chur ar ionad traenála lán-Ghaeilge a bhunú d’ábhair mhúinteora. Molaim suas le €3 mhilliún a chur ar fáil le haghaidh cultúrlann a bhunú ar Shráid an Mhúraigh. Ní mór don Rialtas a bheith ionraic faoi staid na teanga. Is gá dúinn díriú isteach ar an nGaeltacht agus ar an nGaeilge agus infheistíocht chuí a dhéanamh anois ionas go mbeidh sí ag an gcéad ghlúin eile.

The Minister has announced a number of tax measures, some of which I welcome, others I do not. I welcome his proposal, in line with my party’s view, regarding commercial stamp duty. We have argued for a number of years that it should be increased. Commercial lending and overheating played a huge part in the banking collapse. It is important we monitor this

and take action to cool it. I support the increase in the excise on tobacco, not because it raises any money but because I believe that increasing the price will mean fewer of our people will die from cancer and more of our people will have better health outcomes. However, there is no evidence whatsoever that it will raise any money; in fact, the opposite is just as likely. If the Minister does not believe me, he can ask the Revenue Commissioners. He has put a figure beside it and I believe it is misleading, to say the least.

Today the Minister maintains the help-to-buy scheme, a scheme that has cost the Irish taxpayer €40 million and has contributed in no small way to house prices increasing by €50 every day across the State. The previous Minister for Finance made a commitment to publish the report on this before budget day. The current Minister reneged on that commitment. He wrote to me about the fact that he was reneging on it but he shared it with other Deputies, and that is not acceptable. Information regarding budget day should be provided to all Deputies on an equal basis. I would not have expected the Minister to do such a thing. He should not follow that path in the future. The help-to-buy scheme directly transfers money from taxpayers' pockets, as we know, into the pockets of developers while pricing ordinary families out of the market. Let me repeat once again for Deputy Donohoe, as Minister for Finance: the housing crisis is a supply-side problem. Stoking up demand only makes the situation worse by inevitably leading to house price increases. The Minister should do the right thing and abolish the scheme immediately. Let us not forget that it was Fianna Fáil that originally proposed its own version of the help-to-buy scheme and that the scheme would not be in place only for Fianna Fáil's facilitation of the passing of the relevant legislation through the Oireachtas. This shows the contamination of Fine Gael by Fianna Fáil in the new Government arrangement. However, the Minister has thankfully rejected Deputy Cowen's demand for a €240 million tax cut for developers, so the contamination is clearly not complete yet. Most people who access the help-to-buy scheme do not even need it to secure a deposit. That was the big lie given at the start: that it was to help people get a deposit. We see from the figures that this is simply not the case and that it is money that simply goes onto the price of a house. There is no real benefit for families; house prices increase and only the developers are the winners and I for one believe they have been bailed out once too often.

The retention of the 9% VAT rate for hotels that are full and are charging higher and higher prices while not respecting their workers' rights is political cowardice. I accept that not all hotels are full or are taking advantage of demand to hike up prices but the overall trend in the sector is one that no longer justifies a tax break. I am speaking specifically about hotels in Dublin. Many of them are owned by international investors that are soaking up most of the €190 million tax break, which could be money working towards emergency housing, paying teachers or nurses or building our infrastructure. That is where the money should go. We should retain the 9% rate for the rest of the sector but there is no justification for its application to hotel beds.

The phasing out of mortgage interest relief will hit many struggling families; 419,000 people will be worse off. This could cost families who had to buy at the peak of the crisis hundreds of euro. Nearly 80,000 family homes are still in mortgage distress and how will this affect them? It will just put them further into distress.

The picture of this budget becomes clear: all the talk of new politics is out the window. It is the same old story. The experts warn us that cutting taxes risks overheating and jeopardises our tax base. History tells us that outdated or failed tax breaks must be ended. However, today we have tax cuts on the double, and failed, costly schemes such as help to buy are left virtually untouched. Nothing has changed. There will not be different results in health care for our

citizens from a budget that does what the establishment parties have always done: throw it all away, protect the powerful lobbies and expect hospitals and schools to run on the crumbs given to them. This is a budget drawn up by political insiders to suit them and their friends, not a budget for Ireland in the year 2017. The world in 2017 is a different place. Tá an domhain ag athrú agus níl an dara suí sa bhuaile againn ach a aithint go bhfuil an comhthéacs domhanda uilig ag athrú chun donais. The global context is changing, and not in a good way. Our national debt remains one of the highest in the world when taken as a percentage of GNI*, which strips out distortions unique to our economy. Low interest rates, quantitative easing, low oil prices and other favourable winds will not always be blowing in our favour. On the other hand, the impact of Brexit, which the ESRI and others fear may be underestimated in the Minister's own projections, is a storm that will not miss us. On a whole range of other issues, the Minister has done nothing or simply the bare minimum.

The more the Government insists everything is fine with our corporation tax system, the more problems stick out. Everything is not fine and it is not unpatriotic to say as much. I welcome the move to cap the intellectual property that can be written off against profits at 80%. I am amazed the Minister can be so precise about how much this will raise because when we asked the Department of Finance just a number of weeks ago, figures could not be produced. Even here though, I am disappointed but not surprised, to see yet again that the Minister has built a nice get-out clause into this year's budget. The cap in respect of the write-off of intellectual property will not apply to companies that have onshored hundreds of billions in intellectual property in the State over the past years. In a single year, annual capital allowances claims for intangible assets have increased from €2.7 billion to €28.9 billion due to the onshoring of intellectual property by multinational companies. In other words, the Minister is leaving the door firmly open for these companies - we know who they are: Apple and some of the other big multinational companies - to be able to write down their tax liabilities to a minimum level because the Minister has said it will only apply from tonight onwards. That is wrong and he should have taken action not to set it from today. He is taking the easy option of making a change while knowing well that the tax leakage already in process will not be stopped. The big movement of intellectual property, IP, onshore in recent years will go untaxed. The winds are changing internationally and it is time to start building a real industrial policy, not one built on unsustainable loopholes. The 12.5% corporation tax rate is not in question. Scaremongering does not add to the debate. This sovereign State maintains the right to set our own tax rates. No one has a better understanding of that and the economic importance of that sovereignty than Sinn Féin. There are, however, huge challenges coming down the road and the Government again has shown why it is not up to the challenges: it still has its head in the sand. I have major concerns that the Government's corporate tax policy is built on sand. We have seen corporation tax receipts increase from €3.9 billion in 2012 to nearly €8 billion in 2017. What makes this tax head especially risky is the concentration of receipts among large multinationals, with only ten payers accounting for 37% of the total revenue in 2016. I shudder to think of the risks of this exposure, given international tax policy developments.

It is likely that we are facing into a double whammy in the form of US corporate tax reform and movement due from either the OECD or Europe regarding the taxation of digital profits. Mooted US corporate tax proposals include the introduction of a foreign minimum tax requirement in tandem with a proposed reduction in the US corporate tax rate to 20%. This could massively erode the advantage that many US companies currently avail of here. Meanwhile, the EU digital tax proposal now has the backing of ten EU countries and could be brought in through enhanced co-operation next year, meaning it can go ahead without us but would still

sharply affect us. Whichever measures are enacted, either by the OECD or EU, they would no doubt further erode our tax advantage. We could, therefore, be facing into a whole different economic reality in this State if our tax advantage is taken away over the coming years. I have no doubt that we are becoming increasingly isolated in these matters. We are not isolated because of the 12.5% rate, which my party and the vast majority in this House support; we are isolated because of how we allow companies resident here to minimise their taxes to almost zero. As a State, we are compounding our past mistakes. Consider the Apple case, for example. It has become an embarrassment, and one of the Government's own making. Instead of owning up to the new reality and dealing with the issues facing the State, the Government has doubled down. It is bizarre: the Government is trying to convince a European court that a company incorporated here but without a headquarters here, without a physical presence, without any staff, without a computer, without a desk and without a telephone, generated €104 billion in profits and, because of a loophole in our tax legislation, was not going to be taxed on any of these profits. The Government is trying to convince the EU that the other company that did have a physical presence here - employees, computers, desks, management structures - and that organised the distribution and manufacture of all Apple products outside the Americas is not the company that actually generated those profits. It is laughable. Not only that: the Government has made it worse because it did not follow through on the legally-binding obligation on this State to collect the €13 billion plus interest from Apple and deprive it of that illegal state aid. Now we are being taken to the court for the second time: €3.6 million already spent on souped-up lawyers to appeal, not in our interest but so that we do not get this money.

4 o'clock

It is unbelievable that this is where the Government is at and that in the middle of a housing crisis, in the middle of a health crisis and in the middle of all of the different pressures we have, this is its priority for investment.

Last week we learned about who was benefitting from the research and development tax credit to which the Minister has made no changes. Let us look at what is happening. On budget day last year, the Minister published a report stating that action should be taken to ensure this tax credit does not run away and become an increasing cost. The report offered a number of solutions whereby the credit could not be availed of over and over again. Yet, documents I have obtained under freedom of information show that 65% of this €700 million tax credit is going to the top ten companies, which is unbelievable. Indeed, in the internal documents, officials within the Department are questioning whether companies are inflating research and development artificially to avail of this tax credit. Despite this, the Minister has decided no action is to be taken.

No action is to be taken with the bankers either. This is a common feature. Banks under the control of the State are telling us they will not pay tax for 21 years and other banks telling us it will be 20 years but yet the Minister takes no measures to reintroduce the measure Brian Lenihan originally brought in, which would see the losses that are carried forward only applied to 50% of the profits in any given year. This is unforgivable. That banks making a profit of €1 billion - AIB made a profit of €800 million in the first six months of this year - will not be paying tax for two decades is not acceptable given the pressures we are under.

This could have been a very different budget but the Government has returned to form and has done what it always does. It is a budget that obviously has an eye on the election. It is about the resources that are available to try to tick enough of the boxes Government Members

think will please enough people to make sure they are returned to the Government benches. We are elected with a mandate, but with a mandate to lead. We are elected to lead this country and at a time of crisis, we need to provide that leadership. I said before that I will measure the Minister's budget on how it addresses the crises in housing and health. In those two areas, he has failed, and not only failed, but failed spectacularly. I repeat that I cannot for the life of me understand that, in a €1.2 billion package, he has decided not to deliver one social house in addition to those announced by the Minister, Deputy Coveney, when he was in the Department. I cannot understand, given the overrun in health, that he has given so little to health, which will not even allow the health service to stand still. Given the fact our constituency offices and the Minister's constituency office are inundated with the hard cases and with the real-life stories of people who are suffering as a result of policies the Minister and his predecessor introduced on budget day, which have left so many people homeless and languishing on waiting lists and on trolleys, the Minister should have done something different. It is very disappointing that this is the type of budget he has brought forward.

Deputy Joan Burton: I wish to share time with Deputies Kelly and Jan O'Sullivan.

Acting Chairman (Deputy Eugene Murphy): Is that agreed? Agreed.

Deputy Joan Burton: I am aware the Minister for Finance is fond of reading and the theatre. He might well have looked to Shakespeare's plays to provide him with a title for his address today. "As You Like It", would, I guess, be his first choice, a nice romantic tale to please the punters - something, however small, for everyone in the audience. Now that a few hours have passed, my own judgment would lean towards "Much Ado About Nothing" for today's less than dramatic offering.

The White Paper published last Friday reveals a total spend, current and capital, of close to €60 billion. Today we devote a whole day to dissecting plans to add about another €1 billion to this. The discussion today is about €1 billion out of €60 billion - all this fuss and argument over not much more than 1% of the total. We have been stuffed to the gills with rhetoric and bloated promises about jam tomorrow, based on optimistic scenarios of perpetual growth that could blow up in everybody's face if Brexit goes horribly wrong. The big boast today is that we have a balanced budget for the first time in a decade. I am not as enamoured of this as the Minister and Taoiseach. First, it is an obligation of current European rules rather than a specific decision of an Irish Government. Second, the incorporation of capital investment spending in the total distorts the picture. We should join with other European states in having this policy adjusted to enable specific investment projects to be outside the deficit calculation. That is the only way we are going to revive many of the European economies and put in place vital infrastructure for people in this country and other European countries.

This budget is framed by the past and seems set on repeating some of the mistakes. We are now ten years on from the eve of the financial crisis, which started in September 2007 with a run on the Northern Rock bank. In his budget of that year, the then Minister for Finance, Brian Cowen, defiantly proclaimed over and over again the mantra of those days, "Ah but, the fundamentals are sound." The Minister for Finance previous to Brian Cowen relied on stamp duty revenue and used it to pay for tax cuts and permanent spending increases - his name was Charlie McCreevy. Those policies of unsustainable tax revenues laid the foundations of Ireland's ruin. Today, unfortunately, the Minister for Finance has been tempted to travel down the same path. I am amazed that Fianna Fáil seems to have totally forgotten how it blew up the finances of the country. Today the Minister for Finance has raised €400 million from a 4% increase in

non-residential stamp duty to pay for tax cuts and spending increases. Have we learned nothing from the past? A budget framed on transactions in the volatile Irish property market is laying the foundations of future crisis. One of the central lessons for Ireland from the crash was not to rely on transaction taxes on property to fund tax cuts and increases in current expenditure, yet this policy is a pillar of today's budget. I cannot understand it. While I understand the context of the Minister's actions, here we are today as history repeats itself.

There is another aspect that is deeply troubling. Never before have I seen such a commercially sensitive tax increase leaked days in advance of the budget. This raises serious questions about the competence and the ethical framework of these budget leaks. Tonight the Dáil will vote to raise commercial stamp duty from 2% to 6%. Members can be assured that in the last 48 hours, property sales of millions of euro, possibly billions, were rushed through. We are all aware - at least, I am aware - of the devices that can be used to mitigate the tax, given the property sector knew about this, such as resting contracts and selling shares in properties as opposed to the underlying assets. We have been blinded by announcements by the Minister but nobody has so far looked at this fundamental issue. I recall a day when the current Commissioner, then Minister of State, Mr. Phil Hogan, actually resigned because of budget leaks which were only potentially advantageous to players in different sectors of the market. I am agog at this and think it is a real error of judgment by the Government.

The Charles Dickens character, Mr. Micawber, viewed a balanced family budget as defining total happiness while even a trifling deficit was the cause of total misery. A homeowner could be thrilled if he or she balanced income and expenditure but what if the roof of the family home was leaking or the house needed expenditure on better windows to retain warmth? I do not cheer a balanced budget as a great virtue at a time when there are such yawning gaps in our nation's roads, railways and communications, not to mention the blatant failures to meet basic targets for climate change and renewable energy.

Last week the NTMA was able to sell bonds at a negative interest rate for long periods. These low rates will not last forever and at some time in the future we will look back and wonder why we did not fix the roof when funds could be borrowed for sensible capital works at very modest rates. I was pleased that the Minister did a sensible thing by paying back funds borrowed from the IMF and other sources during the bailout, which were very expensive, replacing expensive debt with cheaper bonds. Personally, I think he should have gone further and cleared as much high rate legacy debt as possible at an accelerated rate. I am aware that the accumulated cost of debt service is a heavy annual charge, but an antiquated infrastructure imposes an equally heavy burden on the people and indeed on the economy and it limits our capacity as a nation to solve our housing and health needs. At so many of the sites in Dublin, such as O'Devaney Gardens near where I live and Dominick Street, there is not yet a brick on a brick. This is years after the Labour Party agreed, when it was in government, that those sites were to be prioritised for rebuilding for social housing. What is happening with the Government?

A budget debate offers a rare opportunity to look under the bonnet, so to speak, and see some features of the economy that can often be hidden from view but which have a significant impact on the lives of people. We talk a lot about taxes but I believe we need to talk just as much about wages. Thankfully we have witnessed the recent consecutive months of net jobs growth, an exceptionally long such streak of reduced unemployment. That in itself is undoubtedly good news and is a vindication of the relentless focus on jobs that the Labour Party pursued in government. The growth has brought the official unemployment rate down close to 5%. This is low by historical standards. Labour force participation, which counts the number of people

working or actively seeking work, is also ticking upward. This indicates that people who may have given up on finding a job are starting to return to the workforce. The big question, however, is why the public mood is not more upbeat about the economy. Despite the sustained job growth there remains a deep dissatisfaction that the recovery has not been adequate to boost meaningfully the fortunes of ordinary families. One reason for such deep public scepticism is that wages have yet to grow substantially in line with the growth in jobs and in line with growing productivity. People are deeply disappointed with the sluggish wage growth, because their expectations have risen after years of consistent job growth. We are four or five years into the official recovery now and working people are less patient. No minuscule tinkering with tax rates - let us face it, this is what we saw today - will alter that until the longstanding stagnation of wage rates is tackled.

It seems that we have gone a long way to deal with the job quantity issue but we have lagged too far behind on the quality issue. The gender pay gap has finally and belatedly come to the fore and needs a sustained sector by sector effort to close off this running sore. In more general terms, we should recognise that workers are fully entitled to obtain a greater share of the fruits of quite dramatic levels of economic growth. To ignore this is to tolerate even greater and wider inequality and all the social disruption and strains such inequality brings. Interestingly, the IMF itself has come to the conclusion that inequality in incomes is now a serious barrier to economic progress in advanced economies. Christine Lagarde, the leader of the IMF, had these words to say in Brussels last year:

You do not have to be an altruist to support policies that lift the incomes of the poor and the middle class. Everybody will benefit from these policies, because they are essential to generate higher, more inclusive and more sustainable growth. In other words, if you want to see more durable growth, you need to generate more equitable growth.

She went on to cite IMF research which shows that if you lift the income share of the poorer paid people and the middle class by one percentage point, then GDP growth increases by as much as 0.38 percentage points in a country over five years. By contrast, if you focus those cuts on the rich by one percentage point then GDP falls by 0.08 percentage points. Ms Lagarde said: "Our findings suggest that - contrary to conventional wisdom - the benefits of higher income are trickling up, not down." This is an important recognition by the IMF of something that a lot of us understand in our day-to-day lives. The evidence is stark. Excessive income inequality actually drags down economic growth and makes growth less sustainable over time. We need to take this evidence on board and recognise its profound significance for wage policies and tax policies.

I want to make the additional point that a sustainable wage boost can encourage workers to make better provision for their pension pots. I am a strong advocate of auto-enrolment in private pension schemes, and this scheme is ready in the Department of Employment Affairs and Social Protection. Workers must have the capacity through better wages to save adequately for pensions. There are annual reviews of the minimum wage but I believe this is now inadequate. The living wage should be the focus in all policy making. It is a well-researched concept based on firm evidence and it properly incorporates all the elements that enable an acceptable standard of living.

It was interesting that the Minister for Finance did not mention a couple of things today. He never spoke about Sláintecare, the flagship programme of a Dáil that has not otherwise been terribly active. The Minister never referred to affordable housing and how young people who

are working could get the wherewithal actually to buy a house. The Minister never mentioned at all the €5 million the Taoiseach is setting aside for his new strategic communications unit. The Minister, the Government and Fianna Fáil made no reference to child benefit. While I welcome the €5 increase from the end of March for people who receive social welfare, including our pensioners, the €5 is actually €3.85 per week. Why the cod that it is €5 per week? It is not. It is €3.85 per week. Pensioners know this and they have been talking about it already. What has the Minister for Finance, the Government and the Taoiseach, Deputy Varadkar, got against children over five years of age and against child benefit? This is the second year in row the Government has failed to address child benefit, which is one of the key income supports for families who have children.

There are two tables contained in the budget that show a series of case studies, one of which is Pamela the plumber - how enlightened - and the other is Sorsha and Annemarie, who are a married couple. These families see an increase of 0.9% to their income in the budget. This is probably one of the lowest increases in all the tables. Why is this? The only identifying factor I can see about Pamela the plumber and Sorsha and Annemarie is the fact that they have children. Families with children have done the worst from this budget. For the second year, this is a calculation on the part of the Government and I hold Fine Gael, Fianna Fáil and the other people in government equally responsible for it. The Government's logic is that it is targeting preschoolers, but children over five, particularly teenagers, are expensive too, as we all know. Children and the costs associated with them are not recognised under our tax code. Instead, child benefit is the only recognition and it is paid directly to the caring parent, usually the mother. This is the second year in a row that the Government has failed to increase the rate of child benefit, which is enormously important to people on low and middle incomes, particularly those who are in work. While I welcome the increase of €2 per week in the rate of child dependant allowance for those on social welfare, I am hugely angry that people who are in employment and have children have again been ignored, as evidenced by the failure to increase the rate of child benefit.

A disquieting feature of the budget arithmetic is its in-built reliance on the temporary windfalls that regularly flatter Exchequer returns, notwithstanding the fact that there is no certainty these will continue to accrue. In other words, we are back to the good old bad old days. The money raised this year from the sale of AIB is a case in point, while another is the transfer of Central Bank profits to the Department of Finance, a tidy sum for the past number of years due to the sale of the Anglo promissory notes. The amount of cash coming from that source will inevitably fall in future years and this could give rise to a gaping hole in the national balance sheet. This points to the need to look for future flows of income which do not depend on windfalls returns. Ireland's tax base is already too narrow to deliver the revenue a modern society with a socially progressive purpose requires.

Like many citizens, I was disturbed by the boastful claim of the boss of AIB that his bank would not have any tax liability for decades due to the loss-offset rule that enables companies to reduce and even eliminate all taxes where they have accumulated losses to carry forward. While that is a legitimate use of a long-established tax rule, it cannot mean that a profitable bank has no contribution to make for many years into the future. I want the forthcoming finance Bill to set out clearly that all financial institutions will have to pay their proper share, by whatever means necessary, whether it is through levies or otherwise. Now is the time for proper consideration to be given to joining other EU member states that wish to impose a financial transactions tax. I was hesitant about proposing this while London was a major financial centre that could have drawn business away from Dublin. Sweden's previous experience of a go-it-alone trans-

actions tax was a salutary reminder of the mobility of finance capital. Now, however, London is diminishing in importance as a world finance centre as a result of Brexit.

A group of EU member states, including Germany and France, has indicated support for this measure. We should join them to advance the proposal as a common tax measure. I emphasise that a financial transactions tax is a very low tax of, for example, 0.01%, or 1% of 1%, on each financial transaction. Any purchase of shares or bonds or trade in derivatives or currency would be taxed at this exceptionally low rate. A financial transactions tax would be a deterrent to highly speculative transactions with very rapid trading and only minimal profits. Speculation would be less attractive were such a tax in place. I lost track of the number of reviews and studies in the budget. I think I stopped counting after 12. This is one, however, which should be examined. It is really important.

I turn to the issue of overseas aid. The Government has decided to seek a seat on the UN Security Council for Ireland in 2021 and has already marshalled a substantial diplomatic effort to achieve this purpose. While that is fine and dandy and would represent an important reputational boost for this country, it must involve a critical examination of the commitment to reach the UN development aid target of 0.7% of GDP each year. While that commitment had to take a back seat during the retrenchment period, it must now be revisited if our diplomats are to embark on an international canvass for UN votes. We cannot send them out to hunt for votes in some very remote corners of the globe with one arm as long as the other. More than 128 million people in 33 countries are in need of urgent humanitarian assistance while more than 65 million have been displaced from their homes by war and conflict. Last January, I made a private visit to Tanzania where I worked in development and third-level education many years ago. I spent some time on that visit looking at some really valuable projects sponsored by Irish Aid, of which we can all be very proud. While some of these involve very modest financial contributions, they produce excellent results in health care and other fields. As GDP and GNI* increase at a steady clip, so too must Ireland's aid budget. We are currently quite far behind, but the actual demand for aid has increased sharply due to political conflict and the dramatic effects of climate change.

I questioned the Taoiseach about this matter last week and was disappointed by his tepid response. On the one hand, he proposes to increase substantially Ireland's so-called global footprint by having more embassies and trade offices around the world. On the other, however, he does not seem to recognise that a greater global footprint means a corresponding expectation of higher contributions to international development. Apart from the moral issues involved, there are definite and practical advantages for this country if it plays a more active role in this area. Climate change knows no borders and the impact of climate change events are already causing immense population movements which are heartbreaking to witness. The allocation of €13 million, which is what is in the Estimate today, is inadequate and should be closer to €70 million. As a former Minister of State with responsibility for development and as someone who travelled extensively on behalf of Ireland during the term of the previous Government, I am aware that our programmes in Africa and, on a smaller scale, parts of Asia are our calling card, not unlike our culture, music, writers and poetry. These programmes are the reason people pay attention to Ireland and want its representatives to occupy high office in different international institutions.

To some extent, every budget is a primarily political statement but this is one of the most nakedly political I have seen since the days of Mr. Charlie McCreevy. Its primary purpose is to keep the show on the road for another year. I detect very few elements in it that put national

needs front and centre. Instead, it is designed to secure party advantage more than for any other purpose. I classify it as confused and remarkably devoid of vision at a time of exceptional uncertainty for this country. As such, it is a perfect reflection of the Government that produced it. Its sole purpose is survival and to limp along from month to month. We were promised a brave new world, but we did not get it today.

I turn to rural Ireland and disadvantaged areas in urban Ireland. As Minister for Social Protection during the tenure of the previous Government, I worked very hard to ensure that no post office was closed except where it arose as a consequence of the death or retirement of a postmaster. I have seen enormous resistance in the Department of Finance to the development of community banking in Ireland and I see no reference to that today. Major employers will not drop in to most parts of rural Ireland. We are dependent for creating social economic structures in rural Ireland to a significant degree on the post office and the development of alternative forms of banking, including community banking for which proposals have been brought forward time and time again. The Government claims to have a particular interest in rural Ireland but it has no vision and no imagination to support its economic development from the point of view of jobs, whether in services, post offices or community projects. There is a large reduction, for instance, in the spend devoted to community employment and Tús programmes to which I was connected and which I pushed as Minister. For Members who represent rural constituencies and, indeed, urban inner city constituencies, it is an awful mistake to fail to put a much higher value on the development of social enterprises in areas that are not benefitting from the same level of employment generation that we have witnessed in many large towns and cities. I would love a Minister to explain why there is a total absence on this. There is money for solar panels but what will help people who want to stay in rural Ireland to create or obtain sustainable employment and to develop their local communities?

Deputy Alan Kelly: I was struggling to describe what to call this budget. It is effectively the cup of coffee budget. The Minister of State could wake up and pay a little attention.

Deputy Patrick O'Donovan: Are we running a recycling scheme?

Deputy Alan Kelly: I am sorry the Minister of State has been left on his own, although I see another Minister of State has come in to join him. This is the cup of coffee budget for people of my age and, indeed, the Minister of State's age, living around the country, when the mortgage interest relief reduction, the increased cost of commuting and child care costs, which still have not been addressed - the provision of €20 million for child care is paltry in comparison to what is needed - are considered. A cup of coffee is what one gets from this budget-----

Acting Chairman (Deputy Eugene Murphy): Guaranteed headline.

Deputy Alan Kelly: -----but in all seriousness, that will be wiped away by the additional costs of living that we all know about. For people with children, because of the excessive costs associated with them, and those living in the Dublin conurbation who commute into the city, this is a negative budget. The tax, including income tax, changes make it a regressive budget; these are regressive moves. The changes to the tax band thresholds and the USC rates mean that the more somebody earns, the more he or she will benefit. Those on lower incomes will lose out. The budget is regressive in its stance.

It is also over-reliant on commercial stamp duty. We are going back to the bad old days. I do not say that every Fianna Fáil colleague was aligned to Mr. McCreevy, but this is a Charlie

McCreevy cup of coffee budget because there is an over-reliance on property taxes again. How sustainable is that? How sustainable was that in the past? Is any Member worried about where we are going? I include my Fianna Fáil colleagues because many of them have acknowledged and stated that we cannot go back to that. However, that is where we are going because there is no guarantee that areas for which funding has been announced as a consequence of the €400 million that is projected to come in from this will be sustainable. We do not know if every plan that has been announced across education, health, housing and social welfare up to 2022 will happen because we do not know if this package is sustainable. That is very bad planning.

The budgetary process is, frankly, a joke. There is not a budgetary process that is real. We have had revelations in the House that the Minister for Finance shared documentation, and had discussions, with one other spokesperson on finance. He did not speak to our finance spokesperson in the same way and, therefore, the Minister is engaged in selective briefing. The complete budget was in the media over a week ago, with one or two small measures emerging in the past few days. That is not acceptable from a Government, it is not acceptable for the Parliament and it is insulting to every Member. God be with the days when a certain junior Minister was fired for a relatively minor indiscretion in comparison to what has gone on over the past two budgets. It is incredible, and it is not the way to do business. It is not appropriate for the country, it is not appropriate for the Houses of the Oireachtas and it is not an appropriate way for the Government to behave. Please change it the next time around.

When it comes to a number of decisions the Government made on tax issues, I welcome the Brexit trade adjustment fund, which is a Labour Party proposal. I am glad that our former colleagues in government listened to us on that.

When it comes to health care, I spent 11 months on the Committee on the Future of Health-care. It proposed a good compromise with a ten-year programme of work. It is now over. The Dáil approved the programme 100%; there was no dissenting voice. I cannot stand new politics and I do not believe in it. However, if new politics delivered one thing, it was that we got together to say we would take the politics out of health care. We spent 11 months doing that and put a programme together to which everyone signed up but now it is in the bin because the Sláintecare implementation plan has not been funded as part of the budget. The early years of the programme require less funding. The funding ramps up year on year because that is the nature of it. If year one has not been funded, what hope is there for the implementation of the programme? That is a huge disappointment given transitional funding of €155 million was required. I am a huge supporter of ehealth. We cannot transform our health services without modernising its IT systems. That is not provided for. I acknowledge the funding for mental health services but how it will be used and actioned is a different issue. There have been funding announcements for diagnostics, primary care and community care under the implementation plan but legacy issues that require funding were also identified as part of Sláintecare and they have not been dealt with, nor have inpatient charges or dental treatment. There will be - we have seen the reports - a catastrophe in respect of dental hygiene if we do not return to a proper programme of dental care. This is another issue that has not been dealt with. Recently, there were 500 people on trolleys and over 700,000 people on various waiting lists for different procedures. Unfortunately, this budget is very shy when it comes to the provision of funding for disabilities, despite there being a Minister of State at the Department of Health, Deputy Finian McGrath, who talks a great deal about this. Can the Minister of State say when the Government will sign up to the UN Convention on the Rights of Persons with Disabilities? In May 2016 he said it would be done in six months and that he would ensure it would happen. It still has not

happened. If we do sign up to it, that will obviously have implications as well.

I welcome the 1,800 front-line staff being put in place across the health care sector. The issue is whether we will be able to source them and if programmes are in place to ensure that we get them. Of course, all the funding put forward in this budget for health care ignores a massive elephant in the room, the general practitioner, GP, contract that must be renegotiated and the costs associated with it. Those costs will be high, so there is a huge contingency involved. What happens if the renegotiation is successful, and I hope it is? What area of this budget will suffer? The Minister never even mentioned Sláintecare. However, he spoke about an access plan. The provision for home care and home care packages is simply not enough. The funding he spoke about in respect of older people is contingent on there being services in the community for them. There is no need to tell many of the Deputies that those services simply do not exist, particularly in rural areas. How can one provide funding to get people into services that do not exist in light of the fact that the capital fund is primarily taken up by the children's hospital project? There is very little detail on other capital expenditure on primary or community care in the budget or in any of the documentation. The Government says it will provide funding to get elderly people into the right setting, but there is no funding to provide the settings. It is not going to happen, and we will be back in this House next year saying the same thing.

The National Treatment Purchase Fund is a short-term gain and a long-term loss. We are basically bailing out health service inefficiency and a system that is broken. I can understand people waiting for procedures needing the fund. If we do it for a couple of years in a row, so be it. However, it is now becoming part of the system. That is unacceptable. It is really saying to management in the health service that it need not worry and that if it cannot deliver we will bail it out. That is unacceptable. I also seek a guarantee from the Minister, because I believe I have not been given the full story on this in the past, that there will be full funding for next year for the nine orphan drugs he has committed to bringing through the system to make them available to patients by November this year.

I am very disappointed with regard to child care. The wages of child care workers constitute a major issue and this is not addressed in the budget. Of course, it is not addressed because it would never be on the agenda of this Government in the first instance.

Will the Government stop telling lies by saying it is giving a €5 increase to everybody on social welfare payments across the board? If one uses a calculator, one will discover that the increase will amount to €3.85 in 2018. The increase is €3.85, not €5. That is a fact. Will the Government clarify if jobseekers under 26 years of age will get a *pro rata* payment? I do not believe they will. I welcome the changes in respect of the national training fund and the levy that is being introduced. However, I am very concerned about the Minister's comment on employers' central role in this area in the future. Yes, they have a role but I am not sure that it is a central role.

I have no idea what the Minister for Transport, Tourism and Sport, Deputy Ross, is doing in this Government, and I know from the Acting Chairman, Deputy Eugene Murphy's, face that he has no idea either.

Deputy James Lawless: It is something to do with judges.

Deputy Alan Kelly: I thank my colleague.

Deputy Joan Burton: The three gardaí for Stepside.

Deputy Alan Kelly: There is also Stepside, but we will return to that in the Committee of Public Accounts.

The provision of funding for public transport is paltry; it is ridiculous. I say that as a former Minister of State in the Department who had specific responsibility for public transport when we did not have a bob. We have been talking about the tax breaks that have been given and the few bob being given to those on low incomes, but the provision of transport services is a key issue for people. There is nothing in the current funding that is of real value in the context of improving those services. There is a sum of €9.6 million. The bus services across this country, particularly those in rural areas, have gone through awful turmoil in recent years. What provision is being made and where is the long-term, big-picture thinking in the area of rural transport, its integration, Bus Éireann services and ensuring there is a map of bus services in this country to meet people's requirements? There is no provision in the budget to address that, which means people in rural areas will suffer exponentially again. The provision for cycling is not up to scratch either.

I concur with our spokesperson on finance regarding the provision in the budget for the Department of Rural and Community Development. I am aware of all the programmes in the new Department. I was responsible for them for a number of years when I was served as Minister. There is a sum of €19 million extra. There was a massive launch about a year ago of a big action plan for rural Ireland by the then Minister with responsibility for rural affairs. Will it take €19 million to implement it? It will not. It is farcical. To be fair, the Minister in that Department has a passion for rural Ireland, but he has not been given the funding to do anything about it. In fact, he has very little funding to do anything.

This Government is running away from climate change. In the context of the mitigation plans that must be introduced and the statements Ministers must, under the legislation - I know this because I introduced it - make in the Dáil, it is a laugh. There are no provisions in the budget relating to key areas where we must change our ways in respect of our carbon footprint and climate change, particularly with regard to serious issues in transport, agriculture and the built environment. The provisions simply are not there, so how can we meet our targets?

Finally, I have a question relating to the justice area, which the Minister of State at the Department of Agriculture, Food and the Marine, Deputy Doyle, might put to his colleagues. A sum of €63 million is provided for the justice Vote. I am a little bemused by this. Indeed, I am taken aback by what is being provided. As the Deputy for Templemore, I welcome the 800 new gardaí. I wish it was 1,000. I also welcome the extra number of civilians being taken on board. However, is there provision in the €63 million for a change in the overtime rate for An Garda Síochána? We support An Garda Síochána but it is my understanding that there was an agreement reached between the Department of Public Expenditure and Reform, the Department of Justice and Equality, the Association of Garda Sergeants and Inspectors, AGSI, and the Garda Representative Association, GRA, during the discussions last year to the effect that there would be a change in the overtime hours of An Garda Síochána from 41 to 39 in 2018. That is going through the Labour Court at present and is not being discussed much. Can the Minister of State find out where in the name of God that money will come from? We support it and we support the Garda, but from where will the money come? We are talking about approximately €40 million if a change is made. I would like to know from where this money will come.

Acting Chairman (Deputy Eugene Murphy): I apologise for interrupting the Deputy's infectious and vocal contribution but we need to hear from some of his colleagues.

Deputy Jan O’Sullivan: As the two previous speakers outlined, this is a threadbare budget. It is incredible that so little is being provided for the two crucial areas of health care and housing. As Deputy Kelly noted, the Minister did not even refer to Sláintecare, yet health care is a crucial issue. I could use all of the words in the GUBU acronym to describe the decision but it is unbelievable that on world homelessness day, when there are 500 more children homeless than there were at this time last year, the Minister did not announce an additional allocation for building social housing this year, beyond the funding announced in the Rebuilding Ireland action plan. That this could occur during such a serious housing crisis is incomprehensible. I understand that Fine Gael is a right-wing party but I cannot understand how Fianna Fáil signed off on this budget.

Deputy Paul Murphy: Fianna Fáil is also a right-wing party.

Deputy Jan O’Sullivan: Similarly, I cannot understand how so-called left-wing Independent Ministers signed off on it. They were seated to my right during the Minister’s speech, which is probably appropriate, and shouting “hear, hear” when he was announcing the housing measures.

Deputy Brendan Howlin: To be fair, that was only the Minister of State, Deputy Finian McGrath.

Deputy Jan O’Sullivan: No, it was both the Minister of State and his ministerial colleague, Deputy Halligan. They called out “hear, hear” when the Minister announced the small additional allocation for the housing assistance payment, which will go into the pockets of private landlords. With money scarce, a sum of €149 million could be used to fund public housing but will instead go into the pockets of private landlords through the HAP scheme.

In the housing Bill the Labour Party introduced last year, we called on the Government to use the significant resources and expertise of the National Asset Management Agency, NAMA, to provide social and affordable housing. The Minister announced that NAMA is to be used in the area of housing but for the private sector. We heard cheerleading for his announcement that scarce resources for housing were to be allocated to the private sector. I do not understand the reason for that decision.

More than 3,000 children are homeless and social housing construction is urgently needed. The Government indicated it would provide funding for 3,800 social housing units next year. The Labour Party, in its alternative budget, costed an additional 5,000 social housing units which we would provide next year. The Minister cited figures on social housing to be delivered next year. The construction of some of the social houses to be delivered in my constituency next year started when I was the Minister of State with responsibility for housing and Deputy Kelly was the Minister for the Environment, Community and Local Government. The delivery of public social housing must be accelerated but budget does not set out any measures to achieve this.

Another costed measure in our alternative budget was to provide more than €20 million to local authorities for housing adaptation grants for older people and people with disabilities. The Minister referred to an increase in funding for these grants. Having done the sums, it is clear that any increase will be tiny and will not make a difference. Funding for this purpose would also have linked in with the point Deputy Kelly made about keeping people in their own homes. The budget almost overlooks this type of support.

10 October 2017

There were means available to pay for the measures I have proposed. Notwithstanding the words we hear from the Minister for Housing, Planning and Local Government, Deputy Eoghan Murphy, about a vacant homes tax, the Budget Statement did not make any reference to such a tax. A vacant homes tax would deliver an easy win. Every day, we hear experts on the airwaves and in the media telling us what needs to be done on housing. One of the steps they advocate is to address the issue of vacant homes. However, we still do not have a vacant homes strategy. Pillar 5 of Rebuilding Ireland provides for the introduction of a vacant homes programme in the first quarter of 2017, yet we are now in the fourth quarter of 2017. If we are to believe the census figures, there are nearly 200,000 vacant homes in the State. Even if one believes the more conservative figures that have been provided, a proactive and determined effort by the Government to use vacant homes would deliver substantial progress. We have not seen a strategy on vacant homes and the register of vacant homes has not been completed, although we hear one is being drawn up.

It is incredible that we have not yet seen a proper Government response on the issue of housing. What we have seen has been announcement after announcement and very little delivery. The targets set in Rebuilding Ireland are not being reached. The Minister indicated that €750 million would be provided to the Ireland Strategic Investment Fund and NAMA. This money will be used to create a new market vehicle, rather than for social housing. We already have the Housing Finance Agency, which the Labour Party has proposed merging with NAMA to create a vehicle for driving the delivery of public and affordable housing. The Minister pays lip service to the need for local authorities to provide affordable housing as he has not provided an instrument with which they could do so. The cost of housing in parts of the Dublin is so high that it would remain unaffordable even if prices were to reduce by a certain percentage. We hear much talk and many announcements but there are no credible schemes in place to address the housing issue.

The decision to increase stamp duty on commercial property transactions from 2% to 6% is welcome and one which the Labour Party and other parties had proposed. However, the Government has put all of its eggs in one basket in terms of raising money. There is little evidence to suggest the stamp duty increase will deliver the pot of money required. As Deputy Burton stated, people are already placing properties for sale and there will be loopholes in the measure.

The budget does not propose to generate revenue from the banks or from a betting tax, although an increase in the latter had been floated. No additional revenue will be generated from carbon emissions. I am as flabbergasted as others are that the budget contains little or nothing on the green economy or to address our commitments on climate change and the need to create a sustainable future for citizens. These types of revenue raising measures could have delivered the funding we need for areas of the economy and, more important, society that are crying out for spending.

Children will go to bed tonight in hotels. The effect on children's lives of not having a home of their own and experiencing the insecurity of homelessness has been raised by the INTO in the context of children at school. Much more could have been done on this crucial issue.

There appears to be a lack of knowledge about what can and should be done. None of the speakers from the parties that support the Government pointed out that the budget will not address the issues that need to be addressed.

One of the things that bothered me most about the Minister's speech was his reference to

the country being in full employment. Economists may measure full employment in terms of a low percentage of people being unemployed, with a higher percentage of people being under-employed. However, there are people who are unemployed and some of the large number of people in part-time employment want to work more hours. I object to the use of the term “full employment” because it shows a lack of understanding of the position in which people find themselves.

5 o'clock

That excludes people from what should be an inclusive society.

The other group of workers who may be employed but are certainly underpaid are those in the early years sector. I was disappointed by the amount of funding that has been allocated to child care. There was much more allocated in budgets when money was more scarce-----

Deputy Alan Kelly: Hear, hear.

Deputy Jan O’Sullivan: -----and the second preschool year was introduced. This is a tiny sum and it will not address the low wages of people working in the child care sector.

In our alternative budget, we allocated a sum of money to reduce the cost on parents but we also included a significant sum to increase the pay of workers in the sector to a living wage. These people are dedicated to their work but are paid less than they would be in a job where they did not need qualifications. We are discussing people who, in many cases, have degrees in child care and other significant qualifications.

There was considerable spin about this budget in advance. Much of that was questionable, given how previous Ministers were sacked for releasing even a small amount of information. The spin concerning the amount of money that would be spent on, for example, child care led to an expectation that something real was going to happen, yet nothing real has happened for those children. Nothing real has happened for children in homelessness or other precarious housing situations. It could have been done, however, as there were ways in which extra money could have been raised and directed to where it was most needed.

There was a significant expectation that there would be a focus on housing. Not on announcements or spin but on delivery. We have 700-plus sites around the country in public ownership on which local authorities could show leadership by building a social mix of housing to be available to people at an affordable level, be that through leasing or sale, but that opportunity has not been taken. I predict that this time next year, many of those sites will not even have been commenced because there are no implementation measures. There is a vague throwing of money at the private sector in the hope that it will respond but that has failed to date and will not succeed now.

The budget is particularly disappointing because the opportunities that existed have not been seized. This budget will be marked as one in which the economy had begun to rise and there were ways of raising more money, some of which I have outlined, but where the areas crying out for spending - health and housing in particular, but also education - were failed. I regret that this budget is not doing what we expected it to do.

Deputy Brendan Howlin: Well done.

Acting Chairman (Deputy Eugene Murphy): Anois, Solidarity-PBP. I presume that Dep-

uties Paul Murphy and Boyd-Barrett are both contributing.

Deputy Paul Murphy: Yes.

Acting Chairman (Deputy Eugene Murphy): The Deputies will have equal time of 30 minutes each.

Deputy Paul Murphy: How to describe this budget? “Band-Aid budget” most correctly sums it up. Ten years of crisis and Fianna Fáil, Fine Gael and Labour Party austerity created gaping wounds in our society. Between them, they removed more than €100 billion in terms of cuts to public services and extra, unjust taxes. Those measures created insecurity, homelessness and poverty. Now the Government comes along and tries to apply a tiny plaster that will not cover up the societal wounds or make a real difference to people’s lives. At the same time, the budget continues moving the economy and society in the same direction that caused the crisis, namely, a shrinking State, a drive towards privatisation and a normalisation of precarious work and precarious existence, particularly for young people.

A figure hidden in the budget documents illustrates what Fine Gael and Fianna Fáil before it have achieved with their right-wing ideology and the shrinking of the State. According to the most recent available figures, total expenditure is 28.7% of GDP, which is the lowest in the European Union. Fine Gael and the Independent Alliance, supported by Fianna Fáil, continue that in this budget.

The Government likes to talk about a republic of opportunity, but what is the reality of the society that it has constructed, a reality that this budget will go further in constructing? It is a republic that can be summed up by “inequality”. It is a society in which the richest 10% of the population controls 54% of the net wealth, leaving just 5% for the bottom 50%. It is a republic of inequality where the Government has driven a transfer of wealth and a shift from wages to profits and from labour to capital. Workers’ wages are still lower than they were in 2008, not just in weekly and hourly terms but as a percentage of GDP, with a fall from 53% in 2008 to 40%. On the other hand, the personal wealth of the richest 300 people in our country has doubled from €50 billion in 2010 to €100 billion now. It is a republic of inequality where pre-tax corporate profits doubled from €75 billion in 2011 to €150 billion in 2015. It is a society in which a quarter of Ireland’s population - 1.2 million people - are experiencing poverty or social exclusion. That figure increased from 15% in ten years. Some 308,000 of those people are children under the age of 16 years.

After budget day is over, after the debate has died down and a year has passed, what will the real impact of these Government policies have been? Will there be less social exclusion, poverty and homelessness? The Government and everyone else in the House know these policies will not make the situation any better. The crisis will worsen and the budget will deepen inequality. This is because it is yet another ideologically driven, right-wing, Thatcherite budget. It is almost dripping off every page of the speech, with private funding, tax cuts for developers and a hidden, massive giveaway for the vulture funds. In almost every sector, the Government’s orientation is towards the private sector to deliver. This is particularly striking in housing, in education through the public private partnerships and the corporate influence on education courses, as well as in many other aspects. It will reinforce existing inequalities and worsen the cost-of-living crisis. At the same time, it will make some people - those best represented by Fine Gael and Fianna Fáil - much richer.

The right-wing approach that lies behind the budget was summed up by the Minister for Employment Affairs and Social Protection, Deputy Regina Doherty, this morning when she defended the cuts made to the one-parent family payment under Fine Gael and, in particular, the Labour Party. She stated that those changes had resulted in fewer people being dependent on welfare. That is what happens if one cuts people off welfare, in that they are no longer dependent on it because they cannot access it. It is an Orwellian use of language. This pushes people into poverty. Due to our low-pay economy, almost 50% of the Irish population would have been living in poverty in 2015 had they not had access to some form of welfare payment but that is the direction in which the right-wing Government and Fianna Fáil would like us to go.

It is a budget of spin. We were told that the Taoiseach's strategic communications unit would not cost us anything but we see from these documents that it will cost us €5 million. This means that people - those on social welfare and low-paid workers - are paying for the Government's spin. They are paying for the Government to spin this budget in the next number of days, to pretend that everyone is getting something out of it while ignoring the reality that what most people will get by the time March comes around will be taken away before they have even received it. James Connolly used the phrase "ruling by fooling" to describe what he called a "British art", but it is an art the Government is trying to take up with a view to spinning anything that happens, particularly budgets. The €5 in increase in welfare payments is a classic example of such spin. It is not €5 a week because when taken over the course of a year, it is less than €4 a week. There is a new feature of budgeting which did not exist in the course of the harsh austerity crisis budgets where over €100 billion was taken out of the economy. They did not delay any cuts then; they were implemented from January. When the Government is trying to be seen to be giving something back, there are delayed payments and the so-called recovery is completely delayed for people. The reality is that €5 will be eaten up before people even get it. It will be eaten up by rising rents, increased prices, increased medical insurance, increased car insurance and by cost of living crisis that impacts on people's quality of life on a daily basis. What is €5 worth to someone living in an apartment in Dublin? It is worth two hours of rent a week and that is it. As a result of the Government's policies, its neoliberal commitment to the free market and its unwillingness to take on the landlords, developers and bankers, it will be gone before they even grasp hold of that €5.

The same goes for workers. It will be even worse for low paid workers. A single person on €20,000 a year will gain a sum total of €1 a week while someone on €75,000 will gain €6 a week. It is low in nominal figures but also in percentage figures. Someone on €20,000 a year will get 0.3% of an increase in their net income whereas someone on €75,000 will get a 0.7% increase in their net income. It is the same for someone on €25,000 who will get €1 extra a week and for someone on €30,000 who will get an extra €2 a week. I will give the example of a woman, Katie, who represents the so-called middle Ireland that the Government and Fine Gael like to pitch to. She has an income of €38,000 and is a single parent of one. She works full-time and is in her late 20s. She rents a two-bed house in Dublin for €1,800 a month. She faces child care costs of €600 a month and has to rent out her second bedroom to survive. The budget gives her at best €9 extra a week. How much extra will her rent increase be next year? It will be far more than €9 because we know that over the last year, rent increased in Dublin by €134 a month on average, equalling €34 per week. Anything she gets and that the vast majority of ordinary workers in this country will get will be wiped out before they get it, particularly by housing costs.

There is nothing more revealing about the Government's approach in this budget than the

question of housing. I thought when the Minister, Deputy Eoghan Murphy, said a few weeks ago that it was not about resources, money or ideology, he put his finger on it because it is precisely about money, resources and ideology. It is about a neoliberal ideology that means the Government is unwilling to put the resources and money behind the building of social and affordable housing that is needed to resolve the crisis. Instead, there is a neoliberal, Thatcherite ideology that is all about incentivising the private sector to build homes by increasing the amount of profit it can get.

Something that has not been noticed or drawn out so far in the budget debate is the change to the capital gains tax exemption for property acquired from December 2011 to December 2014. Before this budget, one only got that exemption if one held onto the property for seven years. The idea was to stop vulture funds flipping properties quickly - showing up how cheaply they had bought them from NAMA - and turning that public loss into a private profit. The Government now proposes to reduce that to four years with an admission that the Fine Gael policy has contributed to massive land hoarding and the housing crisis. There is also nothing to stop the vultures continuing to hold the property longer than four years as they will still get the exemption even if they hold onto it for ten years. This applies to all kinds of properties, not just vacant sites, so that would not be affected by this. Why should a vulture fund not pay any tax on flipping an apartment block it bought at fire sale prices from NAMA? From next year, they will be able to just do it and will be able to avoid paying huge amounts of corporation tax. In the tax policy changes element of the budget, we have a figure from the Department estimating that the cost of that will be €0 million. Apparently it will be free to give this massive tax benefit to vulture funds. It will cost billions. That is the real cost of this tax change. Just five vulture funds have bought up €25 billion in Irish property debt. Assuming a return of 30%, or €7.5 billion, which is what vulture funds regularly target, we are talking about a capital gains tax exemption of €2.5 billion. That is more than the entire housing budget of €1.83 billion for next year. It is a massive giveaway by the Government from the public purse to vulture funds. The question of commercial stamp duty is being increased, as we called for, from 2% to 6%. We certainly did not call for a rebate for developers who commence development within 30 months, which means they are allowed to hoard the land for two and a half years to allow house prices to rise even further and then they benefit. They are estimating the rebate will cost only €24 million, which seems to me to be a massive underestimation, reducing the amount raised from €400 million to €376 million.

The other key element in terms of housing is the ideology of incentivising the private sector to build. Instead of using the money that comes from the National Pensions Reserve Fund, money that comes from workers and which is currently sitting in the Ireland Strategic Investment Fund, ISIF, to invest in and build social and affordable homes, it is proposed that it will be loaned out to private developers again. It will be used for commercial investment in housing finance at commercial interest rates in a new vehicle called Home Building Finance Ireland. It is the same policy all over again of public funds being used to assist private developers to make massive profits. They say it will support commercial delivery of 6,000 homes to 2021 on top of the 30,000 homes NAMA and ISIF is already funding. These are expensive homes that ordinary people cannot afford. They are not the affordable or social housing that people need. That is the essential issue. There is no extra funding, not a single extra euro of extra funding compared with what has already been announced to build or acquire social or affordable houses. Despite the scale of the housing and homelessness crisis, there will not be any further increase until 2019. That is because of the prison of the fiscal space and the refusal to increase taxes significantly on big business and the wealthy. The reality is the number of homeless adults in-

creased from just over 4,000 at the end of August 2016 to just over 5,000 at the end of August 2017. The number of homeless children increased from 2,300 to 3,000 in that period, which is a 29% increase. The total number of homeless people increased from 6,600 to 8,200, which is a 25% increase. Without a radical change of policy, this will continue because the budget does nothing to solve the housing crisis. Projecting forward, by this time next year, there will be 6,500 homeless adults and 4,000 homeless children, which is over 10,000 homeless people in total. That is where the Government policy is directed.

The other major element in this budget is that again, as last year, it is an anti-young person budget. That runs all the way through it. There is nothing specifically outlined that will benefit young people. Instead the discriminatory under-26 rates of social welfare payment, such as jobseeker's allowance, are kept. Close to half a million young adults are living in their family homes because they cannot afford to get out. The Government insists on continuing those discriminatory rates of dole and forcing people to go to meaningless and degrading JobPath courses run by private companies such as Seetec. Young people and women are disproportionately in the extremely low paid bracket of workers, therefore getting €1 extra a week, and the Government has nothing whatsoever to offer them. It has nothing to allow young people to get out of their family homes because it is not doing anything in terms of real rent controls or resolving the housing crisis.

As well as being world homelessness day, today is also world mental health day and the Government's proposal is completely inadequate. A Vision for Change could be implemented fully next year for €200 million but instead the Government is proposing a completely inadequate €35 million when 75% of mental health disorders first manifest between the ages of 15 and 25.

In education there is no notion of ending the horrific fees faced by people who go to third level education; instead it is a privatisation charter. The Minister made reference to €200 million being given in public private partnership for so-called regional development, bringing the private sector into education and then in a very clear way, he increased the national training fund levy for employers, going from 0.9% in 2019 to 1% in 2020. He then said it "will ensure that employers have a central role in determining priorities for [these sectors] in 2018 and beyond". He is openly saying that corporate entities will get to dictate what happens in our educational institutes. He is not talking about education as a public good for society as a whole, but about bringing the corporate sector even further into our education. Instead he is leaving people with the €3,000 student contribution charge. The Cassells report, which outlines student loans as an option, is looming. In reality there is a process of privatisation and corporatisation of third level education.

That runs right through education. There is an increase in the number of special needs assistants, SNAs, to more than 15,000. While that may be trumpeted, it largely just keeps up with demographic changes with an extra 8,000 primary schoolchildren in 2018. It is keeping up with demographic changes and a Band-Aid partial restoration of cuts that have already been implemented. The extra funding for third level is almost non-existent.

The supposed centrepiece of last year's budget was the child care scheme. It was heralded then and was to be rolled out fully later on. It made a small difference to a small number of parents. The €120 million allocated last year was completely inadequate. There is only an extra €20 million this year, which is even more inadequate. It is rooted in this neoliberal privatisation approach of outsourcing and subsidising private child care - outsourcing the State's responsibil-

ity to provide for children and in reality swelling the profits of the big providers of child care, which are made off the backs of a low-paid, 99% female workforce with an average hourly wage of approximately €10. The alternative was very simple and was outlined in our budget submission, namely, a socialist policy of developing a State-run, publicly owned, national child care system free at the point of use. We outlined how €2.5 billion spent on capital and current expenditure could build such a system next year.

On health care, the Irish Medical Organisation, IMO, summed it up best in its response to the budget when it stated that “hospitals will continue to operate in the overcrowded death zone they are stuck in”. An extra €650 million has been provided, just a 5% increase. There was a 7% increase last year, meaning a reduction in the level of increase, despite an absolute crisis in the health service. Some 680,000 people are waiting for hospital treatment. By the end of August, 65,000 had been left waiting on trolleys. In addition 3,400 surgeries a month are being cancelled due to staffing shortages and the trolley crisis. Children are waiting 18 months to see a cardiologist. An extra 50,000 people have been added to outpatient waiting lists since January. There is no substantial increase in investment. There is a paltry increase in mental health expenditure, as we outlined, and there is only an extra €471 million between 2018 and 2021 for capital investment.

What about the massive expansion in primary care that is needed? Perhaps Paschal the privatiser plans to fund it all through more of these public private partnerships, PPPs, which work out more expensive in the long term and further privatise our health service. What about the new National Maternity Hospital, for which the HSE has already stated it does not have enough funding? What about the need for modernisation of IT, record keeping etc.? There is no funding for any of those things.

Another scandal in the budget is in the disability area. The Independent Alliance Minister of State, Deputy Finian McGrath, had a big fight to get €3 million for an office to implement the UN Convention on the Rights of Persons with Disabilities. Ten years after the State signed up to it, it has refused to ratify that convention. It is one of the most disgusting acts of this Government, which continues the acts of its predecessor. Let us remember that it has already spent €3.6 million on the Apple tax case and then people had to fight to get €3 million, which simply will not be enough to treat people appropriately and give them their human rights.

The question of the environment is key. The Government has decided to pay a little lip-service to climate change. The world is heading towards a disaster in terms of climate and Ireland is contributing to that. Ireland is also hurtling towards fines from 2020. Ireland could face €5.5 billion in cumulative climate fines by 2030. Let us remember how the threat of fines was held over us when the Government introduced water charges. However, in this area the Government’s response is to do effectively nothing. The budgetary document makes no mention of the number one sector in our economy affecting greenhouse gases, namely, agriculture. There is nothing about moving away from a greenhouse gas-intensive agriculture and stopping that contribution. Instead, the Government has a renewable heat initiative, which one must hope is not modelled on the scheme in the North, and an emphasis on individual electric vehicles.

In order to deal with the number two sector of the economy responsible for carbon emissions, transport, we need to invest in public transport. The answer is not individual electric cars; the answer is public transport. However, we have a Minister for Transport, Tourism and Sport who is ideologically opposed to public transport and is driving an agenda of privatisation, which will be a disaster for workers and for users of public transport and a disaster for

our environment. We need a massive public investment in transport. Our budget submission outlined how that could be done with a halving of fares. We need a radical transformation to cheap, accessible quality public transport if we want to transform the way people move across this city and across the country.

Why is the whole budget debate so limited and so pathetic? Why is there nothing between Fine Gael and Fianna Fáil? It is because of the acceptance of the fiscal rules and the rules of capitalism. No real change is being talked about and it is summed up by the elephant in the room, that is, the €13.7 billion plus interest owed by Apple to the public and the fact that the Government is fighting to defend Apple's rights to hang on to it.

I appreciate the Minister's attempt at humour towards the end of his speech when he said, "We have a stable and competitive corporation tax [system] which is internationally recognised as one of the most transparent in the world." It is brilliant; just by saying it he believes that somehow it makes it true. Professor Philip Alston, the UN special rapporteur on extreme poverty and human rights, has said that nobody believes Ireland is not a tax haven. Ireland is recognised as one of the most transparent in the world in the same way that Panama is recognised as one of the most transparent in the world and a model for corporate tax governance. What is fully transparent is that Ireland is a tax haven and the Government and Fianna Fáil are determined to keep it that way. They will wrap themselves in a tricolour becoming very patriotic to defend the corporation tax rate - or the absence of the corporation tax rate - against the European Commission.

With President Trump's policies, Brexit and the moves of the European Commission on Apple's tax and other issues, the reality is that time is ticking on the Government's whole tax haven strategy. As we have shown in our budget submission, the actual corporation tax take is about 4%, not even the 12.5%. This is also unsustainable if the economy is to move forward in a sustainable way.

It is vital to emphasise to people that there was and is an alternative to this budget. Thatcher coined the phrase, "There is no alternative". That is not just a slogan; it sums up the entire method of operation of the European Union and of right-wing parties across Europe. It is to remove discussion on economic policy and fiscal policy out of the sphere of political debate and any question of democracy. It is to say that these are just rules, technocratic things that we simply have to do. It is to say that there is no alternative and that we all have to accept the fiscal rules and therefore we all have to accept these policies. There is an alternative, and this alternative requires breaking out of those rules. It requires breaking the fiscal rules and breaking the rules of neoliberal capitalism. In our budget statement, we in Solidarity-People Before Profit outlined how the wealth and capacity exists in our economy to completely transform people's lives through investment in public services, precisely by breaking out of that straitjacket of capitalism. We outlined how the housing crisis could be solved and how 40,000 social and affordable homes could be provided in one year, paving the way to eliminate housing waiting lists and end the housing crisis within five years. We outlined how a national health service could be built and developed in three years and how in one year all GP charges and drug charges could be eliminated. This would mean free GP care for all. We also outlined a new focus on mental health provision which would involve the hiring of thousands of staff including doctors, nurses, psychotherapists and psychiatrists.

We outlined how education could be invested in and how all fees could be scrapped from pre-primary to third level education. The pupil-teacher ratio could be drastically reduced and

education could be made fully free for everyone who wants to avail of it. As I outlined, we said that we could massively increase investment in public transport and halve fares to help us meet a target of zero net carbon emissions by 2035. We outlined how free public child care could be provided for all and how abolishing the USC for ordinary workers could be the basis for tax justice in our economy. It would be replaced with a high-income social charge which would apply only to those who earn incomes of more than €90,000 a year. We outlined a millionaire's tax, which would tax net assets in excess of €1 million and would raise €3.2 billion. We outlined how corporation tax could be doubled next year, which would raise €6.3 billion. A financial transactions tax could raise €610 million. Increasing employer's PRSI, which is the lowest in the EU, would raise €1.44 billion.

That is just a tiny glimpse of the resources which exist in our economy and how people's lives and their quality of life could be utterly transformed. It points to the need for a broader and more fundamental shift away from the notion that being a corporate tax haven is an industrial policy, which is of course complete nonsense. It points to the need to move away from the notion that we must engage in this race to the bottom in terms of tax, wages and data regulation in order to attract multinationals. There is a need, instead, to build a socialist green economy in which there is massive public investment in the things which we need and democratic public ownership of the key sectors of our economy including banking, construction, transport, communications and so on. There is also a need for a strategy to repudiate the odious debt which still hangs around us. One euro in every €10 which is raised by the Government in the taxation of ordinary people still goes to pay a debt which is simply not ours. In that way we could plan to have sustainable economic growth. It would be both sustainable economically, which would mean resilience in the context of Brexit and so on, and sustainable environmentally.

Deputy Richard Boyd Barrett: This is a budget of miserable crumbs which will do nothing to solve the most urgent social crises we face in this country - the disaster of housing and homelessness and the chaos in our public health system. This budget will do absolutely nothing to deal with the gaping, growing, obscene inequalities in the distribution of wealth and income in our society. One of the favourite phrases of the Minister, Deputy Donohoe, in recent days has been "prudence". He regularly tells us that it is very important to be prudent. I feel like quoting the Beatles song of a similar title to him: "Dear Prudence open up your eyes." This budget has not opened up its eyes. It has not acknowledged or done anything to deal with the most serious issues facing the people who are suffering most and who most need the Government's help.

The most obvious example of this is the housing crisis. I do not know where to begin in expressing my anger and frustration at this budget when it comes to dealing with the housing and homelessness crisis. It simply beggars belief that in this budget there is only provision for 3,800 directly constructed council and approved housing body houses next year to deal with the scale of the crisis we now face. Some 3,800 houses are all that this Government can deliver next year for the 100,000 families on the housing list and the 8,000 people who are in emergency accommodation. It is just unbelievable. That announcement is nothing new. We heard that 3,800 figure after the so-called housing summit approximately a month ago. There was no additional funding beyond what was already announced. As was already pointed out by a number of speakers, the total amount of social and affordable housing, if refurbishments are included, is exactly the same as the figure in the Minister, Deputy Coveney's Rebuilding Ireland plan, which we all know has failed disastrously. There is no serious commitment to significantly increasing the amount of council housing directly provided to solve the crisis.

Instead an additional €150 million will go to housing assistance payments, HAPs. This is

more money going into the pockets of private landlords. We also see a commitment to further expand this mad failed scheme to a further 80,000 to 90,000 households over the next three or four years so that, by 2021, we will be pouring €800 million to €1 billion into the pockets of private landlords. We will pay that money every year instead of putting it towards providing and building council houses for those who need them. Despite all the rhetoric about how the Minister wants to return to social housing, in actuality the central pillar of the plan to deal with this catastrophic housing crisis is to pour money into the pockets of private landlords. This is something which has failed and which has robbed the local authorities of the money they need, and should have, to build council houses.

There is also the matter of the local infrastructure housing activation fund, LIHAF, which is another scandal in the making. An additional €75 million of a subsidy will go to private developers, purportedly with the aim of getting back affordable housing. This is incredible. It is bad enough that the Minister came up with this scheme last year and allocated tens of millions to give to private developers, but the fact that he has expanded it this year really beggars belief because in the interim the developers have made it clear that they will not give us affordable housing for the subsidies they are to be given. In my area, Hines, the private developer to which NAMA sold the Cherrywood site, has said that it wants €300,000 to €400,000 or more for affordable houses. How will people afford those? The proportion of the overall development which will be made up of these unaffordable affordable houses will be miserable in any event. It could be as low as 1%, yet the Minister is going to give more money to this scheme. Is the Minister stark raving mad or is he just addicted to subsidising his private developer friends?

As if LIHAF and the HAPs were not bad enough, the Minister has come up with a new scheme to subsidise the private developers, which will be called home building finance Ireland. This is another agency with a convenient acronym, HBFI, which the Minister announced so proudly earlier. It will co-operate with NAMA to give cheap money to private developers who cannot get it off the banks which we bailed out, because those banks are only worried about the bottom line. Now that the banks which we bailed out will not lend money to the private developers, we the people will give them cheap loans so that they can build housing on the 800 different sites of public land which local authorities will hand over to them. They will build on that land when they feel like it and then sell the houses back to the local authorities and make a profit on it. One could not make this stuff up. It is wholesale larceny of public land and money to enrich private developers, property speculators and landlords. We are paying again and again. The Mafia could not make this stuff up.

Meanwhile, the misery of human beings will continue. I will give the Minister of State and the House a newsflash on just how badly the housing crisis has escalated in the last couple of weeks. The first element of the crisis was people waiting for ten years on a housing list. Now it is up to 20 years. I got an email today from somebody who has been on the housing list for 20 years. As if that was not bad enough, families are being driven into emergency accommodation that is completely unsuitable for them or into hotels in appalling, overcrowded conditions. All of this we know.

The latest is that all the family emergency accommodation in Dublin is now full and all of the hotels are full. This is a new development in the last week or two. We were going to get people out of the hotels but we can forget that. People are lucky now to get a hotel. My office, with three members of staff, spent two days last week trying to source one hotel room for a young student who has two children. We could not get one. We could not find her a place. Then we had another student in the same position. This week, we came across a mother and

father with five children, two of them toddlers and three at school, who have been in homeless accommodation for the past two months on a day-to-day basis. Every morning they are thrown out of their accommodation and they do not know where they are going to be that night. They spend the rest of the day trying telephone numbers where they cannot get an answer or are told by the hotels that they have no accommodation for them. The local authority can do nothing. The parents wait until 4.30 p.m., when it is possible to get through to Focus Ireland, which last night just about managed to get the family a room by 8 p.m. For the whole day, mum and dad and five kids are on the telephone just trying to get a room for one night. Tomorrow morning they will have to do it all over again, and the next day, and the next. That is what it has come to.

What has the Government offered to improve the situation? Not a single extra council house. No rent controls. A miserable extra €18 million to homelessness services that will not even begin to deal with the scale of the problem. It is absolutely shocking and unbelievable.

Then we come to the health service. There are 675,000 people who have been waiting for up to two years for operations for chronic pain and chronic conditions. They are suffering in pain. There are 514 people on hospital trolleys across the country today. What is on offer to them? Money that, according to the Irish Nurses and Midwives Organisation, INMO, will not even keep pace with the additional demands that will be placed on the health service next year because of a growing and aging population. The additional allocation is €215 million short of what the all-party Sláintecare committee, which included Fine Gael and Fianna Fáil, stated was necessary for next year. That committee stated that to even begin to address the problems, we need an additional €900 million next year. What did we get from parties that signed off on that report? Only €685 million. Of course, there is always a boon in there for the private sector. There will be an extra €55 million for the private health care providers. They will make a profit out of the crisis. It is money diverted away from the public system to make more profit for those who profit out of the crisis in the health system. It is simply shocking.

The announcement of the additional 1,800 staff in the health service is fantasy. There has been no embargo on recruitment for the last couple of years at least, although there was one before that. The Government has been trying to recruit nurses and doctors but has not been able to do so because it will not pay them properly. It practices pay apartheid against young people coming out of college and university who have trained to be nurses. It expects them to do the same work as their colleagues but, over their lifetimes, to earn nearly €200,000 less than people who happened to qualify a few years earlier.

The Government has not restored pay levels for public sector workers. Even now, nine years after the crisis began, and even after this budget with the miserable increases the Government is throwing about, public sector workers will be earning less in 2018 than they were in 2008. That is the big story, not the little percentage increases that are being thrown about. Public sector workers will be earning less next year than they were ten years ago. Those unlucky enough to be new entrant teachers or nurses will be earning a lot less than that again. Added to that is the cost of accommodation. That is why the Government cannot and will not be able to recruit the nurses who are desperately need to deal with the trolley crisis and reopen the 1,000 beds, at least, that need to be reopened. Nurses are leaving the country in droves. Many young people who have trained as teachers are leaving, as are others in a whole number of areas.

On mental health we had an all-party seminar, which was very good. Fair play to the Ceann Comhairle for organising it. There was lots of lipservice paid on all sides of the House to the need to deal with mental health. However, when we actually get to the budget, an additional

€35 million is going to mental health. What did the all-party Oireachtas committee recommend for next year's mental health spend? It was €122 million. Less than a third of what was recommended by all parties, including Fine Gael and Fianna Fáil, is being allocated to mental health.

The Government is crowing about prescription charges being slightly reduced. In 2008, prescription charges were 50 cent and next year they will be €2. That is still €1.50 more than in 2008. In the drugs payment scheme, the Government has reduced the threshold from €144 to €134 - big deal. In 2008 it was €100. That mostly affects pensioners, the elderly and the chronically ill, who are still worse off than they were in 2008.

What about disability? There is no commitment of the additional resources necessary to make ratification of the UN Convention on the Rights of Persons with Disabilities, UNCRPD, a viable possibility. In any event, the Government will not even make a clear commitment to ratifying it but even if it had done so, there has been no serious additional allocation of funds. There is a miserable €15 million in the health budget for children with disabilities. Welcome as it may be for children with disabilities, it still does not come anywhere near the necessary increase in cross-departmental expenditure in jobs, health, public transport and education. In its pre-budget submission, the Disability Federation of Ireland stated this increase should come to around €150 million. In reality, it would need to be more to even begin to move towards ratifying the UN Convention on the Rights of Persons with Disabilities.

There are the miserable crumbs of a €5 tax break for the average worker or an additional €5 for those getting social protection payments. Some of the case studies in the Budget Statement are completely disingenuous. For example, the case of the average public sector worker includes the Lansdowne Road agreement payments. If one strips out these payments, which were already committed to some time ago, some public sector workers will end up getting less net pay than what they got prior to the budget because of the increased tax they will have to pay. There is nothing in any way meaningful for workers in this increase.

The report on living standards of single parents showed 52% of lone parents are financially worse off than they were before the former Minister, Deputy Burton's, budgetary cuts or the so-called labour activation cuts. On the radio this morning, I heard the Minister for Employment and Social Protection, Deputy Regina Doherty, say there might have been a few problems on the edges of them, but fundamentally, they were a success in that they increased labour activation. I must point out to the Minister that, after this budget, a lone parent who works 20 hours a week will be €60 a week worse off than they were in 2012, when Deputy Burton made those infamous cuts attacking lone parents.

The former Fine Gael-Labour Party Government imposed the vicious cut of cutting in half young people's entitlements to jobseeker's allowance. Now they will get an extra €5. That is against payments, however, which were cut by 40% to 50% since 2012, driving many of young people out of the country, into poverty and deprivation or, in many cases, into homelessness.

Even for those who might be celebrating - I doubt anybody is however - the extra €5 will be wiped out by increases in bin charges, property taxes, utility bills and the public service obligation, as well as a 60% increase in motor insurance charges, increases in accident and emergency charges from €60 to €100 and inpatient overnight stay charges from €60 to €80. One can go on through the list. These miserable increases are all wiped out by these extra charges.

There is nothing on what the former Minister, now Taoiseach, promised on pension inequal-

ity suffered by 30,000 mostly female pensioners due to the changes to the bands made by the then Minister, Deputy Burton, in 2012 and the gap in the homemaker's scheme, which means they get lower pensions than others. This is a cohort which will grow. When the Taoiseach was Minister for Social Protection, he promised he would deal with it. He said it again recently in the Dáil but there is nothing in the Budget Statement to deal with this inequality for pensioners.

Child care was the big ticket item last year but has turned out to be a hoax. Do Members remember the allocation then? There was an allocation of €35 million for the single affordable child care scheme to start from September 2017. If €35 million was necessary to fund the scheme from September 2017 to the end of 2017, how can the additional funding for 2018 be only €20 million? It does not make any sense. To make it a year-round scheme based on last year's figures, it would have to be three times €35 million, namely, €105 million. How is it going to be funded? It is not even going to happen because it is dependent on capacity in the private child care system, which does not exist, as well as on private child care providers being willing to provide the care, which they are not doing. Nothing has been done about the low pay or conditions for child care workers either. The point has not been made yet that the child care allocation does not add up to be sufficient, as I have calculated, to actually meet the promises made with a big fanfare last year on how we would deal with the extortionate and exorbitant costs of child care.

Marginal moves have been made on the pupil-teacher ratio. We are still, however, at the worst end of the European league tables for class sizes. We now get a miserable reduction in the pupil-teacher ratio but, again, it is dependent on the Government being able to recruit teachers when new entrants suffer pay inequality and pay apartheid. While there is a small increase in special needs assistants and special education teaching resources, it must be remembered that an additional 10,000 schoolchildren enter the school system every year. Accordingly, the additional teachers will be more than absorbed by the number of new students entering the education system.

Third level students got zero. Nothing will be done about the extortionate registration fees of €2,500 and €5,500 for a masters degree. Not a single extra cent will be given for student grants. How are students on these miserable grants supposed to be able to afford accommodation? If they do, it is tenement accommodation.

The €12 million extra to the arts is pathetic. That is still less than what we forked out in 2016 when we did a one-off increase in expenditure in the arts of an extra €50 million, which proved to be a success. It was reduced last year and this year, we still have not got up to the spend in 2016, which, in any event, is a miserable percentage when compared with the spend of our European counterparts. For a Government that often prides itself on jobs, it ignores the arts, an area in which we could create thousands of jobs if we invested seriously in the film industry, theatre, community arts and across the sector. We have talent in abundance in this sector with people working for nothing in many cases. If they were paid properly and if there was proper investment, we could generate a significant and sustainable domestic industry in all arts sectors.

The provision for dealing with climate change is, again, miserable. There is a few quid on the benefit-in-kind for company cars to switch over to electric cars, which will benefit private companies by the way. A few miserable extra quid is provided for the renewable energy incentive scheme. It is miserable compared with the scale of what is necessary if we are to avoid billions of euro in fines for our failure to meet climate change targets. Against a background where CO2 emissions are actually still increasing in Ireland and we have no chance of meet-

ing reduction targets, this is pathetic. Where is the significant increase in investment in public transport? Where are the incentives for people to use public transport by cutting fares? As we suggested, cutting fares would not cost that much. If fares were cut by 50%, people would get out of their cars. Better still, if we made public transport free, people would certainly get out of their cars. To do that, the Government would have to increase the subvention to public transport significantly and to ramp up investment in public transport infrastructure.

6 o'clock

There has been no sign of that being done.

Where is the increased investment in afforestation? There have been miserable levels of afforestation and a complete failure to meet the targets which suggest a minimum of 10,000 ha per year needs to be planted to deal with climate change and increase the overall level of forest cover, which would also create a lot of jobs. We are currently adding 6,000 ha per year but also cutting down trees too young for profit and, therefore, there may even be overall net deforestation. No extra money has been allocated to that.

People may say it would not be possible to implement all the measures I have mentioned and ask from where the money for them would come. The dirty hidden secret of the Irish economic story is that while the people get crumbs, profits have gone up by 100% since 2010. Household wealth has gone up by 50%. The CSO has confirmed that 53% of wealth is held by 10% of the population. It is a fact, not a slogan that the rich have gotten richer while the poor have been hammered or given crumbs. While the people get crumbs, the vulture funds, property developers and corporations run away with the bakery. The budget and the budget narrative that attempted to define this as being about a miserable little bit of fiscal space that the Minister, Deputy Donohoe, might be able to increase a little is like a conjuror's trick where we are concentrating on one hand while the other is busy robbing everything from us. In this case, the property developers, vulture funds and big corporations are doing the robbing while we are looking at the miserable crumbs of fiscal space.

As Deputy Paul Murphy outlined, if we considered taxing the bakery of wealth and profits in this country, we could get a lot of extra revenue to transform Irish society, deal with the housing and health crises and invest in education, infrastructure and arts. If corporations were made to pay 12.5%, an extra €6 billion would be raised on profits, which have doubled. Some €610 million would be raised if corporations paid a financial transaction tax. An additional €491 million would be made available if we got rid of the reduced VAT rate. An extra €1.4 billion would result from a slight increase in employers' PRSI. If the help-to-buy scheme were abolished, €40 million would be saved. If there were a tax on landlords, €400 million could be raised. If pension relief for high earners were cut, €115 million would be saved. I do not have time to go through the rest of the list. That is the hidden secret of the economic story: the rich making away with the bakery while the poor and the working people are thrown a few crumbs and are expected to be happy. We do not buy it.

Deputy Mick Wallace: The budget was a serious damp squib and particularly disappointing in view of it being the first budget of the new Minister for Finance, Deputy Donohoe, and the first during the Taoiseach's time in charge. I was at the Ireland versus Wales football match in Cardiff last night and I can assure the Minister that the spirits and well-being of the people of Ireland got more of a boost from that match than they got from the budget. It is a pity. The budget lacks honesty and is incredibly disappointing. The only funny part of budget day so far

was when Fianna Fáil said it does not play games with political issues. I suggest that they read *The Prince* by Machiavelli, which was written in the 16th century or about 500 years ago. I think Machiavelli wrote it about Fianna Fáil.

Before I address the main issue I want to cover, which is the failure to deal with the housing and homelessness problems, I want to speak on climate change. A few months ago, the Taoiseach said he would bring a fresh approach to how we deal with climate change. The budget contained no measures addressing the electrification of public transport, which people thought might happen, no extra investment in rail, no State-built renewable energy and the carbon tax has once again been kicked down the road.

It breaks my heart that the Government has been so incapable of dealing with the housing crisis. The budget did not address affordable housing at all, unless I missed it. No affordable housing scheme was proposed. In September 2011 Fine Gael and Labour did away with such a scheme. It is a huge problem. There is a problem with social housing. The stock of social housing countrywide is 9% while the European average is 17%. We do not have an honest approach to building social housing through local authorities but affordable housing could also be provided using local authorities. However, the will to do it has to be there. It seems that nobody wants to reinforce local authorities and make them fit for purpose. For example, there is a serious lack of technicians. However, there is no point in saying people are not fit to do a job. They should be made fit to do it. Technicians can be hired. If the Government got serious about building social and affordable housing through local authorities and facilitated a €100 million project, fees would be a minimum of 4% if such a scheme were being developed in the private sector. That would involve hiring technicians to work on the project. For €100 million, that would be 40 technicians at an average of €100,000 each, although one would probably not need that many. That would be completely doable through local authorities but the Government has to want to do it. There is currently a four-stage approval process for housing schemes. The system is almost designed to stop building taking place. I have spoken to local authority workers. The Government keeps saying there is plenty of money but those in local authorities are finding it hard to get the money from central Government. The process is so slow that it is not happening.

Another big problem, apart from the Government not wanting to reinvent local authorities because local government has more or less been done away with and the Government would not like to bring it back, is that local administration is currently weak. The lack of an honest approach to the huge problems in how housing is supplied is shocking.

The Minister today addressed the vacant site levy. Is he well? As I have previously pointed out in the House, the vacant site levy, which is another measure brought in by Fine Gael and Labour, has so many loopholes that it is useless. If the owner of a vacant site has a mortgage for 75% or more of its value, he or she will pay a levy of 0.75%. If he or she has borrowed more than 50%, he or she will only pay a levy of 1.5%. Will the Minister deal with such circumstances or will he only address the figures he gave of a 3% levy, rising to 7% in the second and subsequent years? I did not get an answer to that. It is nonsense. If the site is occupied and something is officially being done with it, its owner does not have to worry about the levy. If an owner is worried about the latest scheme, he or she can put up hoarding around the site, erect a commencement notice and take the grass off the site. That would be the job done and it could be left for another 20 years without incurring a tax liability. One could farm the vacant site. If one wanted to avoid the levy but were not a farmer and did not want to farm the site, one could give a farmer the use of the land for free. It would then be in use and, therefore, not

subject to tax. You could not make it up. Why are people talking about this as if it were a tax on landbanking? It is not. We need a tax on landbanking. The average price of a new house in Dublin has risen to €460,000. Within 15 km of the centre of nearly any other city in Europe, a house can be bought for €150,000. What are we doing selling them for €460,000? I guarantee we are going to have another crash. The Government is building it. It will be quicker this time; it will come around sooner. We are bound to have one. The Government is doing everything perfectly for a crash to happen. The Minister is now talking about engaging NAMA with funding in this new scheme he is on about. The idea of funding builders to build when the banks will not give them the money is a good idea but, for God's sake, the Government should keep NAMA's hands off this. I keep hearing people say, "Let us use NAMA's expertise." It does not have any. It has no experience - I am sorry, I am hoarse.

Deputy Martin Kenny: The Deputy must have been shouting last night.

Deputy Mick Wallace: It has no experience in the property game or in housing. There is no one on the board with any experience in this area. Between late 2016 and the first five months of 2017, 91 of NAMA's staff have left. Anyone who is any good is getting out of the place because its name is muck now and they do not want anything to do with it.

I will outline part of the problem. Tallaght Cross West went sale agreed in January 2016. NAMA sold the 442 apartments of the development to I-RES REIT. They worked out at about €100,000 each, whereas the average new house in Dublin today costs €460,000. The full price of the sale was €83 million. There was €40 million worth of commercial property and €42 million worth of residential property in the sale. What are these fellas doing with it? They are probably renting them and they will sell them for a bomb when they feel like it. Honeypark in Dún Laoghaire started in 2013. It comprises 800 units. Cosgrave is building it and NAMA is funding it. In December 2015, NAMA sold 180 of the units to a fund called Mercury at €360,000 per unit. What did Mercury do with the units? They were presold, built and rented. They never even saw the market. Why would they? NAMA - the State - is coming up with money to build out projects, and what does it do with them? It sells them to the vulture funds. What a great idea. That will really solve the housing crisis. I put out a press statement last Friday about a site on Castleforbes Road in the Docklands, the Northbank apartment block. There are 46 empty apartments in the development and NAMA has them. NAMA has just bought seven it did not already control. There are 124 apartments in the whole development. It bought the last seven so it could control the whole development and put it on the market to get a vulture fund to buy it. Why would we want to give apartments to vulture funds when we have a housing crisis? Will anyone in the Government ask NAMA why there were 46 empty units in that complex? Some of them have been empty for three years. This is nonsense. Does the Government want to fix the housing crisis? One would be unwell just thinking about it. It breaks my heart.

The Minister, Deputy Coveney, established last year that we can build a three-bed house in Dublin for just over €200,000 because we have our own land, we can supply the house and, obviously, we can get away without the levies, the planning contributions. The State could therefore supply three-bed housing in Dublin for somewhere in the region of €205,000 back in December; let us call it €230,000 now. Why would we want NAMA building houses which it will sell for about €400,000 with State land? What is the clever plan there? I do not understand it very well. I do not see much logic in it. I would love to know where the rationality comes in. It is madness. I get the impression from the budget that the Government thinks that things are great now and that the economy is rising. It is improving by about 5% a year. Things are pretty

10 October 2017

good for perhaps about 50% of the population. That may be a bit of an exaggeration. Perhaps it is somewhere between 40% and 50%. I swear to God, there is a rising level of inequality in this country that I have not seen in my lifetime. I am over 60 years of age. I have never seen the level of inequality we have today. We are going down the tubes. I am not a pessimist; I am an optimist. However, we are not running the country in a fair way. Why do we not do it? Why do we not run the country properly? I do not understand it.

In September 2016, the Minister, Deputy Coveney, announced a local infrastructure housing activation fund, with the intention of addressing affordability. It was abandoned in March 2017. A total of €226 million was given for infrastructure for sites, but there was no agreement to provide affordable housing, which was the plan in the first place. Government policy is driving up the price of housing and rents. I see the Government is now introducing a measure to address capital gains tax, that it will bring it back to four years. The Government is retrofitting a big screw-up on the part of the previous Minister for Finance when he brought in a system that encouraged the REITs to come in and buy up all the distressed property for peanuts from NAMA and the banks and get a cartel controlling influence over the rental market in Dublin. That is what they have today - the REITs: I-RES REIT, Hibernia REIT and God knows what next. We now have huge foreign money controlling our rental market. Is that a good idea? The Government wants to get rid of the amateur fella who only has one or two properties, but we cannot afford professional landlords. The latter are boasting about the fact that they can now get €2,200 a month for a two-bed and up to €2,800 for a three-bed. They are saying the prospects look good for the next couple of years and it is going up, not down, because we do not do anything about managing it. It is the Government's responsibility to manage but it is not managing.

To go back to NAMA for a minute, there is so much conflict of interest in how it operates. There are four-bed units in the development in Dún Laoghaire to which I referred. They are selling for €700,000. We are organising State money to build houses to give to developers to build and sell for €700,000 when we could be using that land to provide not just social housing, but affordable private housing as well. We are not doing it.

Connor Owens was hired by NAMA in June 2012 and became deputy head of asset recovery in October 2014. Prior to his appointment, NAMA's Conor Owens was a founding director in May 2010 of a property company called Core Asset Management. It was established specifically with the backing of some American money, with the aim to purchase distressed properties from NAMA and from struggling investors and developers in Ireland. After starting Core Asset Management, he appointed Bill Nowlan of WK Nowlan & Associates, an adviser to NAMA, as a director and core shareholder of Core Asset Management in August 2010. Bill Nowlan would go on to serve as a director of Core until November 2013 and had shares in it until 2014. He was giving NAMA advice, and these guys were controlling funds that were buying property. Why does no one care that NAMA is ridden with conflict of interest? Honestly, I will be tempted to leave the country if the Government gives it a role in trying to solve the housing crisis. The Government might say "good riddance" and do it to try to get rid of me. It is crony capitalism.

It is going against the whole notion of what capitalism was. Let us pretend that we like it. It is actually breaking the rules of capitalism given what is going on and how we are allowing NAMA to operate. It is 100% crony capitalism but we do not have a Government that is prepared to shout "Stop". We did not even seem to have a problem with the fact the National Crime Agency in Britain was investigating this, that there are currently eight suspects under investigation, and that the US Securities and Exchange Commission is still looking at it. Mr.

Justice Cooke is supposed to be getting an investigation off the ground here soon, yet we are looking at giving those fellows more responsibility after they made an absolute hames of our housing problems. They are a huge part of the problem. If I hear another person say they want to use their expertise to solve our problems, God help me. Anyone would be pulling their hair out.

When NAMA was selling Project Abbey, which belonged to the developer Harcourt, NAMA representatives boasted at the housing committee last year that they had taken that 72-acre portfolio and that it was land for the State, which was needed for housing, so they were doing a good job. NAMA sold Project Abbey. What did it do with the land? A few weeks ago, it did a deal with the same developer to build it out, but the developer was planning to sell the houses for €500,000-plus. What is the rationale? It is mad. Money is scarce but we are giving it to these guys to build unaffordable housing because €500,000 or €400,000 is not affordable for most of the people in this country who need housing. What about the people who have to spend too much money trying to get a mortgage and trying to pay rent? The percentage of their wages that is going towards keeping a roof over their heads does not make economic sense or social sense, but we are doing nothing about it because one of our biggest problems of all is that we think: “Let the private market at it. They will sort it out.”

The reason NAMA gets developers to build out projects and lets the developer make a huge profit of €50,000-plus a unit is because it does not have the expertise itself, so it is paying through the nose for the developer’s expertise, because the developer has it. Builders have it too, if we were prepared to organise them. Builders are not looking to make €50,000-plus a unit, however, and they would be very happy making €5,000 or €7,000 a unit clear - they would be delighted with themselves. There are plenty of builders but they cannot get funding because the banks are closed to them and, as far as I can see, the State is also closed to them. We would rather be giving the money we can get our hands on to vulture funds to build apartments and houses that the people cannot afford to buy and cannot afford to rent. It is ridiculous.

Deputy Thomas P. Broughan: I am delighted to have the opportunity to speak on budget 2018. In my own pre-budget submission, which I sent to the Minister, Deputy Donohoe, last week, I highlighted the need for investment, in particular in housing, public infrastructure and necessary public spending. Indeed, recent opinion polls confirmed that the majority of the electorate wanted to see that kind of investment rather than have an extra €4 or €5 in their pockets. While there are a few small improvements in areas like housing, health and education in the Minister’s first budget, my overall first impression is one of deep disappointment and a sense of huge missed opportunities by the so-called Government of opportunity.

I also noted the glum faces of the Independent Alliance Deputies and Ministers. It is clear they were shafted by the Minister for Finance and the Taoiseach in this budget. The Minister of State, Deputy Finian McGrath, for example, has let down our citizens with disabilities and their advocates by only securing an additional €15 million in this budget, just a tiny addition on the extra resources secured in budget 2017 and barely keeping pace with inflation. Producing the necessary resources to implement the UN Convention on the Rights of Persons with Disabilities has again been put on the back-burner. While extra provision for the 1,500 18-year old school leavers with intellectual disabilities is welcome, the Minister of State, Deputy McGrath, and his Department have failed to address the increasing lists of hundreds of children assessed to be on the autistic spectrum who are waiting for early intervention supports, including preschool places. Many of us represent parents of those children.

In my personal submission to the Minister last week, I urged him to support major new investment in public transport for Dublin, Cork, Galway, Limerick and Waterford. I also reminded the Minister that cities like New Delhi in India and a host of other Indian, Asian and European cities had begun to build out major city metro systems in the past ten years. Despite this, the Minister, Deputy Ross's Department of Transport, Tourism and Sport budget has received miserly increases in budget 2018. For example, there is just €6.5 million for new tourism and cycling measures and only an additional €15 million in all for additional resources. The Minister, Deputy Donohoe, trumpeted a number of new bypasses and interchanges but there is only €46 million in an increased capital envelope for 2018, barely above capital depreciation levels. The Minister, Deputy Ross, like the Minister of State, Deputy McGrath, has clearly lost all the budget battles and the Minister for Finance has once again totally ignored the Dublin metro north project and light rail systems for other cities. He mentioned Bus Connects but we have Network Direct, which Dublin Bus has been working on for years. The Minister, Deputy Ross, may say he helped to retain the 9% hospitality VAT rate but the €600 million in lost tax expenditure in that now unnecessary tax cut would have greatly enhanced the health, disability and transport budgets. I urged the Minister for Finance to taper the 9% rate to 13% by 2021.

Before looking at other key budget 2018 measures, I would like to acknowledge the work of the Committee on Budgetary Oversight and the new Parliamentary Budget Office, whose staff are led, respectively, by Mr. Ronan Murphy and Ms Annette Connolly. I believe all of us on the Committee on Budgetary Oversight have benefited greatly in our understanding of the budgetary process and key fiscal issues. It is regrettable the Minister did not welcome the final establishment of the Parliamentary Budget Office under its director, Annette Connolly, in his speech earlier today. I believe the creation of the Committee on Budgetary Oversight and the Parliamentary Budget Office, along with the special health and housing committees, will be an enduring achievement of the 32nd Dáil.

Budget 2018, as many citizens are noting, is a lost opportunity from a Taoiseach who spoke about an Ireland of opportunities. The Taoiseach and the Minister for Finance could have done much more to alleviate the great distress of our citizens on housing and hospital waiting lists in particular, but they chose not to do so. The Irish Fiscal Advisory Council advised the Committee on Budgetary Oversight that there was €2.2 billion of gross fiscal space for 2018, with a net fiscal space of only €650 million or less. The Minister told us the water charges refunds and any Christmas bonus would be met from the 2017 Estimates and that the Minister, Deputy Eoghan Murphy's proposed and desperately needed affordable housing scheme would be funded under the 2018 budget. Like Deputy Wallace, I am still looking for that affordable housing scheme. We have been misled by two Ministers. Based on the Irish Fiscal Advisory Council estimate of fiscal space, the Government could have raised at least €1.35 billion of net revenue from new taxes, efficiencies and the closing of unnecessary tax expenditures. I note the Irish Fiscal Advisory Council and other witnesses at the Committee on Budgetary Oversight who called for a prudent and neutral budget did not rule out an expansionary fiscal stance once the net figure for fiscal space was maintained through new taxes and savings. However, the Minister chose to expand current expenditure by only €684 million and capital expenditure by only €214 million, while raising extra revenues of €830 million in a total budget package of €1.2 billion. It is a disappointing effort in this first and possibly last budget from the Minister, Deputy Donohoe.

We ourselves set the famous medium-term objective to which the Minister keeps referring, that is, the structural balance of minus 0.5% of GDP - it is we who have set this rod to beat our own backs. It is widely believed that the common agreed methodology, CAM, for the calcula-

tion of the output gap which determines our fiscal space is totally unsuitable for Ireland. I note also that if Ireland was already at its own medium-term objective, which we should have been at last year, permitted expenditure would be 4.7% of GDP, not the 2.4% set out in the summer economic statement. This would imply a gross fiscal space of €3.3 billion, which is far more scope than the Minister allowed himself today. I agree with a general balanced budget in 2018 but only in tandem with significant additional investment in public services, especially in housing and health, from a widening of the tax base through new taxes on wealth and very high earners. At the end of August, 3,048 children were homeless. This figure does not include the children living in temporary domestic violence refuges. The Summary of Social Housing Assessments 2016 showed that 91,600 households had a social housing support need at the end of September 2016. Professor Ronan Lyons estimated recently that Irish demographic history and trends indicate that we have a shortfall of 120,000 houses needed immediately with annual output of 50,000 per annum needed for the foreseeable future.

Everybody understands the necessity for Ireland to emulate countries like Norway and the Gulf states with a sovereign wealth fund. Given that in this city and in this State tonight there are some 3,000 homeless children and 700,000 citizens on hospital waiting lists, it is incredibly disrespectful and uncaring of the Minister, Deputy Donohoe, to talk of creating a rainy day fund with a €1.5 billion donation in 2018 and €500 million annually after that. It is an incredible slap in the face for people who desperately need housing this very evening.

There are a few welcome developments in the budget for housing, planning and local government, but the Minister, Deputy Donohoe, included the capital spend in the overall capital provision of €1.9 billion for social housing in 2017. I welcome the capital funding of €1.14 billion for 5,900 new social homes in 2018, but only 800 of these will be delivered by direct build. The sum of €75 million that has been allocated for the local infrastructure housing activation fund seems very low considering the amount of housing we need. Only €53 million is included for the long waiting lists for adaptation grants. Week in and week out Deputies receive requests from constituents looking for help with support for adaptation extensions to homes. The Minister has simply not provided the necessary funding for this grant for the whole country.

Home Building Finance Ireland, HBFI, seems to be a very poor response to the many calls for the Minister for Housing, Planning and Local Government to establish a State developer of housing or a national housing executive. For example, we heard the proposal from Ireland's Housing Emergency - Time for a Game Changer from the Nevin Economic Research Institute, NERI, advocacy group that asked us to build out the necessary homes on the European cost-rental model. We have had many other proposals along those lines. How will the €750 million from the Ireland Strategic Investment Fund be transferred to the HBFI to achieve a well provided for and affordable housing market? Where is the Minister for Housing, Planning and Local Government, Deputy Eoghan Murphy's new affordable housing scheme? Will Home Building Finance Ireland be a sister company of NAMA under NTMA? What is the link, as has been raised by Deputy Wallace, and how can it be justified?

Fine Gael, Fianna Fáil and the Independent Alliance have not changed their tune at all in their support for private developers and landlords. The dismally slow provision of social and affordable housing will clearly continue in 2018. The €301 million allocated to HAP and €134 million for RAS, not to mention continuing huge amounts for rent supplement, clearly indicates that this is the case. Some €1 billion is being spent per annum on these kinds of supports which would be better spent in building houses in Athlone and in every other town in the State.

10 October 2017

I referred earlier to the health and disability budget and the Minister, Deputy Donohoe, spoke of an additional €685 million, including 2017 carryover expenditure. I welcome the allocation of €55 million to the National Treatment Purchase Fund, the €40 million for primary care and the small reduction in prescription charges. The September figures show, however, that there were still 679,000 people on hospital waiting lists around the country. This was an increase of approximately 19,000 on the August figure, but because some of the lists have seen reductions, it is being hailed as good news. People who live in pain call to Deputies week in and week out, and I am sure the Minister's information clinics also receive people who are looking for a hip operation, a knee operation or ophthalmology services, people with cataracts whose sight is going, and people who have diabetes and who are fearful of losing their sight and so on. We have estimated that at least another €300 million should have been provided for these acute services to bring Ireland's figures up to some kind of OECD norm. All we have is €35 million for the waiting list initiative and €50 for acute hospital services. Again we have a dismally disappointing health budget.

With regard to fully implementing A Vision for Change, and I am aware that the Ceann Comhairle has taken some good initiatives around this during the Dáil recess, addressing the poor level of service provision for mental health should have been an absolute priority. The mental health service still has a shortage of 3,000 skilled staff, such as psychologists who are necessary, at an additional cost of €128 million. All we got in the budget today for this was €35 million.

Along with my colleagues beside me in the Chamber, I have highlighted several times in the House the injustice done to the staffs of section 39 organisations. I held a briefing in Dáil Éireann for other colleagues where the Irish Wheelchair Association and Rehab informed us that the restoration of the salaries of the large section 39 health service providers would cost in the region of €14 million a year. This is €14 million the Minister for Finance is not prepared to provide this year for key essential services performed by people who are, effectively, public servants.

The Minister for Finance seemed delighted that the current and capital education budget had reached the €10 billion mark. Current spending, however, is still just in excess of €9 billion. My office, as with other Deputies, has received strong representations from all three levels of education professionals and trade unions, including preschool and postgraduate level. At primary level, I have had detailed briefings from some school principals calling for a reduction in class size to EU norms. I welcome today's announcement for the reduction by one. Principals have also called for a significant rise in the capitation grant for primary schools, which we did not get today. There has been absolutely no provision in this respect.

I also continue to support the equal pay for equal work campaign for younger teachers. The cut in the staffing ratio to 26:1 is welcome but the 545 extra teachers and 1,000 extra SNAs announced today barely keep pace with demographic trends. The 305 extra teachers that were announced will be necessary to reduce the ratio.

I urged the Minister for Finance, Deputy Donohoe, to increase the national training fund levy from 0.7% to 1% for 2018, and in 2019 and 2020, which would raise €200 million in funding for third level. The Minister started today with 0.7%, with it rising to 0.8% in 2018, 0.9% in 2019 and 1% in 2020. This is welcome but it is only a tiny step. The Minister may remember that Independents 4 Change Deputies and I strongly opposed the introduction of student loans or increases in the student contribution. I was pleased to hear that the Taoiseach, Deputy

Varadkar, who often seems to make up his Fine Gael policies while standing in front of microphones, is not convinced by the student loan proposal in the Cassells report. The Minister did not mention, however, whether the proposal has been abandoned. The Minister for Education and Skills, Deputy Bruton, appears to still want student loans.

Turning to the social protection budget, the Minister for Employment Affairs and Social Protection, Deputy Regina Doherty, was also supposed to be battling away - like the Minister of State, Deputy Finian McGrath - desperately appearing on the 6 o'clock and 9 o'clock news and seeking huge additional resources for the clients of her Department. In fact, when we consider the budget of €20 billion, it is only a 1% increase on her budget of 2017, which would be €200 million. Even the Department of Agriculture, Food and the Marine received a 4.5% increase. More than half of this budget is the current money in-money out budget of the Social Insurance Fund. As in my submission last year, I believe that constituents would like to have seen a minimum core social protection of at least €430 million to €500 million. The Minister, Deputy Doherty, secured far less than half of that. At least a rise of €7 for all seniors, along with the general rise that has been included here, was provided for in my submission.

I had hoped that budget 2018 would include a well-documented and costed gender equality analysis. I am not sure if the Ceann Comhairle has seen any kind of gender equality analysis in all of the documents in front of us. I have not noticed it. I asked for an increase in the income disregard for one-parent families from €110 to €146.50 per week. We received a small rise in this regard. I requested the same increase for the jobseeker's transitional payment, which would have cost approximately €4.2 million in a full year. I also raised the huge issue of the pre-2012 payments for the cohort of women workers who were on home caring duties before 1994, especially those women from the 1950s and 1960s who were gravely disadvantaged in the brutal budget of 2012. As they retire, they are now down by some €30 or €40 per week but the Minister for Finance chose to completely ignore this area.

We asked for an increase in the back-to-school clothing and footwear allowance and generally in further supports for children. A critical age equality issue is the discrimination against young men and women under the age of 26 with regard to jobseeker's allowance rates. Once again, the Minister refused to do anything about that issue. In the interests of social and generational solidarity, I believe we should have had a package of at least €500 million this year. It is far less than that. The Minister, Deputy Doherty, did not put up much of a fight for the many hundreds of thousands of people who are dependent on State pensions and allowances and who are the constituents she represents.

Any citizen who has read the Coffey report on corporation tax and followed the recent speeches of Commission President Jean-Claude Juncker and French President Macron knows that widening the tax net and achieving a long-term sustainable tax base is a key responsibility of Ministers and legislators here. I proposed to the Budgetary Oversight Committee that we should at least consider a third higher rate of income tax on higher incomes, for example the 180,000 tax units who earn over €100,000. A new rate of 43% - I have proposed 48% in the past - on higher incomes over €100,000 would yield nearly an additional €344 million. Of course, we need much more transparency and information on wealth and high incomes in Ireland which is why I brought forward in the last Dáil a Bill to establish a high pay and wealth commission. However, the last austerity Government decided in its wisdom to ignore that call and defeat the Bill.

I welcome the move to defer a revaluation of local property tax from 2019 and believe that

should still consider a site-value tax. The economist David McWilliams has proposed the very interesting idea of a land tax. In my submission to the Minister, I asked that the vacant site levy of 3% be at least doubled. In that regard, I note the comments of my colleague, Deputy Mick Wallace, who is expert in this area. While it is welcome that the levy will increase from 3% in 2018 to 7% in 2019, the Government has taken every conceivable step to avoid forcing land hoarders to build. Other tax-widening, sustainable measures which are welcome include the sugar tax and additional taxes for health reasons on tobacco. However, there were many other measures the Minister could have taken to widen the tax net. For example, an increase in betting duty to 3% would have yielded €150 million in a full year. I have been asking for several years for an aggregates levy, such as exists in the UK and Northern Ireland, of €2.50 per tonne to improve the recycling of building materials. That would have yielded almost €80 million annually. If the Minister had abolished the special assignee relief programme, or SARP, it would have yielded approximately €10 million in 2018. I also asked the Minister this year and last year to increase the duty on shares from 1% to 1.5%, which would have yielded an additional €220 million. As Deputy Wallace said, there is a lot of money out there and, as such, the capacity existed to have had a much more innovative fiscal expansion this year. However, we have not had it.

The continuation of the 9% rate of VAT in the hospitality sector is not justified, especially in the Dublin region. We must start to equalise duty on diesel with that on petrol. Even though I drive a diesel car, I consider that we could have started this year and implemented the change over a number of years. It could bring in up to €160 million in additional funding. I remember that when Deputy Eamon Ryan and others, including me, were on Dublin City Council years ago, we all knew that the PM10 emissions from diesel made it unsustainable for health reasons in the long term. While I have always favoured higher taxes on citizens and households with very high incomes and great wealth, I agree that there is indeed a squeezed middle. As such I welcome the increase in the standard rate band for those citizens.

In conclusion, the budget is very disappointing. It is a missed opportunity and could have made much greater resources available for housing and health. It is a particularly sad day for the Independent Alliance which has been well and truly shafted by Fine Gael and Fianna Fáil and ignored by the Taoiseach and the Minister for Finance. In sectors like disability and transport, we could have done much better.

Deputy Clare Daly: My expectations for the budget were not great and I spent most of the afternoon semi-bored and disillusioned at the usual mantra. Having listened, however, to Deputy Wallace and his forensic annihilation of what the Government calls a housing strategy, I consider that it should be compulsory listening for every Minister. I challenge every Minister to come back to Deputy Wallace and answer the points he made. This country is on a hiding to nothing in the area of housing when citizens spend the overwhelming majority of their income, if they have one, to try to keep a roof over their heads and older citizens find their houses full again with adult children and grandchildren as families try desperately to save a few bob to buy a house. Others are ending up in hotel rooms and the like. It is an absolute scandal. Deputy Wallace was also correct and in no way flippant when he noted that the nation's spirits will have been lifted far more by last night's victory in soccer than by anything in this budget. When did a budget ever transform the lives of people? It is fine for the Taoiseach to stand up and say this will not be a bonanza and that we will be responsible and careful. It is good for him that he has the luxury to be careful because being careful means defending a status quo which represents a life of severe challenge for huge numbers of our citizens.

The Government may say it is great for spending €1.2 billion but that must be looked at in the context of the last three budgets which cut the tax base by €2.6 billion. As such, the Government has not even got back to where it started to cut. Nothing in this budget will address the fundamental problems in the State which are caused by the fact that we tax less and spend less than practically every other European country. We are completely out of kilter in that regard. Unless we address that, the problems faced by people will continue to occur. The Government must ask itself whether it thinks people will really be going out tonight saying it is great that they have an extra fiver. The first thing they will say is that it is not actually a fiver but is in fact €2.50 over the course of a whole year. However, that does not sound as good. Therefore, the Government decided to call it a fiver and start the payments more than halfway into the year. It is sickening. Even if it were a fiver, which it is not, €2.50 is not going to put a roof over someone's head and give them access to healthcare or a decent education. Sadly, we have missed that opportunity in this budget.

Next year marks the 100th anniversary of the election of Countess Markievicz, the second female Cabinet Minister anywhere in the world. We had a Proclamation in this State which issued a call to Irish men and Irish women yet Irish women are being left behind again in this budget. That is why I want to look from the viewpoint of a number of women and young girls in my constituency. They are not exceptional and I am sure their stories are echoed and repeated in every corner of the country. Let us talk about Zoe who is ten years of age and has a rare genetic disorder, PKU, which means her body is unable to break down certain amino acids. The only treatment for PKU is Kuvan, a drug which could vastly improve her quality of life and prevent her from potentially suffering brain damage. This drug is sanctioned and available in most European countries. In Ireland, it is not. Let us talk about her mother, Karen, who has spent years fighting a daily battle and having to tell the story of the struggle she endures to ensure her daughter has the same quality of life as other children. Let us talk about Maria, a woman in my area who has split from her partner. She is a part-time worker who looks after her son. Her former partner does not pay maintenance but she has religiously kept up the payments relating to her half of the mortgage. As she cannot pay the whole thing, however, the bank is moving against her.

Let us talk about Claire, whose mother-in-law is 58 years of age and is suffering from Alzheimer's disease. Because she is under 65 years of age, there is nothing by way of support for the family. Her husband gets three hours of help a week. She is unable to wash or dress herself and has lost her ability to focus. She cannot see people or things in front of her or read or write and she gets lost in her own house. Nevertheless, her family gets three hours help per week. Home is the best place for that woman but her family needs support to keep her there. As her daughter-in-law says, it is heartbreaking to watch a strong, independent and glamorous lady become vacant and lost. They grieve every day for the person she once was while knowing that every day she gets further away from them. How many other families are in that position while we sit within these comfortable walls?

Let us talk about Mary. She began her working life in 1966 but had to give up her job because of the marriage bar. She raised three children and went back to work at 49. At 65 years of age, she went to claim her pension but because she had worked as a younger woman, she found her PRSI stamps would be calculated over 47 years. That meant she would only get a third of her contributory pension. If she had not worked until 1998, she would have received the full pension. It is an absolute joke that these women, who were discriminated against by the marriage bar and on whom the State relied for caring duties, are being penalised in their

latter years. Has the budget done anything for them? It has not delivered access to health care, decent pensions and a roof over their heads. I do not say that to make a cheap, political point. It has not because the Government failed to tackle the root problems in this State. It is not that Ireland does not have enough resources; it is that those resources are concentrated in a small number of hands. Government after Government has chosen politically not to go after the wealthy in our State. That is a political choice. The Government hides behind the fact that there are fiscal rules. It will not declare a housing emergency because it does not want to upset the fiscal rules but it, and the European Commission, have no problem upsetting them when the leprechaun economists come up with a 26% jump in GDP. They ignored that figure and there was no problem breaking the rules in this regard. When it comes to dealing with housing, they say, "Oh, no, we are good boys and girls; we do not break the fiscal rules."

The problem is the budget does not introduce measures to repair the structural damage of austerity and the hollowing out of public services, which, if not addressed, will cause continuing and accelerating problems for our citizens. The Government needs to spend and tax more. Squeezing a few bob here and there from the middle will not make the pot bigger. The Government has to go after those who are not contributing. Tax on wealth in this State is an average of €278 per person less than the EU average. If the Government raised wealth taxes even to the EU average, it would have an additional €1.3 billion. Employer's PRSI is well out of kilter with other member states. It is among the lowest in the EU. If it was increased to the EU average, the Exchequer would have an additional €8 billion. If it was increased by only 2%, an additional €1.4 billion would be generated. A total of €2.4 billion is foregone in tax reliefs on pensions, half of which goes to the top 10% of taxpayers. If the Government even put a cap, as Social Justice Ireland proposes, on the reliefs at 20%, it would have an additional €414 million per annum, which almost equals the allocation for early child care years provision. It is a small change, which could yield significant results. The Government decided not to touch the tax relief for the hospitality sector. There is an argument relating to small restaurants, coffee shops and so on but it is absolutely scandalous, against the backdrop of the amount generated by hotels for accommodation in cities all over the country, not to have increased the VAT rate in this regard. This would have generated an extra €200 million. That is without even considering the issue of corporation tax. Let us be clear - it has been studied and evaluated by EUROSTAT and other organisations - that the effective rate of corporation tax is approximately 6% with many of the larger companies getting away with paying 3%. Social Justice Ireland has stated that if the Government ensured the effective rate was 6%, it would generate an additional €1 billion. Small and medium-sized Irish companies generally pay the 12.5% rate.

The Government has dressed up the most spurious measures in the budget to deal with housing and land banking. Deputy Wallace has annihilated them already but even if he had not gone through all the loopholes in respect of the vacant sites tax, it has been put off for two years. The rates will be 3% and 7% but the value of land increased by 14% last year and, therefore, there is no incentive for people in this regard. The Government talks about tackling real estate investment trusts, REITs, but the reality is that the budgets introduced by former Minister for Finance, Deputy Noonan, ably assisted by the Labour Party, mean that REITs are one of the prime reasons the property market has been distorted with them accounting for 62% of new home purchases in Dublin and 44% nationally in the first four months of this year. The CSO has stated that one third of all residential properties were sold to investors in the first seven months of this year. They are renting them back to the people they outbid to buy them at exorbitant rents. There is nothing in this budget to deal with the issue of affordability. If the Government parties want to raise the living standards of citizens, they must tackle the systemic structural problems,

which would mean investing another €2 billion in our education system, for example, to bring the State up to the per-pupil EU average. That is doable because the resources are there. Our economy would benefit but the Government chooses not to do this.

The Minister bragged about how he will provide an additional €685 million for health services. A few years ago, the Irish Medical Organisation, IMO, warned about the dangers of austerity and cutting investment in our health services. It told us that it would take decades to repair. Many hospitals are in poor condition while public waiting lists are unmanageable, with recent estimates of 700 people on waiting lists for minor treatment, which is absolutely scandalous. It is an untenable situation where somebody would have one cataract operation but must wait for three or four years for the other. What about the number of people who have had to beg and tell their private personal stories to access health care, to ensure their child gets medical treatment abroad, to get access to fertility treatment in order that they have the child they desperately want? The amounts the Government is throwing into the system will not address that. Cutbacks do not only affect people's health; they come at a cost to the State. Last year, the State paid out €256 million in awards and legal claims and €65 million in legal fees with 87% of that being spent by Tusla and the HSE. The estimated cost of settling outstanding claims last year was €2.2 billion because our health service, in the main, is unfit for purpose. It is not even about the human cost; there is an enormous cost to that. Nowhere is that more graphically illustrated than in our maternity services where between 2007 and 2015, €66 million was spent on legal fees and €282 million was paid in damages. The Minister for Health allocated €3 million extra to implement the new maternity strategy. That demonstrates that the sums are not adding up and how the Government is setting the State on a path that will ensure it pays out billions of euro in compensation and legal fees, not to mention the personal devastation those decisions will wreak on citizens who lose loved ones and so on.

Working people would benefit more from wage increases rather than the pittance in tax cuts that have been proposed in the budget. More wages means more tax, which means more money for public investment. Unless the Government addresses the issues of precarious employment, continued insecurity and so on, they will not be dealt with. Against that backdrop, consider the cynical manoeuvring by the Government, for example, in trying to frustrate Deputy Cullinane's Banded Hours Contract Bill, which would give a modicum of security to people on zero-hour contracts. People currently employed in large retail stores are waiting for Members to legislate in this regard. Instead of taking legislation which has been through the House and could have altered their lives, the Government has tried to block it and come up with a much more watered-down version. That is not on and, sadly, it affects women disproportionately because they are in the most precarious employment.

No initiative has been taken to recognise the huge volume of unpaid work that goes on in this State. A study conducted in Britain demonstrated that the equivalent of 56% of British GDP was accounted for by unpaid labour such as caring and child care. A similar study needs to be conducted in Ireland in order that we can evaluate fully the challenges that face people in accessing the labour market. Blunt measures should not be introduced to drive lone parents into poverty under the name of "labour activation". The Government parties have taken €45 million out of the pockets of lone parents and the result has been a 50% increase in the numbers in consistent poverty.

7 o'clock

Some 65% of the homeless are lone parents. The Government can make an announcement

about more money going into child care but there must be a transformation of child care from a poorly regulated, market-based scheme to a fully available public service, as there is in other jurisdictions such as Denmark where, as a result of the state providing child care in a similar way to how we provide school education, it has the fifth highest level of female participation in the workforce in the OECD. They are the types of initiatives we should be considering.

One can bandy around figures, and we all do it, and it can sound good but when it trickles down into the real lives of people, it has a tendency not to be that good. We are doing many things wrong. Consider our prison service, on which we spend hundreds of millions every year. In many cases, people who are spending tonight in prison are people who previously, perhaps, would have been in a psychiatric hospital and would have had support for the other problems they have or they are people suffering from drug problems whose addiction causes them to blight the communities in which they live. However, what do we do for them? We expensively lock them behind a prison door and do not deal with the issues that caused them to be there in the first place, such as the systemic poverty and the dislocated backgrounds most people in prison come from. Instead, we have a scenario where, according to a report produced this week, there were 8,500 drug seizures in the 14 Irish prisons in the last seven years. We have cut €1 million from drug treatment facilities in the prisons yet the people who are going into the prisons have addiction problems that cause them to carry out crimes, which is a further cost on society. It costs nearly €70,000 to keep a woman in prison for a year. However, 90% of women in prison are there for the short term, for non-violent, minor offences. When a woman goes to prison, unlike, in the main, when a man goes to prison, she often ends up losing her home. Her children must be cared for by the extended family or go into care in other jurisdictions. The cost to society, both in the short and longer term, is immense.

We are not examining any of these issues. We throw a couple of million here and 100 million there to get a headline or news flash and then go home and forget about it. There are systemic problems in our State and they come back to the point I made at the start, that we consistently spend less and tax less than most of our European Union peers. It is a fact. It does not mean that the ordinary citizens who cannot get by now should be fleeced. They should not. The figures show that in the case of consumption taxes and so forth, which are incredibly regressive and affect the poorest people in the State, Irish people pay €200 per head more than their European peers. The poorest people in Ireland pay way more than their peers in Europe, but the richest people pay way less than their peers. Unless we bridge that gap the problems we have will continue, including the inadequate access to health care, education and decent pensions and, critically, the fact that there are people on the streets tonight who will not have a roof over their heads and that families will be obliged to share accommodation intergenerationally and with strange families. It is like a return to the years of the tenements. Sadly, nothing in this budget will address that.

Deputy Michael Healy-Rae: First, I must take the opportunity to thank the Minister of State at the Department of Public Expenditure and Reform, Deputy Kevin Boxer Moran, for the proactive way he has dealt with the problems we have in County Kerry. I thank him for accepting my invitation to visit Kerry during the summer and for the assistance he has given us on two projects. I also wish to thank him in advance for the announcement he will be making in the near future. I wish to be the first to do that.

Deputy Kevin Boxer Moran: The Deputy is.

Deputy Michael Healy-Rae: The Minister of State is the right man in the right place and

the longer he sits in his current seat, the better.

First, all day today I have been receiving calls from people who are in receipt of various payments and are due to receive an increase in those payments. They have been asking me why some increases are being implemented at midnight tonight but they must wait until next March for their increases. It is a fair question. We all know the reason but it is unfair for people who are struggling, whether they have disabilities, are elderly or whatever their personal circumstances. It is awful that they must wait for so long even though they must start paying the increases after midnight tonight. That point should be made.

I went through the budget in great detail to see if there was anything in the health budget that would help people whose lives are dependent on necessary drugs. They are living from week to week at present. I refer in particular to the people who are waiting for the drug Respreeza, which treats a lung illness. Unfortunately, they were notified by the drug company that the drug treatment plan was going to be discontinued at the end of September. They are now living from week to week, with some of them running on reserves and others having nothing. These are serious issues and I had hoped they would be dealt with in the budget. We must take care of people who are relying on a drug to keep them alive, whatever the cost. I have said repeatedly here that we cannot put a price on a human being's life. We cannot tell somebody that it is costing too much to continue to provide them with their drugs. We - the State, the Government and the health service - should not be allowed to do that. Every person's life is extremely important.

I have been studying the sugar tax very closely. It is another tax and when something like this is created it might be with the intention of doing something good. There is much talk about obesity, people's weight and so forth. However, I do not believe one can legislate for people's behaviour. If they want to eat too much or drink a sugary drink, I do not see taxing that as a solution. I have studied what Mr. Kevin McPartland from the Irish Beverage Council has said on this and noted his views. He opposes such a tax, and I believe he is right. The group he represents is right. Putting 30 cent on drinks with more than 8 g of sugar per 100 ml is ridiculous. We are simply putting another unwanted burden of taxation on families. That is not right. I do not believe it will make a difference to people's use of sugary drinks.

The same applies to increasing the cost of cigarettes. I said in the House many years ago that I would be happier if nobody in Ireland smoked a cigarette. However, it is a free country and people smoke them. It is not an illegal activity. They are perfectly entitled to smoke. I do not agree with increasing the price of a packet of cigarettes for the working or retired man or woman. It is a choice for people to make themselves if they wish to smoke. It is a free country. However, I do not believe we should continuously tax something people wish to do. Where does one finish with the taxation? I do not agree with it.

On behalf of the people of County Kerry, who I am glad to represent in the Dáil, I welcome the retention of the VAT rate for restaurants, pubs and the hospitality sector. There are great towns in County Kerry such as Killarney, the tourism capital of the world, Killorglin, Dingle, Kenmare and Tralee. They are the finest towns and can compete with any place in the western world or anywhere in the world. These places give great employment and great value for people who visit our county, be they from around Ireland, Europe or elsewhere in the world. We do not want the VAT rate to be changed because hotels in Dublin believe they can charge what they like. Hotels in County Kerry are competitive and offer value for money. I am not being critical of hotels in Dublin but we must call a spade a spade. They are very expensive and charge whatever they like on weekends when concerts or other events take place, which is not right.

I like to hear what people have to say and the *journal.ie* did a survey this evening in which visitors to the website were asked whether they felt were better off, worse off or their circumstances were unchanged after the budget. Some 46% of respondents indicated they did not feel better or worse off. While they did not say their circumstances were disimproving, they did not believe they were improving. This is the view of people on the ground.

Considering the improvement in the economy and that the Government had some money, albeit not an awful lot, to play with, why in the name of God did the Minister for Employment Affairs and Social Protection not insist that the bereavement grant be reintroduced? On one day last week, I received five calls from people in genuine need because they owed money to undertakers who specifically asked me whether a bereavement grant was available. I was sorry to tell them that one of the decisions of the previous Government, which was known for its high-handed and outrageous behaviour because it had a large majority, was to abolish the grant. I am grateful to Fianna Fáil for entering into a confidence and supply arrangement with the Government and Independent Members such as the Minister of State, Deputy Moran, who supported the Government because we needed a Government.

Why does the Government not accept that it has been humbled and reintroduce the bereavement grant? People find themselves in genuine need when a death occurs. Households face unprecedented bills which they cannot afford to pay. These are honourable people who want to pay their bills. The bereavement grant should have been introduced in the budget. I respectfully ask the Minister of State, Deputy Moran, to urge his Government colleagues to reintroduce the grant in some shape or form even at this late stage and however they manage to do it. We all know things can happen at a later time and I ask that this be done now.

I appreciate the funding provided to community employment schemes over the years and the great work these schemes have done. Last night, I travelled around south Kerry with my nephew, Johnny, and we visited Caherdaniel, Castlecove, Sneem, Waterville, Valentia, Portmagee, Ballinskelligs, Kells and Glenbeigh. We were everywhere.

An Ceann Comhairle: Did the Deputy have the military with him?

Deputy Michael Healy-Rae: No, that will be later on. Travelling around the area, we saw the value of community employment schemes because in many of these places there is little else besides a little farming and tourism. On that point, I thank the Minister for Culture, Heritage and the Gaeltacht, Deputy Heather Humphreys, for helping us with the filming of “Star Wars”. The area is now all the rage and everyone is blowing about how good the film is, which is true. I acknowledge the work the Minister did at a critical time. When I told her we needed this, that and the other, she did what I asked. This means an awful lot of money for south Kerry, the county and Ireland, and I hope we will reap the rewards.

To return to community employment, the more money we invest in these schemes, the better, because they help the communities, the environment and individuals. Small farmers and others need a little extra income. The Minister of State comes from humble beginnings and will know what it is like to need a bit of a boost every week. Whether the sum involved is €150, €190, €220 or €250 extra per week, it can be the difference between surviving and being unable to survive.

The more money that can be invested in fibre optic broadband in our communities, the better, because it will help small businesses and households to create employment for themselves.

It will also assist with education, which is the backbone of everything. If we cannot educate our young people, we will have nothing. I thank the Minister for Communications, Climate Action and Environment, Deputy Denis Naughten, for the work he has done on this terribly important issue to date.

How am I doing for time?

An Ceann Comhairle: The Deputy is over time.

Deputy Michael Healy-Rae: I would like to continue but I do not want to encroach on my colleagues' time.

Deputy Michael Collins: While I welcome many aspects of the budget, I fear the devil will be in the detail and we will not see what will really happen until the coming weeks, as has been the case many times previously.

I sincerely hope the Government's actions to relieve the pressure on housing will work. Whether one lives in Castletownbere, Bantry, Bandon, Dunmanway or Clonakilty, the story is the same - there is huge demand for housing and a complete lack of houses.

I welcome an increase of €9.6 million in transport funding for road infrastructure. I note, however, that the Oberstown interchange and Sallins bypass will receive funding. I wonder if any investment will be made in roads outside the greater Dublin area. For far too long, roads in west Cork and other rural areas have been left behind. I refer, for example, to the N71 from Inishannon to Ballydehob, the R581 from Bandon to Castletownbere, and the R582 from Coppeen Road. In terms of our road network, Cork South West is simply and sadly closed for business.

It was great to hear the Minister speak of investment in bus services with the aim of making the public bus service faster and more efficient. The biggest issue facing my constituents is whether they can get any type of bus. I ask the Minister to consider rural areas beyond the Pale for investment. Unfortunately, without the hard-working organisation, Local Link, people in my constituency would not know what a bus was.

I welcome the recruitment of 800 new gardaí and an additional 500 lay staff to work in the Garda next year. When these jobs materialise, I hope Garda stations that were closed in recent years, such as Ballinspittle, Goleen and Adrigole Garda stations in west Cork, will be reopened. These closures had no benefit in terms of saving money, as they resulted in an increase in rural crime and theft and left people fearful in their homes. Does the budget provide for the reopening of any of these Garda stations?

The decrease by €10 in the threshold for the drugs payment scheme is also welcome as it will help in a small way to alleviate pressure on middle income earners.

The increase in the health budget by €685 million is most certainly necessary. However, the devil will be in the detail. I will await publication of details on where and to whom the additional funding will be allocated. Will any funding be allocated to Bantry General Hospital? Today, in an extremely serious development, a top consultant at the hospital whose patients travel from as far away as Cork city and rural County Kerry to have operations performed in the state-of-the-art surgery at the hospital, found out that his contract may not be renewed. It is feared by many people that scheduled operations, such as biopsies and scopes, will not proceed

10 October 2017

and this development is the first step in the closure of the hospital's surgical theatre. It is an outrageous attack on every single person in west Cork. Funding must be found immediately to prevent the theatre's closure.

I also hope hard working, self-employed and farming families who have been discriminated against in the nursing home support or fair deal scheme will receive some help and the Minister will take into account aspects of the motion on the fair deal scheme tabled by the Rural Independent Group and rejected by the Government last July.

The increase in the carer's allowance will be gladly accepted. We must acknowledge the great work done by family carers. A number of concerned constituents who visited my clinics recently indicated they had been waiting 15 weeks for a payment to come through. I urge the Minister of State and every other politician present to examine this matter. Would any of us wait three months for our wages? I do not believe we would.

I am glad to see that an additional 250 jobs will be introduced through the rural social scheme next year. How are these going to be allocated? I urge the Minister of State to consider west Cork. The last time these jobs came on stream, my constituency received the lowest number despite being the largest area covered. While the additional jobs are great, the devil is definitely in the detail.

The €2.50 is a positive step towards reinstating the telephone rental allowance for the elderly, but the Government should keep it in mind for further increases in next year's budget. Many of my constituents who rely heavily on the telephone to call their friends and families felt it was an added security measure where mobile phone and broadband coverage has been weak. While the increase is welcome, €2.50 will not get them far with today's expensive landline-to-mobile calls. Where would €2.50 go on a telephone bill per week?

Recently, I met INTO delegates to discuss with them their pre-budget submission. While it is good that the pupil-teacher ratio has been reduced to 26:1 and 1,300 new teaching posts are to be created, I am disappointed that there has been no increase in the primary capitation grant. Many schools are struggling to cover costs and they rely heavily on parents fundraising. The Government promised an annual increase in the capitation grant in the programme for Government. Why has it not kept its promise?

The additional €2.5 million for the Irish language and Gaeltacht affairs is welcome. The Gaeltacht islands, such as Cape Clear in my constituency, will be glad of that. However, I am disappointed that islanders who have sought a chaperone to accompany children to school on the mainland have been forgotten about. There seems to be no budget for this. Many of my constituents spend hours every day taking their kids off the islands to school in the morning, returning to the island and then heading back to the mainland again in the afternoon to collect their kids because all schools on the likes of Sherkin Island have been closed. Keeping this up is unsustainable for those parents because they are unable to maintain their jobs at the same time.

I am disappointed that the equalisation between the earned income tax credit and the PAYE tax credit that the Irish Farmers Association sought has not happened and that the Government's promise to deliver this by 2018 was not kept.

I have called for increased funding in the targeted agricultural modernisation schemes, TAMS, and investment aid in horticulture but I do not see how these calls have been delivered

upon. That is disappointing. I pushed hard on the beef data genomics programme where an increase in funding to the tune of €25 million was needed. This does not seem to have materialised. Was there any additional funding for sheep welfare, which is a significant issue for many farmers in my constituency?

The budget contains further incentives for solar farms but 200 solar farms have already gone through an unregulated planning system. It is time to stop giving a free run to companies in erecting solar farms under the noses of ordinary residents. This is a major cause of concern in my constituency, especially in Kinsale, Bandon and Enniskeane, given that no planning regulation is in place. While I support and acknowledge the importance of the uptake of renewable energies, I call for the immediate introduction of regulations in respect of these solar farms before any other funding is allocated.

Youth Work Ireland and Scouting Ireland are two excellent organisations that work with young people up and down the country. I have not seen much help for the likes of them materialising in today's budget allocation to the Department of Children and Youth Affairs. While I am delighted with the extension of the preschool year to two full years, I am disappointed that organisations for teenagers and young adults have not received much, or any, additional funding.

Many people are calling this "The Late Late Show" budget, with something for everyone in the audience but not much for anyone.

Deputy Michael Harty: The budget is an extensive document and it is difficult to deal with each issue comprehensively, so I will only address a number of them.

One topic three quarters of the way through the Budget Statement related to a VAT compensation scheme for charities. I am delighted that this has finally been introduced. Last year, the then Minister for Finance undertook to review this matter. I am happy that it has been included in this year's budget. A review group was set up in 2015 to examine it. The current Minister has decided on a Danish model of VAT compensation involving a budgetary fund. He has placed €5 million in that fund, which will be made available for charities to reclaim VAT on funds that they have raised through public donations. Charities have consistently raised funds by selling flags, holding street collections, selling lines and organising public events, so paying 23% VAT on those raised funds seemed quite wrong. It was a tax collection system in respect of charities. It reduced the amount of money that they could spend on their services, which were often delivered on behalf of the Government. As such, introducing a VAT compensation scheme in the budget is a positive measure. It will give certainty to charities over the funds that they raise in future. I hope the fund of €5 million will be built up year on year so that charities that claim VAT will get most, if not all, of their VAT back. Unfortunately, €5 million will not be sufficient to allow all charities to claim their VAT back but it is a start and I welcome the Minister's introduction of this scheme. Many people have worked on this matter over the years. I thank the Minister for listening to my representations on the scheme over the past year. It is an important component of the budget.

Budgets are set pieces and we want to know how much money will be allocated in them, but it is more important to consider how the allocated money is spent. In this regard, I will refer in particular to our health spending. The Minister has announced a €685 million increase in the health budget, representing a 5% increase in health spending. However, when one takes the demographic changes into account - a growing population, the increasing age of that population

and the growth in demand that these two factors place on our health budget - that 5% increase is rapidly whittled away. The entire 5% will be taken up by demographic considerations in the budget. The increase is just keeping pace with spending.

The increase does not address the legacy issues that have built up in our health service over the years either. We have a large waiting list for elective care with almost 100,000 patients awaiting elective hospital procedures. Some of these are serious procedures. We have a list of more than 500,000 people waiting for outpatient appointments. We have a bed shortage in our hospitals given that more than 1,500 beds have been removed from the system in spite of a growing population. We need to view the increase of €685 million in that context. We need a large increase in bed capacity, including ICU beds, which play a critical role in allowing patients to have surgical procedures.

We need to consider how we are funding our health service. Each day, almost 500 people are on trolleys. A trolley count has become institutionalised. It peaks every winter. Last year, it peaked at 612. This year, it will peak above that.

None of the €685 million will address these issues. We need health reform. The Sláintecare report was published last May but there was not one mention of it in the Minister's speech. The report contained a reference to transitional funding, which we need to build into our health service over and above our current spending. The budget makes no mention of transitional funding to deal with the legacy issues in our health service.

We need to consider how we are spending our money and not just the gross amount offered in the budget. The budget mentions employing 1,800 staff. We all know the difficulty in recruiting and retaining staff in our health service. To recruit 1,800 staff will be a mammoth task and significant challenge for our health service.

The budget makes reference to a €90 million access plan. That includes €55 million to be spent on the National Treatment Purchase Fund, the importance of which we all recognise. However, it is actually giving money to the private hospital system. The money should be invested in the public hospital system to allow those patients to be treated in public hospitals. We need to have health reform to allow this to happen. Sláintecare gives direction to that health reform. It points to the elements that are needed to reform our health service. There is very little reference, if any, in this budget to how health reform will be introduced. There are only vague references to a GP contract. Sláintecare recommends there should be a transfer of emphasis from hospital care to GP-led primary care in the health service. That has to be underpinned by a new GP contract but little or no reference is made to that in the budget. Having a 24-7 contract where a GP pays for everything and takes all the responsibility is no longer a viable or sustainable method of supplying a health service. It has knock-on effects in our health service because it is not good for GPs, patients or the health system because more and more of our patients are ending up unnecessarily in our acute hospital system. The GP was traditionally a gatekeeper to our hospital services. That is no longer the case because the number of GPs is diminishing. The number of GPs in rural areas is certainly diminishing. That gatekeeper role, once it is removed, means patients now go to the next level of service. They are ending up unnecessarily in the acute services, in accident and emergency departments and in outpatient departments. By funding and resourcing primary care, one will prevent that from happening. That is the key to health spending. If hospital avoidance measures can be put in place whereby patients are treated within their community, general practice and primary care in order that they do not unnecessarily end up in hospital care, we will save a huge amount of money. That

is how the health service should be reformed. Talking about adding €685 million to the very inefficient and ineffective health service is not the best way to spend our money. We need to reform our health service first so that €685 million will have far greater effect and there will be far better outcomes for patients. The purpose of our health service is to have better outcomes for our patients.

As for the GP contract, there was no mention in the budget of financial emergency measures in the public interest that were introduced in times of austerity. Every worker had to absorb the measures introduced by the Financial Emergency Measures in the Public Interest Act. As those financial emergency measures are being unwound, they are not being unwound for contract holders. They are being unwound for employees but not for contract holders. That is a huge issue with regard to how our health services are being developed. Unless that issue is dealt within primary care, health reform will be stagnated.

There was no mention in the budget of home care packages or home care hours and perhaps this will become more evident when the Minister comes in to outline the detail of the health budget. It is extremely important that home care packages and home care hours are an essential part of health reform because they are the measures that will help to keep patients from ending up in our casualty departments and on trolleys.

I am happy that some sin taxes have been introduced in the budget. The increase of 50 cent in the excise duty on cigarettes is too small. It was too small last year and it is too small this year. At least €1 should have been added to the excise duty on cigarettes. There is no increased excise duty on alcohol. Increased excise duties on cigarette and alcohol could have been used to fund our disability services. The disability allowance increase of €5 is too small because those with disabilities who require support are in far greater need than other sections of society. Disability societies sought an increase of €20 but got €5. They are a very vulnerable group. Sin taxes on smoking and alcohol could have been increased to support disability services.

I welcome the tax on sugar. I am not sure if it is the most appropriate way to go about it. Encouraging companies to reduce the sugar content of their drinks would have been a far better way than taxing the sugar content but nevertheless, it is a very positive move. If we are going to attack obesity, with which we have huge problems in Ireland, we need to start with education in our primary schools to encourage people to eat healthily and to avoid snack foods and high-sugar foods. The tax on sugar is welcome.

The increase in VAT on sunbeds goes some way to reducing the use of sunbeds. A far more effective method would be to ban sunbeds altogether because of the increased incidence of skin cancer. Putting a tax on it will not really solve the problem. Sun beds should be banned.

I had hoped the income credits, which have been improved for self-employed people in an increase of €200 from €950 to €1,150, would have been increased to €1,650 in this budget because that is what the PAYE tax credit is. It is welcome but I had hoped it would go to a higher rate.

I will refer to the budget in the context of balanced regional development. There is very little in the budget to encourage balanced regional development. The greater Dublin area is attracting a huge amount of investment and a huge number of jobs. The city is bursting at its seams. It does not have the housing capacity to cater for those who are in Dublin already yet more and more investment is pouring into the greater Dublin region. We need to have balanced

10 October 2017

regional development. We need to have infrastructural development coming to our regional cities and county towns. If we had balanced regional development it would solve many of the problems we see today in urban transport and housing. It is very important.

With regard to the fair deal scheme and farmers, we had hoped there would be a reference in the budget to the measures the Minister of State, Deputy Jim Daly, had undertaken to include to relieve the burden of the fair deal scheme on the farming community. I am disappointed it is not mentioned specifically in the budget.

Our rural post office network needs to be supported. There is no reference to it in the budget. Perhaps the Minister for Rural and Community Development will come to that when he goes into the detail of his budget.

Flooding protection is very important but there was no specific reference to the funding of flooding protection.

We must wait for many of the details I have outlined until the different Ministers come into the Chamber. I broadly welcome the budget and sincerely thank the Minister for introducing the VAT compensation scheme for charities.

Deputy Danny Healy-Rae: I am unsure about the €685 million that is being added to the health budget because when €950 million was added to the budget last year, we did not see much improvement in our services in County Kerry. HSE management seems to consume the money and we do not see the results. Since elected members were ruled out of having any say on the health boards, our health service has deteriorated every year. There are people on trolleys in midsummer in Tralee general hospital while district hospitals such as the ones in Kenmare, Dingle and Killarney are only half open. Kerry has 9,891 people on waiting lists, which is an increase of 10% from the year before. Previous speakers said we were looking forward to the fair deal scheme being announced properly here today. After the hard-fought battle that our group put up to ensure farmers got fair play, I am not so sure they will now because it is not being dealt with in the budget. We also looked for flexibility so the people requiring home help in order to stay at home could get money from the fair deal scheme; that has not materialised and I am very concerned about it.

Since I was elected to the House, Deputy Michael Healy-Rae and I have been highlighting the need to speed up the process for getting cataract procedures and orthodontic treatment. We are not sure if the extra money will materialise to help these people. There is no mention or recognition of Lyme disease, which affects many people. It should be recognised properly with funding provided for those people.

There has been no funding for respite for children with physical and mental disabilities in Kerry. I do not see any improvement in this budget. There are not enough staff and facilities for people with severe mental health issues resulting in suicides which could have been prevented. I could say an awful lot more about this. We are grateful to organisations such as Pieta House, which has been helping. The health service needs to provide more help to these people; it is a serious problem. The de-congregation model should be revisited because a lot of money is being spent and one size does not fit all. That needs to be addressed urgently.

Housing is a serious issue throughout the country and aspects of it need to be clarified. The repair and leasing scheme is only for people in urban areas where there is a demand and pressure for social housing. It does not apply to rural areas. The Minister said there were many

vacant properties around the country; they are not fit to live in. We need to get a scheme up and running to address this.

I welcome the cheap loans for private developers who now have to pay for all aspects of the house until the key is turned in the door. That was not the case previously; there were staged payments which are no longer allowed. The developer has to bear the burden of the cost from the foundation to the key in the door. They need to be helped and it would have been appropriate to give some relief from the cost of the VAT and the levies they have to pay. Those levies are significant and are preventing developers, especially small developers, from building houses.

On one page it states that 3,800 houses will be built next year and separately that the Government is providing €31 million to build an extra 4,000 houses. It is hard to understand what it means. The Government should provide the money and the local authorities will build the houses. We were reminded last week that when the late Liam Cosgrave was Taoiseach, 30,000 houses were being built each year. Those were bad times. They did not have the facilities, such as teleporters, scaffolding, cranes and all the modern equipment we have now. They did not have those then and still they built that many houses. What is wrong? Do we have the money or not? That is the question. If we have the money and the Government made it available, much more progress would be made. Much more progress should be made.

Patricia Walsh, director of Walsh Colour Print in Castleisland, suggested that we should go back to the system we had in the 1960s where factories would get an incentive to build houses for their employees. That should be reintroduced to help companies which have a problem getting employees because the employees cannot get houses to live anywhere near the company.

Planning is an issue for people who want to build a house for themselves. They are asking for nothing but the planning permission. Sadly they are having a serious problem getting the planning permission. In one case just outside Killarney going towards Barraduff, five families were refused planning permission to come out on a perfectly straight road. Then in what is deemed to be an area that is under urban-generated pressure the local fellow who has lived there all his life is being denied planning permission even though he is only 150 m from the site that he is buying.

Farmers are disgusted with the story reported in the *Irish Farmers' Journal* this week of €106 million returned to the Exchequer unspent. The Comptroller and Auditor General said that the Department handed back €106 million. We should remember all the problems farmers had in 2016. The price they were getting for milk was less than it was costing them to produce. We had battles with the Minister to see if we could get compensation for farmers who lost potato and grain crops owing to the bad weather. At the same time money was handed back; it is disgraceful. I have asked several times that the €1,000 that was taken from farmers in areas of natural constraint back in 2008 be returned to them and yet money was given back to the Exchequer last year. Given that these people's money was kept back from them, it is criminal to think that this money was given back to the Exchequer.

The Minister announced that stamp duty is to be increased to 6%. Will this also affect farmers trying to buy land? It is too much for small buyers and small builders at one time. It could make the difference, leading them to not buying or going out of business.

Suckler farmers are not happy with the tax relief for young farmers. This should be increased to put them in line with PAYE workers.

Hauliers and transport operators are suffering because of the exorbitant cost of diesel which seems to go up every day. If the price of a barrel of oil goes up because of some battle or row in Iraq or Iran, or because there is a hurricane in Texas, the price at the pump increases the following day. Yet when the price of a barrel of oil goes down, the price here does not decrease for months. What is the cause of that? The people are not getting fair play. There should be a rebate system to help sustain the haulage industry. Motorists and transport companies are being robbed by the requirement to use AdBlue.

I am very sorry to hear the announcement of investment in capital projects only in the Dublin region - in Oberstown, Sallins and somewhere else. At the same time IBEC maintains that we have the investment in lowest capital projects per capita in Europe. We have many projects that would create work that return money to the Exchequer through VAT, including the bypasses of Macroom and Killarney, and the Kilcummin sewerage scheme.

We have had no Leader programme since 2013. Villages and towns such as Rathmore, Gneevgullia, Scartaglin, Barraduff, Castleisland and Brosna and all the places that benefited from that scheme are no longer being catered for. It is a disgrace. More positions have been announced for the rural social scheme today. I welcome that but at the same time, I cannot understand why each and every one of the small number of people in the rural social scheme in Cahirciveen have been called in to be assessed. Is that happening around the country? It would be very wrong to pick on one small place, which is deprived of employment. It was the only thing keeping the community going.

There is nothing in this budget for the self-employed. If they become unemployed they will not get social welfare or a medical card. It is sad to think that these people, who employed people for so long and perhaps lost their contracts, get nothing at all. They must suffer, wait and go to the Society of St. Vincent de Paul for assistance.

A lovely group of women came to Leinster House last week to highlight the unfairness of the pensions they were receiving. Some of them are not getting pensions at all. I highlighted the issue of averaging contributions here last week. It is very unfair that nothing has been done to address this problem.

The inheritance tax threshold has not been increased enough for farmers and small businesses. Deputy Michael Healy-Rae said that the bereavement grant should be restored. So many people have been hurt by its abolition. Many of our Garda stations were closed and it is sad that there is no mention of them being reopened.

Deputy Michael Healy-Rae: They were shattered.

Deputy Mattie McGrath: I too would like to speak on the budget, so I am disappointed that there is no senior Minister here. I mean no disrespect to the Minister of State, who is a good worker. I will ask him a direct question. It relates to the fair deal scheme. Ms Maura Canning of the Irish Farmers Association, IFA, and others were promised by the Minister of State, Deputy Jim Daly, that there would be equality and parity of esteem for farming families and the self-employed. I cannot see the money for that measure in the budget; perhaps the Minister of State can point it out. I want a direct answer on that issue. Are these people being duped and fobbed off? They cannot wait and they should not wait because they are entitled to the same as anybody else. They want nothing else. Their assets are being stripped away and some of them are in very serious situations.

It was a do-nothing budget that contained little. It was like the shower of snow which would fall on the Galtee Mountains and which would be gone after five minutes. There is a little skiff for everyone but very little that is meaningful for anyone. As for the man who gets up in the morning to work, the Taoiseach is not here but I hope he is watching. My goodness, that man will not stay in bed long tomorrow for the euro extra he will get out of today's budget. Anyone earning less than €20,000 will get a euro extra. That is the thanks he gets for getting up early in the morning from the Taoiseach, Deputy Varadkar, and his team. That is some thanks. It has to be made profitable and meaningful to get up and go to work. One has to get a fair day's pay for a fair day's work. That is how it has to be.

There are many areas to discuss. We mentioned the 1.8 million people who are now working. They are paying way more tax - I believe it is 60% more tax - than 2.5 million people were paying some time ago. The whole thing has shifted and must be put back so as to be fairly balanced. The ordinary working man should not be crucified. Neither should the self-employed people in small and medium enterprises who want to get up and provide employment. They get nothing at all if they fall sick, as Deputy Danny Healy-Rae has said. As I have said, there are 100,000 fewer workers but they are paying far more income tax. There are issues around home care, property tax and the pension situation of the women who came up here last week. The widows got nothing. I interrupted the Minister to say the widows did not get a shilling; not a cent. I welcome the increase in child care provision but what about the parents who stay at home to mind their children in a traditional family? They get absolutely nothing. They are discriminated against all the time.

As I said, nothing was really done in this budget to tackle the housing crisis. Nothing meaningful was done. Another quango was set up - another agency to go between NAMA, which should never have been set up, and the county councils. I do not even know the fancy acronym for it. I do not want to. It will take two years to set up, it will be packed with retired officials and former county managers and it will do absolutely nothing to help the housing crisis. The people should be allowed to build their houses. If they are seeking planning permission in the country, they should be allowed to build. I travelled in on the bus from Finglas this morning with an old dear whose husband has been dead for 67 years. She has been living in her house for 60 years. She came down here from Monaghan. She watched the houses being built daily. They had no cranes or equipment but they could build them. She saw the water, the gas and the electricity going in to these houses. She is still proud of that house. With all our equipment we cannot build today. Something is badly wrong with the system if we cannot build the houses. We will not let the people who want houses and have the wherewithal to build them to do so and we will not provide the money for the councils to build them. The councils have also lost their way. We need to build houses to deal with the crisis. I welcome the extra money allocated to house the homeless, but it is wasted money. Build the houses. Let them have pride in their own apartments and allow bedsits to reopen.

We have seen the Coffey report and the importance of corporation tax. I say to any of the politicians on the left who wish to scrap the corporation tax rate that we must keep it. We get a fortune from it. What we get from corporation tax has increased by billions, without mentioning the tax paid by the 200,000 people who work in foreign direct investment companies, many of them in my own area in Clonmel, Dungarvan and Ballymacabry. They pay taxes, as do those in the associated service industries. It is nice to have rhetoric about getting rid of the corporation tax rate but it is under attack from Europe and we must ensure that it is not diminished or undermined by our so-called European friends. We saw how friendly they were to us when

they sent the troika in here and cleaned us out. It was called a bailout but it was a dirty rotten clean-out. It left us with nothing. Our grandchildren will be paying for it in the future, as will their children.

I welcome the maintenance of the tourism VAT rate. I also welcome the small breakthrough for charities. We lobbied hard for it in the budget. Deputy Harty lobbied the Minister, Deputy Donohoe, hard for it in recent times. The charities go out to ordinary people, our families and friends, and raise funds every day of the week for different hospices, for defibrillators and for equipment for ambulances. They are then charged VAT by a hungry, greedy system. A start has been made there but it is only a small one because the exemption only goes up to a certain limit. There should not be any VAT charged on that money. People have paid their tax on it and have given it voluntarily to people who are doing bucket collections, walks and cycles or are jumping out of aircraft or doing whatever else they do to raise money for charity. Were it not for the charities, the health system would crumble. It is small start but I welcome it. Tús maith, leath na hoibre.

Nothing has really been done on Brexit. There will be a €300 million loan fund for small businesses that may be affected. It is a little but it will be hard to access those loans under the rules and the guidelines. We are not really looking at it as we should. As I have also said, the cost of building houses must be looked at it. I have said that in many debates here. The VAT, the charges, the levies from the county councils, the auctioneers' fees and the special fees to have an architect supervise the building make up 53% of the build cost. The Minister should do away with them, or half of them, in one fell swoop. He has the power to do it but he will not. I am coming to the conclusion that he does not want to build the houses and that he wants people to be in penury and misery.

While they are not enough, I also welcome the cuts to prescription fees. I welcome the situation with regard to the telephone allowance. It is also not enough but it is a start to the restoration of the free telephone allowance. Many people depend on the landline. They do not have Skype. For all the Minister cares they could be left forgotten to die in a field because he will not support and look after them.

More money was poured into the HSE today. It is going into a big black hole - a morass. We see fewer and fewer outcomes. It is happening every year. We have gone from €12 billion a few years ago to more than €15 billion, yet we are seeing fewer outcomes and worse outcomes. People are sicker. Some 500 people were waiting on trolleys yesterday, even before the winter sets in. It is only early autumn and there have been people on trollies all summer. That is not being dealt with. The HSE is dysfunctional and the Government must tackle it and not waste money. It must allow people to have some modicum of services for their taxes. Not everyone can afford private health care.

As I said, there are many more areas to discuss. I have looked for a land tax to be introduced in several budgets. There is a situation in my own county of Tipperary where a horsing conglomerate is buying every square metre, every perch of land. It cannot allow anyone else to buy anything. It will not be taxed. It has tax subsidies on its stud fees. I salute the equine industry, what it has done for this country and the enjoyment and employment it brings, but it is time that we got equity and that those in the industry paid their stud fees. It is time for a land tax to stop them buying all the land.

The Deputy from Roscommon, Deputy Fitzmaurice, has tabled an amendment tonight on

the increase on the 2% tax for people buying small amounts of land in their neighbourhood. These people cannot afford that. The Minister is penalising the small people yet the fat rich people get away with it. It is the same with the multi-millionaires. At the risk of being accused of joining those on the left or sounding like them, we must look at the tax system and have parity. We cannot have the ordinary working man and woman and small business people crippled with taxes and levies. We need to challenge what it is going on there and the Government has not looked at it. I also sought a capping tax to do something about the proliferation of drink, which is so available to young people all over the place.

8 o'clock

It would have brought in a lot of money but the Government is not interested in that either. There are many things it is not interested in that it could have done. I welcome that the pupil-teacher ratio is to be reduced by one pupil. Everything is a step in the right direction. We could not do everything together, but we had massive opportunities today.

The mental health forum has described the budget as hugely disappointing. The European anti-poverty agency is shocked by it. The Irish Creamery Milk Suppliers Association, ICMSA, said it did nothing to support the farmers in respect of the volatility in their incomes. There could be imaginative ideas in the tax accounting figures; there could be money carried over from one year to the next. The work is weather-bound - with bad weather they cannot make profits - and it is a very serious challenge for the industry.

The Government has done absolutely nothing for mental health. All the Deputies are wearing badges today, and I am sorry I do not have one, but it is a token. What are we doing for the people who cannot get services? What are we doing for the people who found the doors of St. Michael's Hospital in Clonmel locked and are left with no proper services? This is no reflection on those working on the front line. Deputy Healy-Rae talked about that too.

There is scant recognition, although we are talking about an Ireland of opportunities. As I told the Taoiseach the other morning during the statements of sympathy on the death of the late Mr. Liam Cosgrave, he saw an Ireland of opportunity. He is gone a long time from this House, as is his son, and others. Where are the opportunities? We need to have equal opportunity and we need some modicum of fair play. We need to allow the people who want to get up and go to work - the people who get up early in the morning according to the Taoiseach, Deputy Varadkar - to enjoy some modicum of respect for what they do, for their input, the way they raise their families, the way they contribute to charities, and for the way they contribute to everything in urban and rural Ireland. Take the volunteerism out of Ireland and we might as well close the curtains because it will fall down if we are depending on the public services with the drastic cuts and the lack of initiative and the mealy-mouthed little bits of support they get.

The Minister of State, Deputy Catherine Byrne, is working in a very difficult area, the drugs area. We are not doing anything really meaningful to tackle the problem. The education area again is crying out for support for early intervention, as is the health area with audiology reports and the waiting lists for ophthalmology. There are many different services but they are all cut to the bone. It is acceptable now to have to wait two years for a first audiology appointment in Clonmel. It is an accepted thing to have a waiting list of three or four years for hip and cataract operations and everything else. It is a scandal.

Where is the Government's moral compass? The Government must not have one because

if it did, it would not be talking about giving the man who gets up early a euro. It is an insult. I would not give that to a child now because he or she would not get three lollipops for it. It is less than a fiver. The Minister of State knows it as well as I do. She and her colleagues have children and grandchildren and relations. I do not know where the Government's moral compass is gone but it is certainly not in this budget or here today.

Why could we not be imaginative? What is the big deal with balancing the books all of a sudden? Many of us cannot balance our books, but we have managed to survive a long time in business although the banks are no help to us either. We keep the show on the road and we work very hard. Many housewives are keeping the show on the road and there are single parents trying to rear their families and all kinds of families. The Government has victimised the people who stay at home to look after their families. It is going to become taboo next. People will be fined, I suppose, if they do not go out and put their children into child care. The Government should support the stay-at-home people. It should support small businesses and the ordinary working man and the ordinary people who allowed this country to recover and will stimulate it. These people are not the fat cats. They are not the equine industry and they are not the big multi-millionaires. It is the ordinary people of Éireann, the ordinary men and women, who since the foundation of the State have put their shoulders to the wheel when it was needed, as have the small farmers and the farming community.

It is not all happening inside the Pale. As I said, the three major investments today were all inside the Pale. Perhaps one of them got as far as the Ceann Comhairle's constituency or part of it - I think it was somewhere near Naas - but beyond that, it is all forgotten. As someone said, we will have to move the Red Cow. We will have to hunt the Red Cow or else have her tested for TB and put down because we are getting nothing outside the Red Cow. It is just scant talk and speeches. There is €5 million extra for the Taoiseach and his new entertainment team, Skype and all kinds of communications, but we could not find €5 million to give back to the volunteers who raise money to provide equipment that the Government and the Minister of State's Department should be providing. There is something rotten in the state of Denmark but this is what we do. We give €5 million for spin, and we will get plenty more spin for the next week with this budget, but if the Government Deputies keep spinning, someday they will fall off the spinning top and they know where they will end up.

An Ceann Comhairle: Thank you, Deputy.

Deputy Michael Healy-Rae: Keep him going, a Cheann Comhairle.

Deputy Catherine Murphy: I am sharing time with Deputies Eamon Ryan and Seamus Healy.

This Government does a lot of talking about opportunities. Today was an opportunity for bold and brave vision, and an opportunity to take Ireland on a new path. However, today the Government decided to let those opportunities go to waste, choosing instead to try to please as many groups as possible in some small way rather than focusing on targeted measures which could achieve real and substantial change. Let us be clear that there are elements of this budget which are to be welcomed, but it is very much a budget that is focused on the next general election rather than the next generation. It is a skin-saving budget for Fine Gael, designed to pacify its natural voter base and its Government partners, including Fianna Fáil, rather than show ambition for the future.

Before I get into any of the specifics, it is incumbent on me to once again raise the issue of our debt burden. It is the fourth largest debt burden in the OECD and the cost of servicing it runs into billions every year. We are hamstrung by it because it forces us to operate within a limited fiscal space. While we agree that we should balance the books on the current side, we very much feel that the capital side needs to be severely challenged.

Once again, we were regaled with tales of the rainy day fund, this thing that has been mooted for the past number of years as if it actually exists. The reality is that, even after today's budget, the so-called rainy day fund will not see its first penny until 2019. I remind the House that we originally had the National Pensions Reserve Fund, which was really our rainy day fund. It was emptied to fund the banking crisis, leaving us struggling to fund pensions into the future. What constitutes a rainy day anyway? I look around at the scale of the housing crisis and I see 3,000 children in emergency accommodation. I do not see a rainy day but a tsunami that is here now, and not coming in the future.

The same can be said of many of our other public services. The Minister flamboyantly spoke about what he called "the continued delivery of sustainable and high quality public services". I am curious to know what high quality public services the Minister was actually referring to because so many of our public services are threadbare. We see it every week with people coming into our constituency offices and showing us the failures in the system. One could describe many of our public services as delivering mediocrity at best. We have a health system that is creaking with waiting lists for basic procedures that would make one's eyes water. We have a public transport system that is disjointed and grossly underfunded. While I welcome the projects that were specifically mentioned today, the truth is that they are not new announcements. Many of them have been announced previously. The Luas cross-city project is about to go live. Some of the announcements we need are about putting vision into our capital funding. The real game changer in the greater Dublin area, for example, would be the DART underground project but that piece is missing.

It is about spending now to save later. I asked Department of Finance officials at the Committee of Public Accounts recently how much it would cost us in hard cash for missing our climate targets. The reply I got was €600 million annually from 2021. We need to spend now to save later. We need to invest in the kind of initiatives that are about having a vision that will save later on.

There are many things to be lauded in our education system, but we need to continue to invest in it. There is much talk about free education but families in late August and early September will tell the Government exactly what free education means. This affects poorer families and for them it is almost embarrassing because they may be trying to stretch out getting things that are needed. A provision of €100 million a year would provide totally free primary education. That is the kind of investment that would put money back into people's pockets in a different way from tax cuts, and would be very targeted.

The political hot potato is obviously the housing system, although listening to the Minister's speech today one would be forgiven for thinking that housing does not actually count as a public service. Affordable housing is a public good and must be seen as one. The focus has got to shift because, essentially, it is now seen as almost a private sector endeavour. We were told earlier today that housing remains a priority for the Government. Saying that is one matter but we are not seeing delivery or investment in social housing. Some of us raised these issues in 2013, the same year the then Minister for Finance, Deputy Noonan, introduced a capital gains

tax advantage for a particular sector in encouraging land use. It was evident even at that stage that we were going to have a problem. Now this has been reversed.

Most of the measures listed in the Budget Statement refer to plans for 2019, 2020 and 2021. Where is the urgency or the sense of priority for the 3,000 children in emergency accommodation? We must parse out the measures announced and juxtapose them with what they really mean. There is a promise of 3,800 new social homes for 2019. It must be remembered that there are 90,000 individual applications on the housing waiting lists, which probably comes to 230,000 people. When one drills down into the extra €500 million provided for direct builds and the promise of 3,800 social homes, it effectively means direct builds would cost €131,000 per unit. That means it is only a small number of direct builds and it is mainly for housing assistance payment, HAP. This has increased by €149 million, which the Minister claims will support an additional 17,000 homes and households. All this does is recognise the significant rent increases in recent years, however. That is costing all of us because the lack of investment has created this problem.

It also poses a significant difficulty for people who are just above the thresholds where they qualify for HAP and it puts another group in peril. It is an expensive short-term measure for the State, yet it has become the main key response to the crisis.

Similarly, the vacant site levy will not actually kick in until 2019. The amount of the levy is way below the level of land inflation and, accordingly, it represents a carrot but not much of a stick. The legislation on this issue is full of loopholes that allow land hoarders to avoid the levy. Unless those loopholes are closed, the levy in and of itself will not be enough. The Social Democrats recently introduced the Urban Regeneration and Housing (Amendment) Bill 2017 which will address those legislative anomalies and ensure land hoarding is not financially beneficial to landowners.

I welcome the increases in stamp duty on commercial property transactions. However, how much tax will be realised? Critically, if it is not realised, what services are at risk? Crucially, there has been no announcement of an affordable housing scheme, despite the fact the lack of housing affordability is the number one issue driving the ever growing housing emergency. Instead, the focus is on the private sector and, therefore, it is hoping rather than planning for affordability. That is a really critical point because it will impact on those who require housing in the short to medium term. It drives up wage demands and limits our ability to grow the workforce. It has a major impact on our country and economy. Affordability is left to the private sector to deliver on.

I am genuinely disappointed that the measures announced today will not even scrape the edge of the housing emergency. Rebuilding Ireland has many good points to it and is a good plan. There is a real problem, however, with the Government making that plan a reality, even with the modest number of houses announced, relative to the housing waiting lists.

What of the proud statements on the corporate tax rate? The Minister stated our corporate tax system is recognised as one of the most transparent internationally. However, last month's Government-commissioned Coffey report still managed to find 18 areas in which the code could be brought more into line with OECD norms. The Minister also boasted of the tax regime's stability and competitiveness, words at odds with those of the Comptroller and Auditor General, who concluded in his 2016 annual report that "corporation tax receipts are subject to dramatic changes year-on-year, and have been difficult to forecast". There is too much of an

over-reliance on a fragile and volatile tax base. Up to 37% of corporation tax receipts came from ten corporate firms. As it stands, 13 companies pay an effective tax rate of less than 1%, significantly lower than that of the 12.5% headline rate. This no doubt reflects the significant tax credits and reliefs, in particular double taxation relief and research and development tax credits.

There were great announcements to abolish the universal social charge during the general election. This was a big lie and one of the most dishonest statements presented during the general election. The Government knew full well it was simply not possible to deliver on that due to the cost. We are constantly preached at about how Fine Gael is financially prudent and is the only one which can run the economy. The fact Fine Gael is talking about amalgamating PRSI and the universal social charge is one hell of a major U-turn. That is far from what was promised during the election. It was a dishonest way to enter into the general election.

I will not forget the so-called “game changer”, which never features anywhere, namely, the Anglo Irish Bank and Irish Nationwide debts and promissory notes. We were told there would be retroactive recapitalisation of our banks. We are carrying that debt and we have extinguished €8.5 billion of debt which is not owed to anyone. To give up on that is an absolute shame. It is a shame that our children, grandchildren and other generations will pay for it, not us.

There is the issue of spending now to save later. We are on the hook for €600 million in fines for not complying with our climate change targets. What is wrong with a good scheme for retrofitting our housing stock? What is wrong with investing relatively modest amounts for the return one gets in cycling and public transport infrastructure? These require us to spend money now because we are going to have to pay later if we do not spend it. Considering this is the first budget in which there is some scope, the absence of any kind of ambition in this regard is outrageous.

The most significant point of today’s budget is the small print measure which shows €5 million will be allocated to the strategic communications unit for the Department of the Taoiseach. It is significant because today we witnessed the results of some of that expenditure through the exercise of competent presentation, plenty of spin and bluster, all designed to hide the fact that when one scratches the surface, one will find little evidence that these loud pronouncements will actually make much real difference to the fabric of Ireland. There was a real opportunity to do things differently. Instead of looking at short-term, year-by-year budgeting, the Minister should have considered what the outcome would be in five, ten or 20 years if we really invested now in primary education, social housing, public transport or retrofitting our housing stock. Those are the kinds of questions that need to be focused on in advance of a budget, not the little bits that have been spread all over the place. They will be welcome in quarters where people are strapped, but the focus of this has been very much to relieve the top earners. There is very little in the budget for low to average income earners. The focus was very much on providing for the Fine Gael electoral base but it is hugely disappointing for society in general. The big issue is investing in public services and putting money back into people’s pockets by collectively providing services such as child care or investing in Sláintecare or education. This budget is a missed opportunity. It will be looked back on as the year the tide could have turned and there could have been a different focus but the Government failed miserably in that regard.

Deputy Eamon Ryan: The budget has missed an opportunity. Thank God we are in the situation of having a balanced budget and the ability to introduce additional expenditure and tax measures. However, the budget has introduced a range of small measures with no vision,

purpose or sense of anything being done differently. Some measures are to be welcomed. It is very welcome that the idea of my colleague, Deputy Catherine Martin, regarding improving the lot of parents with premature babies has been followed through. There are many similar examples. I welcome the belated change of tack on a vacant sites levy. My party colleague, Senator Grace O'Sullivan, proposed such a measure in February. Unfortunately, her proposal was voted down by Fianna Fáil and Fine Gael but it has now been announced in the budget. The Green Party would go further in that regard and apply a similar levy to a range of other sites to threaten the property industry with a stick instead of just giving it carrots. We could pick out aspects of many similar measures that would be welcomed by any ordinary person. However, the lack of change or sense of new direction is disappointing and particularly so because the current environment would allow for that.

We are lucky to have a balanced budget in view of the events of recent years. I am a member of the Committee on Budgetary Oversight and it was told that, because interest rates are at an historic low, our debt repayments are in the order of €3 billion less than was expected three or four years ago. As is said in the finer detail of the budget papers, which are worth reading through, we have about €400 million extra this year because, thankfully, the jobless figure is reducing. What is being saved in unemployment benefits is giving us a €400 million boost. Only the dark artists of economic science could explain the Central Bank balance sheet but there has been a bumper allocation of €1 billion plus per year from the Central Bank to the Exchequer because of the vagaries of bond markets, promissory notes and so on. A series of very beneficial aids has put us in the situation of having a little bit of wiggle room and a little bit of room to be creative and imaginative, set a course and do things differently. It is greatly disappointing that was not done. There are many incremental changes in the budget but nothing really different. There is no sense of a Government with a vision or plan or Departments that are keen as mustard to get many things done. The budget is of a deeply conservative nature.

I wish to highlight areas where a sense of direction or change could have been shown. These areas may have been raised at the Committee on Budgetary Oversight but they are worth repeating. I was deeply shocked at the budget content in relation to climate change because not only was there a lack of vision or direction, but there was nothing of any substance. That is particularly shocking because the Minister for Communications, Climate Action and Environment, Deputy Naughten, is due to attend a Council meeting in the coming days at which our European colleagues will tell him that the rules will be applied and Ireland will face fines of €500 million to €800 million per year in three or four years' time. The only counter-argument the Minister raised during a discussion of this matter at a meeting of the Joint Committee on Communications, Climate Action and Environment on 5 October was that he could ask them not to apply the fines but to give Ireland some time and allow it to spend the money that would have gone to paying the fines on reducing emissions. If that is to be the case, the budget should have put €600 million into mitigating climate emissions but it did nothing in that regard. There are driblets and drabs and bits and bobs but nothing of any real scale or ambition.

In terms of transport, I spoke briefly today to the Minister for Culture, Heritage and the Gaeltacht, Deputy Humphreys. She told me she left her home at 6.30 a.m. today and was stuck on the M1 coming in by the airport for hours. Last week, it took Deputy Stanley three hours to get from Portlaoise to Dublin. We are facing absolute and utter gridlock and there is nothing in the transport budget that shows any way of addressing that existential crisis not only of emissions, but also our economic future and stability. No rail-based public transport project is ready to go. All the money being spent on motorways, additional roads and so on will not

solve the fundamental problem of our cities being gridlocked and having no way into them. No more roads can be built to fix that. There is no more room on the M50 and no more lanes can be added nor any more spaghetti junctions attached to the Red Cow roundabout or the magic roundabout. We have to invest in public transport but there is no provision for it in the budget.

We have to invest in cycling. Some €3 million has been allocated to cycling. That would pay for approximately 50 m of motorway. People are crying out for investment in cycling because we know it can work. It can tackle gridlock and it is a good way to reduce emissions and to create safe cities. It would also reduce the health bill because there would not be as many obese children and adults. However, there is no provision for this in the budget. We have been prepping the Minister for Transport, Tourism and Sport, Deputy Ross, so that he can be a champ in this regard and we have been showing him various schemes he could pursue. In spite of that, nothing is being done.

There is a similar lack of ambition in regard to energy. Farmers have been given a tax break for putting in solar panels. As it is a Fine Gael-led Government, it is not surprising that farmers have been given a tax break. We should be putting solar panels on the roofs of schools and public buildings. Why has €20 million not been allocated for the State to lead the solar revolution and take a punt on putting solar panels on the roofs of its buildings? There is nothing in the budget about developing offshore energy even though other countries are doing so on a large scale, and that is the future. This budget shows no ambition. There is a welcome increase in energy efficiency but nothing of the scale we need.

Some €10 million has been allocated to electric vehicles. If we were really serious about making Ireland a leading country for the development of electric vehicles, we would be setting aside €50 million next year for public charging stations across the country so that people who buy electric vehicles would know for sure they would be able to charge them. We would resolve to be really good at this. All the car companies are making the cars and they will be available from January onwards and the State should row in with that. Instead, the Minister, Deputy Ross, will tomorrow come out with some half-baked half measure with no scale of ambition.

It is the same in regard to agriculture. There is not a single word about forestry in all the budget papers I have read, the fine print of which I have been going through. It is as if we were a leader in terms of reducing emissions. We have managed to reduce our emissions. According to the latest predictions, by 2020 we will have reduced our emissions to approximately 4% below our 2005 level, whereas we should be 20% down. One way we could address this is through a massive increase in forestry, which would create employment and, if we did it right, create a better environment and more biodiversity. There is nothing in the budget to this effect. The Government is spending money, giving Bord Bia €4 million to advertise Ireland as a great green country, but there is nothing about reopening the organic agriculture scheme. This would not cost huge amounts of money, but there was a demand for it at the National Ploughing Championships recently. One farmer after another came up to me and, realising this is where there is a better profit and better farming, asked whether there was any chance the organic scheme could be reopened. I said the Government would surely reopen it as part of the budget. However, there is nothing here in that regard other than marketing how green we are but doing nothing about it.

There is nothing about the National Parks and Wildlife Service. We are advertising Origin Green with videos everywhere about what a great country we have and how the landscape is brilliant, but the National Parks and Wildlife Service is on its knees. It does not have the staff

to do anything. This can be seen in Killarney National Park and everywhere else. The National Parks and Wildlife Service just does not have the resources to manage our land or to protect biodiversity, and it is not as if biodiversity and the fact that we have lost half our natural wildlife in the past 40 or 50 years is a small issue. However, there is nothing in the budget about this area. There is not a green bone in this budget.

I will focus my comments on things I would do differently for a moment. The prospect of change is also a change away from everything being just about the economy, the market and business. That is what this country is - the business country. We could and should be something slightly broader. The idea that the market knows best came about in the late 1970s and early 1980s. It was the central orthodoxy for 30 or 40 years until the economic crash. It is no longer credible because the self-destruct button in that capitalist market system became apparent. We are coming out of the crash and the emergency measures and we have a little room to manoeuvre. This was a chance for us to decide it is not all just about economic growth, that we stand as a country for something more than just keeping 5% economic growth going all the time, and that there are other measures of wealth and welfare. This starts first and foremost with something called caring work, which may not be in the paid economy but which deserves to be recognised. We have not given those women - they are mainly women, which is perhaps why they are not looked after - who spent their lives working at home the pension break we had hoped they would be given this time when we had money to give.

There is a whole section of our society who decide they do not want to be in the paid economy for a period. Fine Gael does not care about them. That is what this budget says. The Minister said that we must get everyone into the workforce. He said this in plain English, but I do not agree. We need a balance. We need to help people in the workforce, but that does not mean we completely ignore and devalue those people who decide they want to step aside from the paid market economy for a period because they have other critical work to do.

I had also hoped in some ways the budget would target supports for younger people. We are not giving a message to younger people that they are really valued. It is great that the Government is to increase everyone's social welfare payments, but could it not have given something slightly more to those under 26? To leave them on €107 a week is just not fair or right, and it is not as if they would suddenly all be skiving off if the payment were increased. It is just that for some young people, for a certain period, it may make sense to be on the dole. They may be trying to be young musicians or young artists or trying to get their heads together and work out what they want to do. I just regret that we did not use this opportunity to be strategic and decide to look after this category.

The same could be said of investment in mental health services. We should give some hopeful messages, a sense of something other than just keeping the economy going and it being all about business, the economy, the property market and the agrifood sector. The budget is full of how we will keep selling beef to the Arabs and keep the whole economic system going. I wish it had said something more than that to me.

We also need to be competitive. The budget does not say anything about the evolving digital economy. There is not a single word here about how we will use the new digital revolution that is taking place to be efficient in everything we do, including in our public services. Everyone here is welcoming another 800 gardaí and another 500 ancillary staff and so on without having worked out what in God's name our Garda Síochána will be doing with them and how it uses digital services and information technology. We could have told the Garda that if it gets

its act together, turns the force around and gets reform really rocking in the Garda and uses digital technology effectively, then we will give it the extra staff if it needs it. Instead, it is just Fine Gael looking after the boys in blue again because that is what Fine Gael does. There is no reform. This goes across the whole range of this budget process.

I welcome some of the other measures. I welcome the fact that additional funding is to go to third level education, although we in the Green Party are uncertain as to how this will actually apply in that the training fund, as I understand it, does not easily transfer into third level university funding. We need to take money from the business sector to pay for third level education, rather than the student paying the entire bill, but I would hate to see this at the cost of the research freedom, intellectual freedom and teaching freedom of our universities. We need to be top of the class and seen as best in the world for universities. I do not see MIT, Harvard, Oxford or Cambridge saying they are becoming training institutions, so I would be very keen to see what exactly this means.

Regarding housing, and again, to talk about doing things differently, everyone welcomes the money being put into housing, but why is it - this has been said by several Deputies - that the Government is stalling at the jump at the fence and saying it will introduce a new form of affordable housing? The idea I was really interested in was cost-rental affordable housing, whereby the local authority or housing association is able to borrow long term and square that off against revenues it would generate and which are close to market rents. If someone cannot afford it, rather than subsidising the private rental sector, which is what we are doing at present, we would subsidise that local authority or housing association project, or the tenant within that project. The great advantage of this is that it gets it off the Government balance sheet. As I understand it, the Austrians and others have done this without it going onto their government borrowing, so it should have been possible for us to ramp up social and affordable housing using such a mechanism. The other advantage is that one gets a much more diverse housing and social housing mix and it brings the local authorities back in. It also irons out many of the inequities in our current social housing system, which is in need of reform. It is not as if everything is fine with the current system. However, there is nothing about this in the budget.

This budget is just the same as previous budgets. It is a return to the early 2000s. The Minister is right that we do not have the madness of that period, when our budget was growing at 12% per annum, but it is the same thing. We are experiencing growth of 4% or 5% per annum but pretty much exactly in the same way as in the late 1990s and early 2000s, the height of the Celtic tiger years. That is what we seem to want to go back to, which is not good enough. The various papers accompanying the budget say this. The economic and fiscal outlook document states that we need to lay down a solid economic foundation to help deliver steady and sustained improvements in living standards in a rapidly changing world. It refers to a rapidly changing global economic environment which generates significant opportunities for a flexible, dynamic economy such as Ireland's economy. Even if one wants to look purely at the economic approach, what I am suggesting would deliver a better economic future rather than just keeping everything in the same conservative model that Fine Gael and the Independent Alliance, with the assistance of Fianna Fáil, are implementing. We should decide to make a statement, to go for the clean energy revolution, to be leaders in the digital revolution that is also taking place and to be at the centre of a transport revolution which aims to improve urban space, bringing life back to the centre. This budget leaves me with a real fear that we will now go into a national capital plan and national planning framework based on the same conservative thinking we have seen in the budget. Instead of that being an opportunity for really rethinking and restructur-

ing where we are going as a society, not just an economy, I fear that what this budget signals is a capital review plan and a planning framework which is as conservative as this budget has been. That would be a real mistake. It does not say anything. I asked a colleague earlier this morning and he said it was “cromulent”. I asked what that meant and he said it does not mean anything. That is the sense I get from this budget. There are lots of small measures, lots of different changes, but nothing that is really changing the direction of this State or this society.

Last but not least, I want to go back to values. I wish we were starting to experiment in budgets, not just to have a blanket one-size-fits-all. One of the ideas we had was to propose a basic income model of social welfare. We have €20 billion to spend and we saved €400 million this year by having a lower social welfare bill. Could we not have used even €10 million of that to ask towns to bid into a scheme where we would apply basic income in, say, six towns? This could be done in a radical way whereby we would give every person €200 a week and then measure and test what effect this would have on a town. Part of what we need in the national planning framework is a revitalisation of towns across the country. We need experimentation and a willingness to do things differently and to be flexible, innovative and dynamic, everything the Department says it wants to be but which is not in this budget.

To go back again to values, the Taoiseach says we have to centre Ireland in the world. I agree, and I think that is a very good approach in terms of how we think about ourselves. We have made the decision we are going to be global internationalists, co-operative and peace-keeping - that is what we do, that is what we are, and that is what raises our spirits. I was utterly depressed today when I saw what the Minister himself admitted was a modest increase of €13 million in overseas development aid. I am sorry, but it was not a modest increase; it was a disastrous decision. What it means is that we are ensuring a continuing decrease in the overall percentage we give in overseas aid. Instead of going towards the goal we should be going towards, which is 0.7% of GDP, we are going further away again in this budget.

That is not unimportant. Our success economically will not be by being seen as a tax haven for Apple. It will be by being seen as a responsible part of the global system and by playing our part on international justice, and in that way helping with migration and some of the other difficulties we have. To give so little an increase in overseas development aid was a signal which will perhaps not make the headlines and is not hurting anyone immediately, and no one will lose a vote for it, but in my mind it said everything that was wrong about this budget. It did not have big heart, big ambition or big ideas as to what we could be.

Deputy Seamus Healy: Today’s budget is shamefully inadequate, given the extreme crisis in housing and health and the need to restore cuts in welfare, disability provision, public service pay and pensions and many other areas. Some might say today’s budget is a missed opportunity, but not so. It is, rather, a conscious decision, a conscious and deliberate policy, by Fine Gael, the Independent Alliance and Fianna Fáil to protect the massive increase in wealth of the Irish super rich from fair taxation and to make further tax concessions to them. Prudent budgeting does not require limiting of spending to the shamefully low figures in today’s budget. The European Union fiscal treaty does not require it either but it does not forbid extra revenue-raising, provided it is recurrent. Significant additional income could have been raised if the Government was prepared to make the super rich pay their fair share of taxation.

Here are the facts. On GDP per head, Ireland is wealthier than Germany, the United Kingdom, the United States, France and Italy. Overall, Ireland is ranked eighth in the world. The richest 12 in Ireland have €50 billion in total assets, having gained €6 billion in the last year

alone. The top 300 have €100 billion, having gained €12 billion in the last year alone. The financial assets of the top 10% are €37 billion above the peak boom levels of 2006. The top 10,000 of personal income recipients have incomes totalling €6 billion per year, or average incomes of €600,000 per year each, and they have received the full benefit of income tax and USC reductions in the last two budgets and again today. The top 5% of all income recipients, on average incomes of €180,000, have received income tax and USC reductions in the last two budgets totalling €172 million. Today, they again benefit to the full from income tax and USC changes. Today, again, the fabulously wealthy will escape any additional imposition on their massive and growing wealth. In fact, they get €90 million out of today's budget.

This is a regressive budget. The Society of St. Vincent de Paul in its pre-budget submission correctly stated that Government policy has created an unequal nation. The society stated that the top 1% increased its share of income by 20%, but the share of income of the bottom 50% has fallen by 15%, and one in four one-parent families live in consistent poverty. Government policy is shameful, cruel and anti-human. It makes the British landlords of old appear like charitable figures by comparison. There is one simple explanation. Fine Gael, the Independent Alliance and Fianna Fáil are determined to protect the Irish super rich from fair taxation.

First, tax and USC relief on the top 10,000 income recipients should be withdrawn, giving a saving of some €10 million. Instead, a higher marginal tax rate should be imposed on all individual incomes over €150,000 per year. A wealth and assets tax must be imposed on the super rich while protecting small property owners. Skilled Department of Finance accountants will have no difficulty in sourcing three times the revenue the State is collecting solely by extra taxes on the super rich. For example, the wealthiest 12 would hardly miss €1 billion out of the €6 billion they have gained in the last year alone and the top 10% of financial asset holders would hardly miss €1 billion from the €35 billion above what they had at peak boom levels in 2006. These measures would transform the Government's ability to spend on housing and health, but the Government and Fianna Fáil are protecting the super-rich.

Today is world homelessness day. The proposals in this budget in respect of housing are scandalous. The Government's policy of relying on developers and the market to solve the housing emergency has been a disaster for families, yet this policy is continued in today's budget, again showing the support by Fine Gael, the Independent Alliance and Fianna Fáil for the rich and powerful in our society. There is no change in housing policy in this budget. Not a single additional house will be built as a result of the budget proposals. The Government is persisting with its disastrous housing policy and, outrageously, it is continuing to evict families from their homes into a horrendous housing crisis through the banks it itself owns, Allied Irish Banks and Permanent TSB. The Government policy of reliance on the market has created a housing emergency, rising homelessness, rising non-affordability and rising rents. The conscious decisions by successive Governments to outsource house building to a profit-dominated, land-speculative, developer-led market has created homelessness and deaths on our streets. The market system has failed and is entirely dysfunctional. Hundreds of thousands of citizens are affected and large numbers of children are being damaged. Over 90,000 families languish on local authority housing waiting lists, a figure that has doubled since 2005. More than 20,000 families are on housing assistance payment schemes. This is a disaster for the families and a bonanza for the landlords. Families are paying rent to the local authority and significant top ups to landlords and at the end of the week, the families do not have two cents to rub together. An illness, a death, a first holy communion or a confirmation can drive them into debt and into the hands of moneylenders. Many more thousands are homeless. Currently more than 8,000

10 October 2017

people, including some 3,000 children, are homeless. Many more are homeless who are sleeping on couches or doubling up with relatives. The proposals for housing in the budget are cruelly inadequate. We must have a housing policy change. We need a declaration of a national housing emergency. We must stop the voluntary surrender of homes, the so-called voluntary sale of homes, repossessions and evictions. We need a major, emergency, local authority social and affordable house building programme. This would be a win-win situation for all with additional jobs, less social welfare payments and more income tax. We also need to repeal the law that allows vulture funds and purchasers to evict sitting tenants.

The only explanation for the housing debacle - as I have already said - is the determination of Fine Gael and the Independent Alliance, supported by Fianna Fáil, to put the interests of the Irish super-rich above all else. These parties have opposed the formal declaration of a national housing emergency. Under the constitutional articles in respect of private property, the formal declaration of a housing emergency by the Oireachtas would enable legislation to be passed that would end evictions, freeze rents and provide for the compulsory purchase of land and buildings. The Government has already used emergency legislation to confiscate private property through the Financial Emergency Measures in the Public Interest Act 2015, but when the property interests of the super-rich are at stake, the Government refuses to act.

Through mass action on the streets, we forced the Government to retreat on water charges. We must do the same on housing. I will be calling a meeting of the 31 Deputies who voted in support of my amendment to the housing Bill last December. That amendment called for the declaration of a housing emergency. I will ask Deputies to call a national demonstration to force a change in housing policy. The Government has ignored the calls made by the Irish Congress of Trade Unions, Focus Ireland and other advocacy groups to declare a housing emergency and to build sufficient public homes to rapidly reduce homelessness and the local authority waiting lists. I will ask all those bodies to join a national demonstration. Reasonable persuasion has failed. The Government has refused to listen and the time for talking is now over. It is time to take action.

What does the Taoiseach's republic of opportunity look like for people who need to use our health services? It means 675,000 people on hospital waiting lists. Today, there were 514 people on hospital trolleys. In my town of Clonmel, in 2011 there were 750 people on trolleys in South Tipperary General Hospital - the year the last Fine Gael and the Labour Party Government came to power - and in 2017 that figure will be 7,000 people. We have huge waiting lists for various services. Urgent cases in urology services will be called in 48 months. That is four years. People are waiting two years for audiology services, anything up to four years for orthopaedic services and up to two years for cataract operations. Families waiting on assessments for children who have a disability, and who by law are entitled to assessment within three months of referral, are now being told they must wait for two years. Home helps and care assistants are run off their feet providing the 45 minutes of care in people's homes. It goes on and on.

Today's budget made no mention of the funding for the Sláintecare programme. We have been told that to provide the same level of service in 2018 as in 2017, including the requirements for demographic changes, would cost €900 million. Today, the health budget was allocated €685 million.

The disability community is bitterly disappointed tonight as its 643,000 members have been sidelined again with a very minor increase of around €15 million. There was no mention whatsoever of the ratification of the United Nations Convention on the Rights of Persons with

Disabilities. To add insult to injury, in today's budget we were told that the Taoiseach's media quango, which was supposed to cost the State nothing - zilch - is going to cost €5 million. This will be used to spin, to gild the lily and to tell us half-truths. The health service also has a pay apartheid where young nurses are paid less than colleagues who work alongside them while doing the same work.

The mental health services remain the Cinderella of the health service. A Vision for Change, published way back in 2006, is still not funded, resourced or staffed. Community-based teams are a shadow of what they should be under the Vision for Change programme. There are not enough nurses, medical staff or paramedical staff. In my county of Tipperary, services have been completely decimated with inpatient services transferred to Kilkenny and to Ennis. The community-based services, which were supposed to be of Rolls Royce standard to compensate for the transferred inpatient services, are a shadow of the previous services. They are underfunded and under-staffed.

Mental Health Reform said tonight that "We are deeply concerned that essential mental health services will not be in place for people in mental distress who need them, and that new developments including expanding access to out-of-hours mental health services will not be possible". They are deeply disappointed that a promised €35 million has transpired to be only €11.3 million. It was pointed out recently that a €65 million increase would be needed to maintain existing services and to provide for demographic changes.

While any increase is welcome, the social welfare increases are paltry. An increase of €5 per week will not come into effect until the last week of March 2018. These increases will be wiped out by already announced and future increases in electricity, gas, rents, bin charges, health insurance, car insurance and cigarettes.

The treatment of children in this budget is absolutely despicable and an insult. There is no child benefit increase at all. There is a €2 per week increase for the dependent child allowance. This is in the context of 3,000 children who are homeless and 132,000 children living in consistent poverty. This is 11.5 % of the total child population.

9 o'clock

Indeed, Barnardos stated tonight that these increases are unacceptable. We should have done a lot more for the children of the nation who we are supposed to look after, given that one in four one-parent families lives in consistent poverty. The organisation, One Family, stated tonight that it is disappointed with the proposals and that much more must be done to lift one-parent families out of Government-created poverty.

There were two other areas in the social welfare budget that the Government should have addressed as a matter of urgency. It has been asked to address these matters urgently by Members on all sides of the House. I refer to the State pension for women who took time out to look after and rear families and now find themselves with zero or reduced pensions. It is time to ensure that the changes introduced by Deputy Burton when she was leader of the Labour Party are reversed and that those women get proper State pension payments. I refer also to the age at which pension entitlements accrue. It has gone to 66 and will go to 68. There is even talk of it going to 70. That should be reversed and the age should revert to 65. If individuals want to work beyond 65, it should be optional. Certainly, however, the pension age should revert to 65.

Turning to education, while the reduction in the pupil-teacher ratio from 27:1 to 26:1 is

10 October 2017

welcome, we continue to have the second largest class sizes in Europe. Only the UK has larger class sizes. The average pupil-teacher ratio in Europe is 20:1, which shows how far we have to go. School communities and parents will be deeply disappointed that the capitation grant has not been increased. There is huge pressure on parents to make payments to schools, to run cake sales and draws and to otherwise support schools. Capitation payments must be increased.

The mark of this budget is the fact that AIB and permanent tsb, two banks which we, the people, bailed out, will now be tax free for another 21 years. That is absolutely unacceptable. As someone else said, this is a budget of bits and bobs. There is nothing substantial in it for ordinary families or, indeed, public services. It is a budget for the wealthy at the expense of public services, those who are homeless, those seeking housing and those who are patients in our hospitals.

Sitting suspended at 9.05 p.m. and resumed at 9.35 p.m.

Allocation of Time: Motion

Minister of State at the Department of the Taoiseach (Deputy Joe McHugh): I move:

That, notwithstanding anything in Standing Orders, the financial motions by the Minister for Finance and Public Expenditure and Reform shall be taken and decided in accordance with the following schedule, and the proceedings thereon and on any amendments thereto, shall in the case of each resolution be brought to a conclusion by one question which shall be put from the Chair not later than the times indicated as follows: Financial Resolution No. 1, to conclude after 30 minutes; Financial Resolution No. 2, to conclude after 30 minutes; and Financial Resolution No. 3, to conclude after 30 minutes.

Question put and agreed to.

Financial Resolutions 2018

Financial Resolution No. 1: Tobacco Products Tax

Minister for Health (Deputy Simon Harris): I move:

(1) THAT for the purposes of the tax charged by virtue of section 72 of the Finance Act 2005 (No. 5 of 2005), that Act be amended, with effect as on and from 11 October 2017, by substituting the following for Schedule 2 to that Act (as amended by section 36 of the Finance Act 2016 (No. 18 of 2016)):

“SCHEDULE 2

RATES OF TOBACCO PRODUCTS TAX

(With effect as on and from 11 October 2017)

<i>Description of Product</i>	<i>Rate of Tax</i>
<i>Cigarettes</i>	<i>Rate of tax at-(a) except where paragraph (b) applies, €309.04 per thousand together with an amount equal to 9.04 per cent of the price at which the cigarettes are sold by retail, or(b) €344.07 per thousand in respect of cigarettes sold by retail where the rate of tax would be less than that rate had the rate been calculated in accordance with paragraph (a).</i>
<i>Cigars</i>	<i>Rate of tax at €355.238 per kilogram.</i>
<i>Fine-cut tobacco for the rolling of cigarettes</i>	<i>Rate of tax at €335.342 per kilogram.</i>
<i>Other smoking tobacco</i>	<i>Rate of tax at €246.449 per kilogram.</i>

(2) IT is hereby declared that it is expedient in the public interest that this Resolution shall have statutory effect under the provisions of the Provisional Collection of Taxes Act 1927 (No. 7 of 1927).

An Leas-Cheann Comhairle: I draw Members' attention to the fact that we have just agreed there will be 30 minutes for each resolution. A number of Members would like to contribute but the House has decided that I have to put the question after 30 minutes. I ask all who want to contribute to take into consideration that there are only 30 minutes.

Deputy Simon Harris: I am pleased to move this financial resolution, which provides for excise duty increases on tobacco products with effect from midnight tonight. The increase amounts to 50 cent, inclusive of VAT, on a pack of 20 cigarettes in the most popular price category together with *pro rata* increases for other tobacco products as well as an additional 25 cent increase on a 30g pack of "roll your own" tobacco. The price of a pack of 20 cigarettes in the most popular price category, assuming the full increase is passed through to the final retail price, will increase to €12. The excise duty component of this price will be €7.27 and the total tax, inclusive of VAT, will be €9.51, which represents 79.3% of the price of a pack. Ireland is committed to a policy of high taxation of tobacco to encourage people to quit smoking, particularly younger people. The policy is working. In 2007, 24% of our people were daily smokers. By contrast, the HSE and Healthy Ireland survey figures for June of this year show that this figure has fallen to 17.6%. Furthermore, the quantity of cigarettes consumed per smoker has also fallen in that period.

Increasing taxation on tobacco products is a key public health policy measure which has been supported by successive Governments to continue this downward trend in smoking rates in Ireland and to help us achieve a tobacco-free Ireland by 2025. With regard to revenue raising, the increase in excise duty on tobacco products is estimated to contribute €63.8 million in a full year.

Deputy Dara Calleary: We will, of course, support this proposal but it is important that the Government invests heavily in our customs infrastructure to ensure tobacco smuggling does not increase as a result of this measure. I acknowledge the presence of former Minister of State at the Department of Health, Deputy Marcella Corcoran Kennedy, who had responsibility for health promotion. She highlighted the issue of people taking up smoking in their teenage years. We have to ask, given all the evidence that is available, why we are not communicating with that segment of the population as to the dangers of tobacco. If we can stamp out smoking at that age, it will not become a problem later. While we support the financial resolution, we would like to see investment in infrastructure by the Minister to ensure this is not a charter for

smugglers.

Deputy Jonathan O'Brien: My comments will be similar to Deputy Calleary's. We have this debate every year on the financial resolution but perhaps we could have a wider debate on smoking and its effects because there is no doubt that it is a serious factor in a number of deaths every year. We should at least treat it as a health policy but, unfortunately, we debate this every year as part of the budget package.

As the Minister pointed out, since 2007, the rate of tobacco excise has almost doubled, yet the revenue raised has dropped. I believe the Minister's figures are dishonest regarding what is being proposed today. The Minister says it will bring in €64 million but according to the Revenue Commissioners it is as likely to cost the State €40 million because the more that is charged, the smaller the number of people who will smoke. That is a positive and progressive policy, but the Minister's figures are a little dishonest. In our budget submission we put it down as cost neutral. We support the policy direction in that anything that reduces the number of people who are smoking is to be welcomed, but the Minister's figures are dishonest regarding what will be the potential revenue as a result of this.

Deputy Sean Sherlock: I support the resolution without question. I wish to speak briefly on the issue of smoking cessation and public health policy in that regard, particularly with regard to the cost of nicotine replacement therapies. In his annual consideration of matters relating to the rates of tax on tobacco products, will the Minister give consideration to the cost of nicotine replacement therapies? There is a myriad of products sold in pharmacies at exorbitant prices. I do not know if the pharmacies are price takers from the pharmaceutical sector in this regard but the products available are extremely costly. It has been argued that one is replacing one addiction with another. I ask the Government to consider further examination of the sheer cost people incur when they are trying to give up smoking by moving to nicotine replacement therapies. The cost of those therapies should be examined as a matter of urgency.

Deputy Declan Breathnach: If it were many years ago Members from Dundalk would be shouting from the rooftops at increases in tobacco prices. We must support this resolution on the basis of health but heavy smokers will obviously bear the brunt of it. I agree with Deputy Calleary on the need to strengthen revenue in the face of tobacco smuggling and the illicit trade that will no doubt occur as a result of a further increase in the price of tobacco. I am from an area where the largest seizures in the illicit trade in tobacco in this country have occurred. I am aware of the major efforts being made by retailers against smuggling and in trying to get a balance between price and ensuring that their trade continues to exist. They will certainly be perturbed at the rise in the price, but we are all aware of the reasons for it. I echo the comments on the health aspects and I draw the Minister's attention to the practice of vaping. The jury is out on that but obviously that must be explored from a health point of view.

Deputy Richard Boyd Barrett: We have traditionally opposed the increase in the duty on cigarettes. I wish to stress that this is not because we do not think it is important to reduce the level of smoking, because that is extremely important, but because we remain to be convinced that price increases are the major reason there is some reduction in the smoking level. They have some impact but I do not believe they are the main reason. Frankly, better education of young people on the health aspects has had far more impact. I welcome the more graphic health warnings on the packaging, which removes the glamour that was associated with smoking in the past. The fact that there is no longer advertising of tobacco products has contributed very significantly. Again, that removes the glamour associated with smoking in the past. All of that

has probably contributed more.

However, for those who are victims of the past promotion of smoking and who developed addiction, this will be an excessive financial burden that will more than wipe out the small increases in social welfare or the small reductions in tax of approximately €5 per week. The increases will be wiped out for people who are addicted to a toxic substance. They will lose out as a result. Those people need help and support in ending their addiction, but I do not believe that many lifelong smokers will give up smoking as a result of this. However, they will be impacted by the extra financial burden. We will not call a vote on this but we wish to signal, as we have in the past, that we believe this is not the way to proceed.

I wish to add a final point which is relevant not just to cigarettes but also to sugar consumption and other products where one could argue there is a health case for reduced use. We would be far better off imposing levies on the profits of the alcohol, sugar or tobacco industries and using that money to increase expenditure on health, particularly in the areas where the costs to the health service are increasing as a result of smoking, obesity or the negative health impacts of alcohol. We should go for the profits of the companies that profit from this rather than the consumers.

We wish to indicate our opposition to this measure but we will not force the House to divide on it.

Deputy Mattie McGrath: I am glad to speak on this resolution and I will support it. I realise it is difficult for people who need the fix of a cigarette and are addicted to smoking. I do not know how they manage given the current price of cigarettes. At some stage we will have to examine this because it will not continue to be an easy touch to get money from this area. Cigarettes will reach a price where people will not be able to afford them. It is important to cut down on the rate of tobacco consumption, but we cannot keep piling tax onto some unfortunate families where perhaps two in the family smoke. I do not know how they can afford it. I have supported this course in previous budgets so I will do so now, but it will reach a stage where it will have to be capped. We cannot just continue to hit it. There have been changes to the packaging and so forth in an attempt to make people safer and we always thought that the price would do that, but it has not had the impact we thought it would have. We have to examine the deeper reasons that people have such a longing and need. In this case, however, I support the resolution.

Deputy Bernard J. Durkan: As a reformed smoker, I probably should comment on this resolution. Smoking has been proved beyond doubt to be bad for people's health. The evidence has been there for a long time. I do not agree with Deputy Boyd Barrett that we should go after the producers. There would be no need to produce if there were no consumers. Consumers, unfortunately, become the victims in two ways, for reasons of their own health. I often ask myself why I stopped smoking. I do not know the reason, and I smoked for 27 years. However, in the world in which we live there is far more information and education available to explain the reasons people should not smoke or not smoke in families or in front of children. I support the resolution. It is important that we are constant and that we have a single, consistent voice to indicate to all and sundry that smoking is not good for our health, we should not do it and we should try our best to stop it.

Deputy Danny Healy-Rae: I cannot support this increase in the price of cigarettes. I am aware of the seriousness of smoking and the adverse effects it has had on many great friends of

mine who died from lung cancer and so forth. However, this increase is highly unfair and will hit hard those who are addicted to cigarettes and smokers with serious mental health issues such as depression who live for a cigarette. Some of these people would buy a packet of cigarettes before they would buy food.

We need to educate youngsters more and ask parents to educate their children by advising them, if they find them smoking, of how serious it will be or what it could mean for them down the line.

I am sorry I cannot support the financial resolution. I see the Minister's point of view in that he is trying to price people out of smoking. However, the increase will mean that the €5 increase in social welfare payments will be wiped out for many people who buy a packet of fags every day. The Minister will have to go about this in a different way.

Deputy Michael Harty: I support the financial resolution. I would go further and argue that a 50 cent increase in the price of a packet of cigarettes is not enough and the increase should have been at least €1 per packet. This should be a public health rather than a revenue raising issue. Deputy Marcella Corcoran Kennedy took a strong position on the issue of reducing risk taking activity when she was a Minister of State in the Department of Health. Smoking is a major risk-taking activity. Deputy Danny Healy-Rae spoke of friends who died as a result of smoking. Having observed patients dying of smoking-related diseases such as heart and chronic lung disease or having limbs amputated, I am aware of the serious consequences of smoking. We must concentrate on this area and on educating young people about smoking. The smell of smoke from teenagers' clothing is a much more important issue for them than the health effects of smoking because they believe they are invincible. We must try to educate people from a young age.

A delegation from Moldova attended a meeting of the Joint Committee on Health in the early summer of last year. The smoking rate in that country is 37%, whereas the rate here is 21%. The delegation travelled here specifically to find out what measures we had taken to reduce the number of smokers and its members were very impressed with the reduction we have achieved in smoking rates.

I would also go a little further than the Minister by ring-fencing revenue raised through this measure for use in addressing health issues, rather than have it flow into the general taxation coffers. The Sláintecare report refers to establishing a national health fund in which revenue from so-called sin taxes, for example, taxes on tobacco, would be ring-fenced to deliver health services, rather than being put into general revenue coffers. I support the financial resolution.

Deputy Peter Fitzpatrick: I welcome the 50 cent increase in the price of a packet of cigarettes. I speak to many people who smoke and the majority of them do not want to smoke. We must do something to tackle the issue, for example, providing nicotine patches. Every family has been affected by cancer. My father died from the disease and every second smoker will die as a result of smoking. Deputies will have seen a fantastic anti-smoking campaign on television in recent years featuring a man from Dublin who was dying of cancer and members of his family. He died a few months after the film was made.

We keep talking about educating people. Many smokers have been smoking for 20, 30 or 40 years. We need to get older people to quit smoking because if children see their mum or dad smoking or, for that matter, drinking all the time, they come to believe that smoking and drink-

ing are part of our culture. We must take serious action on cigarettes.

The 50 cent increase in a packet of cigarettes will probably result in an increase in smuggling in Border areas. We must clamp down on smuggling. At least we know the ingredients used in cigarettes sold here, whereas cigarettes being smuggled across the Border are often from Third World countries.

We should focus on educating people who have been smoking for a long time in the hope that it will have an effect on their children.

Deputy Tony McLoughlin: I support the financial resolution. Deputy Harty described the effects of smoking on his patients. I have seen its effects on the families of people who are suffering from lung cancer and other ailments as a result of smoking.

I hope the introduction of plain packaging will have an effect, particularly on young people. It is worrying to see so many young people taking up smoking. I congratulate and compliment my colleague, Deputy Corcoran Kennedy, who, throughout her period in office, highlighted the need to resist the temptation to smoke. I hope the higher price of cigarettes will encourage people to give up smoking. People have many alternatives available to them. It is regrettable to see the devastation smoking-related diseases cause to families and individuals. I hope this measure will help in some small way.

Deputy Tom Neville: I share the sentiments expressed by Deputy McLoughlin on the role of Deputy Corcoran Kennedy in bringing this issue to the fore during her period as Minister of State. I smoked for about ten years but gave up cigarettes some time ago. I started smoking at 13 or 14 years of age because I was bored at school but it subsequently developed into a habit. We need to be conscious of the reasons young people smoke and educate ourselves about the reasons the rate of smoking is starting to increase again.

The introduction of the smoking ban in 2004 hit home because it caused people to break from the habitual behaviour in which they engaged when socialising. The ban and the increase in price had a significant effect on smoking rates.

A multifaceted approach is needed to combating smoking. I am worried about the reasons young people are taking up smoking. I am particularly concerned about the issue of body image and body consciousness and the myth that smoking keeps one thin. We need to do more research on this issue and nip it in the bud.

Deputy Robert Troy: I mentioned to my colleague, Deputy Calleary, that while I do not have a difficulty with the increase in the price of cigarettes, the amount of illegal tobacco entering the State is a major issue, particularly in Border counties. The problem is also moving further south. Raising the price of a packet of cigarettes forces people to look for alternative sources of tobacco. People are hooked on cigarettes for whatever reason and are forced to support an illegal and illicit trade. What are the Government's options or plans to tackle the illegal trade in tobacco? While it is all very well to continuously increase the price of tobacco based on the indisputable fact that to do so is good for public health, a significant number of people are buying tobacco from illegal sources. What is the Government doing to clamp down on this practice?

An Leas-Cheann Comhairle: I thank Deputies for their co-operation. The Minister has several minutes to respond and conclude the debate.

10 o'clock

Minister for Health (Deputy Simon Harris): I thank Deputies Calleary, Jonathan O'Brien, Sherlock, Breathnach, Boyd Barrett, Mattie McGrath, Danny Healy-Rae, Harty, Fitzpatrick, McLoughlin, Neville and Troy for contributing on this financial resolution debate. I will try to respond to a number of the points that were raised. As the Minister for Health, the Deputies will not find anyone in the House more eager or enthusiastic to have a debate on the wider issues relating to smoking and tobacco from a public health policy point of view. My colleague, the Minister of State with responsibility for health promotion, Deputy Catherine Byrne, and I would welcome such a debate. I hope that, when the House comes to having a wider debate on alcohol from a public health perspective, there will be such an appetite as well, given that we must get serious about that issue if we want to tackle it.

The Deputies who suggested that this is not just about the price, but also about public health measures, were correct. If our only measure to tackle tobacco and smoking levels was to increase the price, it would be wholly inadequate. That is not the case. I wish to be the first to acknowledge that this country, on a cross-party basis and due to successive Governments' efforts, has made real progress on this public health agenda in recent years.

High taxation has an important role to play, but there has been a range of health initiatives. In 2004, we had the ban on tobacco advertising and sponsorship and the smoking ban. In 2007, we had a prohibition on the sale of cigarettes in packs of fewer than 20. In 2009, we had a ban on advertising and the display of tobacco products in all retail outlets. In 2013, we had the new combined text and picture health warnings to which Deputy Boyd Barrett referred. We have the Tobacco Free Ireland policy, which includes a number of policy and legislative proposals aimed at reducing the prevalence of smoking. The aim is to have a tobacco-free Ireland by 2025. There are more than 60 recommendations, all aimed at denormalising smoking in society so that less than 5% of the population is smoking by 2020. As part of Tobacco Free Ireland, my colleague and friend, Deputy Corcoran Kennedy in her time as Minister of State with responsibility for health promotion, led the introduction of standardised plain packaging for all tobacco products. This was a progressive measure that will make a difference, for which I congratulate her. Since 30 September, tobacco manufactured for retail in Ireland must comply with these requirements. Relatively recently, we also launched a QUIT campaign. Many Deputies will have come across the "I Will Survive" ad on television and radio.

A number of Deputies referred to the consumption of, and trade in, illicit tobacco. This is an issue for people around the country, in particular Deputies living in Border counties. I assure the House that cracking down on tobacco smuggling remains a high priority for the Government. The illicit trade undermines legitimate businesses, drains resources from our Exchequer and undermines our public health strategy.

In 2016, Ipsos MRBI conducted a survey on behalf of the Revenue Commissioners and the National Tobacco Control Office. This showed that the percentage of illicit cigarettes had been on a downward trend from 15% of the total consumed in 2010 to 10% in 2016. Last year, Revenue seized approximately 44.5 million cigarettes with a value of €23.5 million. The high level of seizures in recent years reflects the ongoing enforcement action by the Revenue Commissioners.

The House has also taken a number of legislative actions to support the Revenue Commissioners. The Finance Act 2012 clarified the legal basis for Revenue officers to open and exam-

ine the content of postal and courier packets. The Finance Act 2013 introduced a new offence and forfeiture measures relating to the illicit production of tobacco. The Finance (No. 2) Act 2013 provided that a person suspected of an offence of dealing in, or with, unstamped tobacco products must provide information to a Revenue officer or a garda and may be required to present any tobacco product concerned for examination. The powers that the House has given the Revenue Commissioners and An Garda Síochána, working together and with international agencies like Europol, continue to make a difference in the crackdown on the illicit trade. That is important.

I noted Deputy Jonathan O'Brien's comments on whether this measure would accrue the figure in question. His party had a different figure - I respect its right in that regard - in its budget proposals, but the Department of Finance informs me that, in recent years, the additional tax revenue forecasts using the same price elasticity used for this year's forecast were realised and that the projections that we made last year for 2017 point to a similar positive outcome. In this regard, Revenue has indicated that a large volume of tobacco products are being cleared from warehouses and that an increase in receipts is expected for the remaining months of this year. Current estimates from Revenue are that tobacco receipts will meet this year's forecast by year end. While I take the Deputy's points, the Government is satisfied that the forecast is solid. If there is a more dramatic shift in the level of consumption than is evident currently, it would be welcome from an overall health and well-being perspective, but the forecast model for this and last year does not tend to show that.

Deputy Sherlock raised the issue of nicotine replacement therapies. I accept that a cost is associated with them. We want to do everything that we can to support people who make the decision to quit. Nicotine replacement therapies and other evidence-based cessation medications are available on the General Medical Services, GMS, scheme to patients with medical cards with the minimal prescription charge. We are reducing prescription charges in the budget. Obviously, how much that costs the GMS every year varies depending on how many GMS smokers seek and receive this support from their GPs to quit, but it is important that this information be out there.

All in all, this is a positive measure for the health of our nation as we continue to work together to reach our aspiration of making this country tobacco free by 2025.

An Leas-Cheann Comhairle: I thank Members for observing the 30-minute slot.

Question, "That Financial Resolution No. 1 be agreed to", put and declared carried.

Financial Resolution No. 2: Stamp Duties

Minister for Education and Skills (Deputy Richard Bruton): I move:

(1) THAT for the purposes of stamp duty charged by virtue of the Stamp Duties Consolidation Act 1999 (No. 31 of 1999) Schedule 1 to that Act be amended--

(a) in the Heading "CONVEYANCE or TRANSFER on sale of any property other than stocks or marketable securities or a policy of insurance or a policy of life insurance."--

(i) in paragraph (4), by substituting "6 per cent" for "2 per cent", and

10 October 2017

(ii) in paragraph (5), by substituting “1 per cent of the consideration which is attributable to property which is not residential property” for “a duty of an amount equal to one-half of the ad valorem stamp duty which, but for the provisions of this paragraph, would be chargeable under this heading”,

and

(b) in the Heading “LEASE”, in paragraph (3)(b), by substituting “6 per cent for “2 per cent”.

(2) THAT paragraph (1) of this Resolution shall have effect as respects instruments executed on or after 11 October 2017.

(3) IT is hereby declared that it is expedient in the public interest that this Resolution shall have statutory effect under the provisions of the Provisional Collection of Taxes Act 1927 (No. 7 of 1927).

As the Minister for Finance stated, the Finance Bill will contain transitional arrangements to cater for situations in which binding contracts have been entered into, as happened previously when stamp duty impositions were changed.

This is the resolution on the commercial property stamp duty increase and the extension of consanguinity. In 2011, the rate of stamp duty applying to non-residential property transactions was fixed at a flat rate of 2% as a supply side measure. The rate has not been adjusted since then. The effect of this financial resolution will be to apply a rate of 6% to non-residential property transactions as of 11 October 2017. An economic rationale for the measure is published as part of the budget documentation.

The commercial property market has recovered and is performing strongly. However, the recent sharp increase in investment in construction activity poses a risk that this could, if left unchecked, give rise to overheating in the sector and in the domestic economy generally. This view is shared by commentators, including the ESRI. Investment in non-residential construction has expanded rapidly in recent years and is approaching its pre-crisis share of GNI*, which is the new sustainable definition of national income.

The Minister for Finance is acutely aware that residential construction and the overall housing supply remain well below the level needed to meet demand. The Minister considers that, with the commercial market now performing exceptionally strongly, an adjustment in the rate of stamp duty on commercial property beyond the current rate of 2% is appropriate. The yield from each 1% increase is estimated to be in the order of €100 million. In addition to yielding approximately €400 million, the increase to 6% will allow the desired rebalancing of construction activity towards residential investment and help to address potential overheating in the construction sector. This financial resolution provides that stamp duty applicable to leases of commercial property will also increase to 6%.

Regarding commercial land purchased for the development of housing, the Minister announced in his Budget Statement that he will introduce a stamp duty refund scheme to assist with our housing policy challenges. The details of the refund scheme will be set out in the Finance Bill, but will be subject to certain performance criteria, including the commencement of housing development within a period of 30 months. The scheme will allow for a refund of two thirds of the stamp duty paid in accordance with the criteria to be specified in the Bill. This

measure should avoid increased stamp duty feeding into house prices.

In addition, the Minister for Agriculture, Food and the Marine has highlighted to the Minister for Finance that consanguinity stamp duty relief is set to expire at the end of this year. Under certain conditions, consanguinity relief currently provides for a net 1% stamp duty rate on property transfers to certain close relations, such as a father and son or aunt and niece. The Minister for Finance is extending this relief by three years as otherwise farmers who are planning succession based on this relief will find themselves subject to the full rate of stamp duty, which is to be increased to 6%. The Minister is also fixing the stamp duty rate for persons who satisfy conditions for consanguinity relief at 1%. This means persons availing of consanguinity relief will continue to pay stamp duty at 1% for the next three years. This change also comes into effect as of 11 October 2017.

That is the proposal being set out. As the Minister outlined, it is designed to raise duty in a way that is consistent with the position in the housing and non-housing market where one is proceeding very rapidly and the other needs attention. This is a provision in conjunction with other provisions in the budget that will help to unlock land for housing development while raising important revenue from a sector that is now in a very strong and healthy condition.

An Leas-Cheann Comhairle: The same guidelines apply. We will have 30 minutes in total. I now call Deputy Michael Fitzmaurice who has tabled two amendments. The amendments may be discussed together.

Deputy Michael Fitzmaurice: I move amendment No. 1:

In paragraph (1)(a)(i) of the Resolution to delete “6 per cent” and substitute “6 per cent, except where purchased for farming purposes providing that the land is held for farming purposes for a minimum period of 5 years”.

No one has a problem with commercial property. There are two types of stamp duty, residential and non-residential. Anybody who talks to an auctioneer will know the first acre and the house is considered residential and is liable for the low rate of stamp duty. Other than that, the stamp duty on farmland is 2%. We have only two types at the moment. There is ambiguity in the resolution because a farmer who buys farmland - I am not talking about commercial land - will move to the other rate because there are only two types at the moment. If a farmer has a house and an acre, there is one rate, and if he or she buys 50 acres of land it will be under the other rate. I have tabled the amendment for clarity for the Government and farmers. The scenario at the moment is that if someone buys farmland and two or three years down the road they have done the duty on it, they can turn it into whatever they want. What I am saying is a farmer who buys land at the moment will now face the problem that the stamp duty will go to 6%. I have tabled a short amendment so that the stamp duty on land bought for farm use will be left at 2% if the farmer gives an undertaking that it will be used for up to five years, which is fair. That is all I am asking the Minister to do.

Deputy Dara Calleary: There is an irony that the Minister is the person introducing this legislation. He was a lone voice in the wilderness of the noughties warning against dependence on stamp duty for Government revenues. I will repeat the query of my colleague earlier. Is there absolute certainty in the Department that founding the entire budget on this measure, which it is anticipated will yield €376 million, is a sustainable way of funding the budget and that the €376 million will actually be delivered? Is there certainty in the Department and the

Revenue Commissioners on this estimate?

The Minister mentioned that transitional arrangements will be put in place for the Finance Bill. Will those transitional arrangements affect purchasers who have exchanged contracts but have not completed conveyance by 12 midnight? What does the Minister envisage will be the extent of those transitional arrangements? Will the transitional arrangements impact on the potential revenue from this measure?

With regard to Deputy Fitzmaurice's amendment, the Minister for Agriculture, Food and the Marine, Deputy Creed, told his departmental post-budget press conference this evening that this measure did not affect agricultural land. He was very clear on that. The Minister has mentioned the consanguinity relief and the young trained farmer relief. Can he confirm the Minister, Deputy Creed's view that this does not apply to agricultural land, something which he stated very clearly at his departmental press conference this evening?

Deputy Jonathan O'Brien: I am sure the Minister read avidly the alternative budget we put forward and will know we also proposed an increase in commercial stamp duty. It is a very sensible move. It has been flagged in the tax strategy papers and we know that commercial lending and overheating paid a huge part in the banking collapse so it is very important that we continue to monitor it and that we take action where appropriate to make sure it does not overheat. The banking inquiry pinpointed commercial real estate as one of the major causes of the banking crash. That is why it needs to be monitored and taxed appropriately. I am very interested in Deputy Fitzmaurice's amendment because there seems to be some differences in how this has been portrayed. If the Minister is saying categorically it does not apply to farmland yet that is not reflected in how it is worded, it is something the Minister needs to clarify tonight. If it is a case that we need to put something into the resolution along the lines of Deputy Fitzmaurice's proposal then we will certainly support it. I am interested in hearing the Minister's analysis of that.

Amendment No. 2 proposes changing the timeframe from midnight tonight to 31 December 2017. Will the Minister comment on that because it will have an impact on the proposed revenue which could potentially be raised? What will the implications of that amendment be on the financial resolution?

Deputy Robert Troy: Following on from the issue my colleague raised earlier, I want to add my voice to the concern that we intend to fund many of the increases announced in the budget from stamp duty. As Deputy Calleary has said, the Minister was one of the people who advocated against funding day-to-day expenditure through stamp duty, which is a tax that is not guaranteed. It is transaction based so there is no guarantee of a continuous stream of funding. What assessment was done? What are the projected figures for 2018 based on? How were they assessed? Is the Minister confident those figures will be reached? In the event they are not reached, what plans does the Government have to fill the potential shortfall?

The Minister referred to the transitional period. With regard to people who have purchased commercial property through auctions and have paid their deposit, are those transactions covered under transactional payment? Does it apply to anybody who has exchanged contracts to date? The Minister also referred to the potential for a refund for people who have purchased commercial property and seek permission to convert it to residential property. Will there be a refund system and if so, will the Minister enlighten us as to what it will be?

Deputy Bernard J. Durkan: I note the points raised by a number of Deputies about how it might apply to agricultural farmland. My understanding was it did not apply to agricultural farmland but the points raised are valid enough to require that it be double checked. It might well affect in a negative way the transfer of agricultural land which we would not want.

I ask the Minister to take note of something I have come across in the past. It relates to the timing of the contract, the signing of the contract and the discharging of the contract, which in some cases did not take place leaving the person disposing of the property with a very substantial bill and never getting the benefit of the sale of the property. In the course of the Finance Bill or maybe by way of examining the conditions under which this would apply, it might be possible to review the experience in the past and consider if any of the regulations need to be changed with particular reference to the contract and its efficacy.

An Leas-Cheann Comhairle: Five Members are offering, Deputies Danny Healy-Rae, Catherine Murphy, Mattie McGrath, Breathnach and Fitzpatrick. I ask them to take into consideration that the Minister should be given at least five minutes to respond.

Deputy Danny Healy-Rae: I am against this increase. If the Government is going to take €376 million it has to come from somewhere but I am afraid this may hurt farmers buying land. We need to get clarity on that because differing stories are coming out. Will it hurt small builders who are buying land to build commercial premises? It could be the difference in them not going ahead. Likewise, will it adversely affect transfers from farmers to sons?

The Minister has suggested that people will incur a surcharge or a fine for not building on land. If they do not build, who will decide that person A or person B should build? How will that decision be reached?

In many cases in our county land has been zoned for housing but the landowners had no notion of using the land for building at any time. It then cost them when transferring to their sons. There are many issues here that need to be resolved. I am all for zoning and I do not think there should be any restrictions. If a local authority decides only to allow building on one side of a town, it gives a monopoly to the developer on that side of the town and he can charge what he likes. There should be no restrictions on zoning land because the market should decide where houses should be built and how many should be built.

Deputy Catherine Murphy: The proposal is reasonably sensible and we will support it. I have a number of questions. I am also confused about the land. In his contribution, the Minister may well have said something about leases on agricultural land; I am not sure if I picked that up correctly. For example, what is calculated as being the likely refunds? Has a calculation been done on the cohort of land that would end up in residential use?

Regarding Deputy Fitzmaurice's amendment, if agricultural land is included, what costs are included? What are the estimates in that regard?

We all know there is a housing crisis and we need to increase supply. Affordable housing is part of that. The Government is relying almost exclusively on the private sector to supply that. Is there any proposal for a sunset clause setting a future point in time that could be used as another factor in trying to get this land into use quickly? Without that, this is an open-ended arrangement for a particular cohort of people who have been hoarding land. It is important to indicate that if it is not used, there is a sunset clause.

Deputy Mattie McGrath: Further to what Deputy Calleary said, I am also concerned about reliance on stamp duty slipping back in here again. We saw how it was very fruitful for a long time in the crazy times. When transactions ceased, very little came in from it. It is a very shaky foundation. The Minister gave an estimate of in excess of €370 million. I support Deputy Fitzmaurice's amendment because I am also concerned that it would apply to farmland. A farmer seeking to extend his holding could be penalised here.

It is proposed to be effective from tonight. I want a kind of sunset clause, a waiting time. I will see if Deputy Fitzmaurice does as well with his next amendment

As was said during the debate on the Budget Statement, I do not know why the Minister is afraid to tax some sacred cows. Here we are with an imponderable - a case of dúirt bean liom go ndúirt bean léi go raibh fear i dTiobraid Árann a bhfuil póca ina léine aige. We do not know what this will achieve.

I had this in my submission for the past number of years. Why did the Government not impose a land tax on landholders who are acquiring thousands upon thousands of acres? In my county a certain racing conglomerate cannot be stopped. The Government had a chance to do something on the fees for stallions - a very good initiative introduced by Charlie Haughey all those years ago when it was needed. Now we have an excellent equine industry and I am proud of it. We do not need them buying all the land without incurring any tax. I asked for a tax to be imposed on farmers with more than 750 acres. No small farmer or family farm has that kind of acreage.

An Leas-Cheann Comhairle: I ask the Deputy to conclude.

Deputy Mattie McGrath: I will, a Leas-Cheann Comhairle.

Here is a cash-rich sacred cow that the Government refuses to touch. It could be done on the basis of acres above the limit. It would not stifle anyone buying commercial premises to develop for residential or commercial purposes. It would not create uncertainty. Auctioneers are concerned about it, as we all are. The Minister is not definite - no more than I am - that it will return the kind of money projected. These fat cats seem to be sacred cows that cannot be touched and the Government will not touch them. Other big parties will not touch them either.

An Leas-Cheann Comhairle: I call Deputy Breathnach.

Deputy Mattie McGrath: We are back to the old landlord days where people can amass up to 15,000 acres of land with no small farmer and no community. No football or hurling team will be fielded. No schools will be filled because they will be locked up and fenced as if it was in Nazi Germany; a snipe would not get through the fences. There are rich pickings there but the Government refused to touch it.

An Leas-Cheann Comhairle: I want to give the Minister an opportunity to respond. I call Deputy Breathnach followed by Deputy Fitzpatrick.

Deputy Declan Breathnach: It is clear that the stamp duty collection is a shaky cornerstone of this budget. I reiterate what others in the House have said that any developing farm or expanding farm should be exempt from the increase in stamp duty. The Minister needs to clarify the various messages and signals that are coming out, which do not seem to be *ad idem* with what appears in the document before us.

An Leas-Cheann Comhairle: I call Deputy Fitzpatrick and ask him to bear in mind that I want to give the Minister at least five minutes.

Deputy Peter Fitzpatrick: I know that the stamp duty on commercial property transactions was 9% between 2002 and 2008. I have concerns about small businesses. I wonder what kind of damage increasing the stamp duty from 2% to 6% will do. As a former businessman, I remember buying a business years ago. The good thing about a small businessperson buying his or her own property is that it means that he or she is not worried about hikes in rent and everything else. We must not forget that the SMEs have played a major part in the recovery of the economy. Multinational companies can afford to pay an increase, but that is not the case for SMEs and the farming community. Is there any way that we can help these small and medium enterprises with stamp duty?

Deputy Michael Fitzmaurice: I have one final note. I will not take long. When the Minister spoke earlier, he outlined that there were exemptions for young farmers. A young farmer is a farmer under 40 years of age. That is the definition of a young farmer. He also, quite rightly, outlined that there would be exemptions for transfers from parents, aunts and uncles. That is correct. I am solely speaking about a person who buys ten acres of land down the road beside him or her. There is nothing to clarify that situation today. That is the problem. That is where there is ambiguity.

Minister for Education and Skills (Deputy Richard Bruton): I thank the Deputies for their contributions to the debate. To make the sort of change which Deputy Fitzmaurice is proposing would require state aid approval. Setting a new effective date of 31 December would also create a very substantial disturbance in the housing market. This is something which is coming in tonight and on which we are voting tonight in order that the market can be clear on our approach and in order that artificial transactions will not occur as a result of timing issues. The provisions are very clear. They provide a number of very substantial reliefs for farm land. They include the case of the young farmer and the case of a person related by consanguinity. This concept goes quite far out and includes lineal descendants and so on. It essentially includes anyone in the wider family who would continue to farm the land. There is also a refund should the land be disposed of and used for housing. This must be weighed against the many other farming measures which are in place. While some farmers will pay the 6% if they choose to extend their holdings by purchasing land in circumstances other than those I have outlined, on the other hand substantial investment is being put in to strengthen the position of farming, particularly in light of the pressures which are coming from Brexit. It is important that this is one of the measures. It will largely be funded from the commercial property sector, which is being used to fund many much-needed changes, not least in our rural communities. It is worth recalling that back in 2008, stamp duty of 9% applied.

Turning to the point which Deputy Calleary raised on whether we are building on an unsustainable base, I do not believe that is the case at all. The present stamp duty raises €400 million in this area. This change would add another €376 million. There is a strong pipeline of commercial property building and activity. The Revenue Commissioners are very confident that there is a healthy demand and, if anything, an excessive supply. There is 10% of further office space in the pipeline. There is a strong pipeline.

On the issue of whether we should be relying on a transactional tax, this is very different from the situation that prevailed back in 2007 when stamp duty was raising 8.2% of total tax revenue. In addition, a further 15% was being raised from various taxes on the 90,000 houses

which were being built. We had a situation whereby nearly 20% of tax revenue was coming from the property and housing sector. That is not the case here. The sum total of this additional revenue will represent less than 1% of total tax revenue. It is a very different situation. This is being done in the context of the need to encourage switching of use to unlock land for housing. This is not the only measure with that aim. Some €750 million of funding from the Ireland Strategic Investment Fund, ISIF, will be used to fund new builds. There is also €75 million going into infrastructural investment. The capital gains tax relief is also specifically intended to release land for housing. The circumstances are very different and this is an appropriate measure to introduce at this time.

I acknowledge Sinn Féin's support for this measure. I read its pre-budget submission. This is an appropriate measure in the circumstances we are in. As I said, an effective date of 31 December would create uncertainty in the market. The details of the transition arrangements will be worked out in the Finance Bill. There will be ample opportunity for debate on the details of that Bill, including consideration of Deputy Catherine Murphy's point on whether this refund for converting such lands to housing should have a sunset clause. It is clearly the Minister's intention that we maintain balance in our property market. He is intervening at a point when one segment of the property market is very strong and at risk of overheating, while another is depressed and needs to respond. He will be very conscious of that.

Deputy Mattie McGrath has raised a concern about excessive accumulation of very large holdings by individuals. This tax would certainly discourage that in that it would be chargeable on any such accumulation. Deputy Fitzpatrick raised the issue of whether this would affect small business. It would affect small businesses in the event that they were selling their business or a big property element of it, but the sort of small business which we really need to invest in is the sort which creates enterprise and employment rather than the sort involved in the selling of a business or a particular piece of property. The budget leans towards supporting those small businesses with the €300 million fund for loans at 4%. Getting access to those funds will be a real boost for small businesses. Many of those businesses are trying to trade online. The Minister, Deputy Naughten, announced improvements in supports for businesses seeking to trade online. There are many microelements of the budget which seek to support small business. I commend this motion to the House.

Deputy Danny Healy-Rae: On a point of order, a Leas-Cheann Comhairle.

An Leas-Cheann Comhairle: Under what Standing Order is the Deputy making a point of order?

Deputy Danny Healy-Rae: Under the Standing Order that the Minister said that it would affect a small businessman if he was selling.

An Leas-Cheann Comhairle: Wait now.

Deputy Danny Healy-Rae: It is the purchaser who will pay the stamp duty, is it not?

An Leas-Cheann Comhairle: I must comply with the Order of Business, which is that we complete the debate within 30 minutes.

Deputy Mattie McGrath: Will the Minister clarify that?

An Leas-Cheann Comhairle: No, he cannot.

Question put: “That amendments Nos. 1 and 2 are hereby negatived and the motion on Financial Resolution No. 2 is hereby agreed to.”

<i>The Dáil divided: Tá, 64; Níl, 31; Staon, 41.</i>		
<i>Tá</i>	<i>Níl</i>	<i>Staon</i>
<i>Bailey, Maria.</i>	<i>Adams, Gerry.</i>	<i>Aylward, Bobby.</i>
<i>Barrett, Seán.</i>	<i>Brady, John.</i>	<i>Brassil, John.</i>
<i>Boyd Barrett, Richard.</i>	<i>Buckley, Pat.</i>	<i>Breathnach, Declan.</i>
<i>Breen, Pat.</i>	<i>Collins, Michael.</i>	<i>Browne, James.</i>
<i>Brophy, Colm.</i>	<i>Crowe, Seán.</i>	<i>Butler, Mary.</i>
<i>Broughan, Thomas P.</i>	<i>Cullinane, David.</i>	<i>Byrne, Thomas.</i>
<i>Bruton, Richard.</i>	<i>Ellis, Dessie.</i>	<i>Cahill, Jackie.</i>
<i>Burke, Peter.</i>	<i>Ferris, Martin.</i>	<i>Calleary, Dara.</i>
<i>Byrne, Catherine.</i>	<i>Fitzmaurice, Michael.</i>	<i>Casey, Pat.</i>
<i>Canney, Seán.</i>	<i>Funchion, Kathleen.</i>	<i>Cassells, Shane.</i>
<i>Cannon, Ciarán.</i>	<i>Healy-Rae, Danny.</i>	<i>Chambers, Jack.</i>
<i>Carey, Joe.</i>	<i>Healy-Rae, Michael.</i>	<i>Chambers, Lisa.</i>
<i>Corcoran Kennedy, Marcella.</i>	<i>Healy, Seamus.</i>	<i>Collins, Niall.</i>
<i>Creed, Michael.</i>	<i>Kelly, Alan.</i>	<i>Connolly, Catherine.</i>
<i>D’Arcy, Michael.</i>	<i>Kenny, Martin.</i>	<i>Curran, John.</i>
<i>Daly, Jim.</i>	<i>McGrath, Mattie.</i>	<i>Donnelly, Stephen S.</i>
<i>Deasy, John.</i>	<i>Mitchell, Denise.</i>	<i>Dooley, Timmy.</i>
<i>Deering, Pat.</i>	<i>Munster, Imelda.</i>	<i>Haughey, Seán.</i>
<i>Doherty, Regina.</i>	<i>Nolan, Carol.</i>	<i>Kelleher, Billy.</i>
<i>Doyle, Andrew.</i>	<i>Ó Broin, Eoin.</i>	<i>Lahart, John.</i>
<i>Durkan, Bernard J.</i>	<i>Ó Caoláin, Caoimhghín.</i>	<i>Lawless, James.</i>
<i>English, Damien.</i>	<i>Ó Laoghaire, Donnchadh.</i>	<i>MacSharry, Marc.</i>
<i>Farrell, Alan.</i>	<i>O’Brien, Jonathan.</i>	<i>McConalogue, Charlie.</i>
<i>Fitzgerald, Frances.</i>	<i>O’Reilly, Louise.</i>	<i>Martin, Micheál.</i>
<i>Fitzpatrick, Peter.</i>	<i>O’Sullivan, Jan.</i>	<i>Moynihan, Aindrias.</i>
<i>Flanagan, Charles.</i>	<i>Pringle, Thomas.</i>	<i>Moynihan, Michael.</i>
<i>Griffin, Brendan.</i>	<i>Quinlivan, Maurice.</i>	<i>Murphy O’Mahony, Margaret.</i>
<i>Halligan, John.</i>	<i>Ryan, Brendan.</i>	<i>Murphy, Eugene.</i>
<i>Harris, Simon.</i>	<i>Sherlock, Sean.</i>	<i>Ó Cuív, Éamon.</i>
<i>Harty, Michael.</i>	<i>Stanley, Brian.</i>	<i>O’Brien, Darragh.</i>
<i>Heydon, Martin.</i>	<i>Tóibín, Peadar.</i>	<i>O’Callaghan, Jim.</i>
<i>Humphreys, Heather.</i>		<i>O’Dea, Willie.</i>
<i>Kehoe, Paul.</i>		<i>O’Keeffe, Kevin.</i>
<i>Kenny, Enda.</i>		<i>O’Loughlin, Fiona.</i>
<i>Kyne, Seán.</i>		<i>O’Rourke, Frank.</i>
<i>Lowry, Michael.</i>		<i>O’Sullivan, Maureen.</i>
<i>McEntee, Helen.</i>		<i>Rabbitte, Anne.</i>

10 October 2017

<i>McGrath, Finian.</i>		<i>Scanlon, Eamon.</i>
<i>McHugh, Joe.</i>		<i>Smith, Brendan.</i>
<i>McLoughlin, Tony.</i>		<i>Smyth, Niamh.</i>
<i>Madigan, Josepha.</i>		<i>Troy, Robert.</i>
<i>Martin, Catherine.</i>		
<i>Mitchell O'Connor, Mary.</i>		
<i>Moran, Kevin Boxer.</i>		
<i>Murphy, Catherine.</i>		
<i>Murphy, Dara.</i>		
<i>Murphy, Eoghan.</i>		
<i>Murphy, Paul.</i>		
<i>Naughten, Denis.</i>		
<i>Naughton, Hildegarde.</i>		
<i>Neville, Tom.</i>		
<i>Noonan, Michael.</i>		
<i>O'Connell, Kate.</i>		
<i>O'Donovan, Patrick.</i>		
<i>O'Dowd, Fergus.</i>		
<i>Phelan, John Paul.</i>		
<i>Ring, Michael.</i>		
<i>Rock, Noel.</i>		
<i>Ross, Shane.</i>		
<i>Ryan, Eamon.</i>		
<i>Shortall, Róisín.</i>		
<i>Smith, Bríd.</i>		
<i>Stanton, David.</i>		
<i>Varadkar, Leo.</i>		

Tellers: Tá, Deputies Joe McHugh and Tony McLoughlin; Níl, Deputies Michael Fitzmaurice and Mattie McGrath.

Question declared carried.

Note that in relation to the above division, another Deputy inadvertently voted in Deputy Thomas Pringle's seat.

Financial Resolution No. 3: Intangible Assets

Minister for Justice and Equality (Deputy Charles Flanagan): I move:

(1) THAT section 291A of the Taxes Consolidation Act 1997 (No. 39 of 1997) be amended in subsection (6)(a) by substituting “exceed 80 per cent of” for “exceed”.

(2) THAT paragraph (1) of this Resolution applies to expenditure incurred by a company on or after 11 October 2017.

(3) IT is hereby declared that it is expedient in the public interest that this Resolution shall have statutory effect under the provisions of the Provisional Collection of Taxes Act 1927 (No. 7 of 1927).

In September this year, the Minister for Finance published the report of Mr. Seamus Coffey entitled, Review of Ireland’s Corporation Tax Code. As part of his review, it was recommended that the increase in corporation tax receipts can be expected to be sustainable up to and including-----

(Interruptions).

Deputy Billy Kelleher: In fairness, we cannot hear the Minister.

Deputy Timmy Dooley: Would the Government Deputies not stay and listen to their own Minister?

An Leas-Cheann Comhairle: While there is a welcome on the Government side for Deputy Enda Kenny, we need to allow the Minister to be heard. Will Deputies Fitzpatrick, Madigan and Enda Kenny please allow the Minister to continue?

Deputy Paul Murphy: Throw him out.

(Interruptions).

Deputy Enda Kenny: I thought the Leas-Cheann Comhairle might allow me to speak to the good Deputies here.

An Leas-Cheann Comhairle: Deputy Enda Kenny will get an opportunity to speak if he so wishes.

Allow the Minister to continue without interruption.

Deputy Charles Flanagan: I thank the Leas-Cheann Comhairle. His intervention and consequent deliberation was the first spark in budget evening. I congratulate him on that.

Deputy Billy Kelleher: And now the Deputy has extinguished it.

(Interruptions).

Deputy Charles Flanagan: Mr. Seamus Coffey’s report stated the increase in corporation tax receipts can be expected to be sustainable up to and including 2020. However, to ensure some smoothing of the corporation tax revenues over time, it was also recommended the deduction for capital allowances for intangible assets and any related interest expense be reduced to 80% of the relevant income arising from the intangible asset in an accounting period. The Minister for Finance has taken on board this recommendation and is implementing it for claims made in respect of expenditure incurred by a company on intangible assets from midnight to-night.

The 80% cap will affect the timing of the relief in the form of capital allowances and related interest expenses for intangible assets. It will not affect the overall quantum of such relief. This is because any amounts restricted in one accounting period as a result of the cap will be available for carry-forward and use in a subsequent accounting period, subject to the application of the cap in the course of that period.

Notwithstanding that this is a timing issue, it is estimated the introduction of the 80% cap will raise an additional €150 million in 2018. To ensure fairness and that matters are clarified, it is not proposed there should be any period of uncertainty about this measure. That is why it is proposed to apply from midnight tonight. It is intended to put today's changes on a permanent statutory footing in the context of the forthcoming finance Bill.

I commend the resolution to the House.

Deputy Dara Calleary: Again, I will put the same question I put about stamp duty. There is €150 million allocated against this measure for next year. Is there absolute certainty with the forecasting model used by the Department that this amount will be raised?

The Coffey report was a welcome addition to our debate on corporation taxation. It is again important that on budget day we reiterate our commitment to maintaining that taxation rate in view of the various attacks being made on it. During the budgetary oversight process, Seamus Coffey, in his role as chairman of the Irish Fiscal Advisory Council, pointed out that potential changes to the common consolidated corporate tax base, CCCTB, are a bigger threat to our economy than even Brexit. It is important the backbone of the Government in standing up for our corporate tax rate is stiffened in the context of that assessment, as well as proposals made by the French President, Emmanuel Macron, and other European leaders around our corporate tax base.

Can the Minister stand over the projected €150 million figure? What are the Government's views of Seamus Coffey's remarks about the potential threat to our economy from changes to CCCTB?

Deputy Jonathan O'Brien: On the cap of the intellectual property that will be written off against profits at 80%, unfortunately, over the past several years, we have seen hundreds of billions of euro worth of intellectual property in the State onshored.

11 o'clock

The 2018 tax strategy paper shows that claims for capital allowances for intangible assets increased from €2.7 billion in 2014 to almost €29 billion in 2015 due to the onshoring of intellectual property by multinational companies. Sinn Féin tabled an amendment to try to capture some of that by making the measure retrospectively effective but, unfortunately, it was ruled out of order. Given the amount of money in question, it is regrettable the measure is only applicable from midnight. The Government needs to examine whether any of that money could be recouped.

Deputy Richard Boyd Barrett: I am very glad to have a chance to speak on this motion because it reveals and confirms the hidden secret of the Irish economic story that only the socialist left have been talking about for the past five years and which remained hidden in much of the budget debate because there was a deliberate attempt to narrow the debate on what was possible in the budget to a debate on fiscal space and whether that might be €300 million or €900 mil-

lion. We suggested there was billions of euro in untaxed corporate profits that, if taxed, would be available for the housing measures we did not get in the budget and for spending on health, education, infrastructure and tax breaks for hard-pressed workers. This motion gives a glimpse of the truth of our argument by revealing the enormous tax breaks given to the corporate sector in allowances and deductions. The scale of it is staggering.

People should read the report of Seamus Coffey to which the Minister referred. I do not agree with its conclusions but the stunning facts about the tax giveaway are very helpfully provided on page 120 of the report. It shows that pre-tax corporate profit jumped from €70 billion in 2010 to €149 billion in 2015, which is an increase of more than 100%. There are allowances for intangible assets and other items and deductions for all sorts of things, including company cars, management expenses and so on. Total deductions and allowances for the €149 billion profits in 2015 were an incredible €96 billion. Some of the choice deductions and allowances in that year included losses brought forward by banks, for example, of €2.7 billion. That is a tax giveaway to banks and the corporate sector.

A very shocking allowance or deduction is the €9 billion given back in 2016 for what are known as intra-group transactions. One would need to be an accountant to know what intra-group transactions are but €9 billion of tax was foregone in 2016 because of them. I am quoting figures from a Department of Finance publication on the cost of tax allowances, credits, exemptions and reliefs. Intra-group transactions involve a subsidiary of a company selling a product to itself and, magically, a profit becomes a cost. If a company makes €500 million in profit but its subsidiary charges that profit as a loan or cost then, for accounting purposes, the profit becomes a tax-deductible cost. It is absolutely unbelievable. Much of the €9 billion in intra-group transactions involved intangible assets, royalty payments, interest payments and loans.

The total cost of research and development tax credits in 2015 was €707 million. All Members believe in research and development but the €707 million given back to approximately ten or 15 multinationals could have been given to our universities. Would research and development be better served by giving that €707 million to ten or 15 major multinationals or to third level institutions for research and development in science, the arts, engineering and elsewhere? I would spend the money in our universities and not give it back to some of the wealthiest companies in the world, which do not believe in paying tax.

The total of all these expenditures is about €23 billion and this financial resolution goes a tiny way towards revealing that but in the overall context it is pathetic. It will reduce what is deductible on intangible assets and the interest payments on them from the current 100% exemption to 80% and the State will get a bit of extra money. However, companies will still get 80% relief on the purchase of intangible assets from themselves. That is brilliant accounting. Imagine if a Deputy tried to do that. Imagine if a worker tried to say that he or she made losses last year, owed a lot of money on his or her credit card and mortgage, had a lot of outgoings on public transport and feeding himself or herself so that he or she could go to work and he or she wanted a tax break on all of that. That is what the corporate sector gets. A worker would be laughed out of school if he or she asked for tax breaks on those things but the corporate sector gets them on everything. The scale of the tax breaks is staggering.

This minor measure recommended by Seamus Coffey opens the door very slightly on how our tax code facilitates billions of euro of tax being foregone. That needs to be exposed. I have been trying to do so in the House for five years. There would not even be a Coffey report if we had not been challenging this issue at the Committee on Finance, Public Expenditure and

Reform, and Taoiseach for the past five years and talking about how the effective corporate tax rate is not 12.5% but, rather, 2% or 3%. We forced that debate and there is now a little bit of a tilt towards it in this budget. In so far as it gives the State an extra €100 million, I welcome it but we could have gotten billions of euro by getting rid of those reliefs and enforcing the 12.5% corporation tax rate by closing down all of these loopholes. The affected companies would still be fantastically profitable and wealthy. They would still make far more in profits in this country than they would in any other country in Europe because of our low effective corporate tax rate.

Members should not believe the lie the Government tells when it says it only has €300 million, €600 million or €900 million and the only debate we can have is about that miserable bit of fiscal space. The truth is in the Coffey report: profits are up 100% and the wealth of the top 10% is up 51% in the same period because they are the beneficiaries as they own companies or have shares in them or benefit from property-related tax breaks the Government gave to speculators and vulture funds. There is no time to go into that issue but it is the other big element of the tax giveaway or corporate welfare that our tax code facilitates. The spongers in the corporate sector are leeching billions out of Exchequer funds and revenues that could be used for housing, health and education. We get not a single extra council house next year because we are not prepared to tax these guys. Yes, in so far as this is a tiny tilt in the right direction, we will support it, but it is the tip of the iceberg, and that iceberg is what we should bring into the light in order that the public can see it and we can ask the public whether it thinks a little more tax, or a lot more, should be imposed on these vast profits.

Deputy Bernard J. Durkan: One thing we should all remember is the danger of assuming a very simple way of getting extraordinary amounts of revenue from an unexpected source. Our 12.5% profits tax is well known and well recognised globally. It has worked extremely well for us in this country, it continues to work and I hope it will work for us well in the future. However, another issue is arising now, namely, whether we should collect taxes on profits earned in other jurisdictions, and the answer to that is a firm “no”. Obviously, taxes should be collected in the country in which the profits were made, not in a second or third country. If we are suggesting for a moment that we change that and become tax collectors for a myriad of companies all over the globe, we are going down the wrong road and will find that out very quickly. More importantly, if we proceed as is being suggested, that we become tax collectors in respect of moneys earned in other jurisdictions, the attractiveness of this country as a location for foreign direct investment will disappear overnight. There are two sectors: the indigenous sector and foreign direct investors. There are vested interests. I have heard them and I have listened to them. Some of them are in Europe and some of them are elsewhere. They have an interest in reducing the attractiveness of this country as a location for foreign direct investment. Why we seem to be singled out in this way I do not know because we are not that big, but we have been identified. We have been assured by the Revenue Commissioners here that we have adhered to the spirit and the letter of all international tax laws in the past and we will continue to do. The point is simply that we need to be careful in that if we decide to collect taxes on profits earned in other jurisdictions, we will pay a very high price.

Deputy Pearse Doherty: I know Deputy Calleary has raised the issue of the costings of this measure. The budget book shows that €150 million will be gained as a result of reverting to the 2014 position. I find it interesting that the Department was able to come up with such a figure with such accuracy. When I asked a parliamentary question, which was answered just a couple of days ago, the Department could not give any figures in this regard. One would imagine it would have been able to give more concrete information because it would have had more data.

At that time we asked for it to be reinstated and retrospective and we knew, as the Department knows, that capital allowances for intangible assets increased over the 12 months in 2014 from €2.7 billion to €28.9 billion. There are serious questions as to the sequencing of all this.

It should be remembered that this was at a time when I and others were arguing that the Government needed to close the double Irish. To refresh Deputies' memories, the previous Minister, Deputy Noonan, said the only thing wrong with the double Irish is that it had "Irish" in its title, that it was completely outside the control of this Legislature to close that loophole. Lo and behold, when more and more pressure was put on him, when the international spotlight was put on us regarding how we were allowing for this tax loophole in our own tax code, the former Minister finally moved and closed the double Irish. However, when he did so, he opened up another massive loophole at the same time in 2014. He changed the amount that could be used against intangible assets from 80% up to 100%, which means one could write off 100% of one's properties against intellectual property, IP. It should be remembered that these companies, many of which had been availing of the double Irish, are household names. Apple, for example, is one of the major beneficiaries of this change introduced in 2014, together with other multinational companies when they onshored massive amounts of IP to Ireland. This is why we had leprechaun economics, as it was called. All this IP was taken onshore and it was shown that our GDP increased by 26%. There are questions surrounding this, and I have my own suspicions as to whether this was a wee cosy arrangement done with the multinationals to close down one loophole because of the international pressure, including from Sinn Féin and others, being put on the Government and to provide these companies with a nice sweetheart deal to allow them to take all this IP onshore and write down their tax liabilities to single digits. According to the Comptroller and Auditor General in his report just a couple of weeks ago, 13 of the top companies in this State pay an effective tax rate of less than 1%. It is through these mechanisms, things that the Government deliberately put into the tax code, that they are able to do that, and that is what this is about.

How is the Department able to confirm a figure of €150 million when just two weeks ago it was not able to give any figure? I would like an answer to that. Will the Minister explain why he is not capturing this tax? These are capital allowances that will be claimed year after year. This is not about collecting tax in other jurisdictions. The IP is in this State, the profits are being recorded in this State, and capital allowances are put against those profits to write down their tax liability to negligible numbers. I have those questions, I have my own suspicions and we will deal with this in greater detail when the Finance Bill comes through. However, I am deeply disappointed. One of the big problems here is that Opposition Members cannot table amendments that could result in a cost to the Exchequer. This was a sensible amendment coming from Sinn Féin that this should be applied not just to IP taken onshore from today but also to the tens of billions of euro in IP that has been brought onshore in recent years. Again, we always know who wins in these scenarios, namely, the big multinational companies with which the Minister and the Government consult before they introduce these types of measures on budget day. We know it is the bankers who will benefit, because they will not pay any tax, and the big vulture funds. The arrangement between the Government and Fianna Fáil about the capital gains allowance, the seven-year exemption, is a con job. It should be remembered that there are people who will be selling commercial property next year, and this is not vacant land because this applies to office blocks, hotels and so on, who will no longer be liable to 33% on the gains they made as a result of the measure the Government is bringing in. This is despite the fact we know the land hoarding is going on not because of the seven-year capital gains tax rule, and I am sure Fianna Fáil knows that as well, but because of a different measure that this

Government introduced last year in the Finance Bill, facilitated by Fianna Fáil, and that is the five-year exemption from CGT.

We have heard a lot about NAMA, for example, and the document that was released through a freedom of information request about the 50,000 units that could be built on NAMA lands. It is claimed by Fianna Fáil, and indeed the Government now, that the barrier for this is the seven-year CGT exemption. Do they think we are fools? The CGT exemption did not apply in the first year of those sales for a start and did not apply in the past three years. Some 80% of the lands that were sold by NAMA were outside the scope of the CGT. Then we are told by Deputy Cowen and others that it was vulture funds that bought the land and the CGT exemption applies to them. Vulture funds do not pay CGT within the funds because of the tax code in this State. The only tax they pay is a tax that I forced the Government to introduce, namely, dividend withholding tax. The reason it is now more profitable for those companies to hold on to vacant sites is, as the Minister's officials told him before the Finance Bill was signed into law last year, that the Government built in a measure in the funds whereby it is now more profitable to hold lands that were sold to vultures from NAMA for five years. I am therefore deeply suspicious of the type of measure the Minister is introducing. I would love to see €150 million additional brought in through this measure but I would like to see the hundreds upon hundreds of millions if this measure were not capped at being introduced at midnight tonight. Before we vote on the resolution, will the Minister tell us how the Government was able to come up with this figure and what is the genuine reason for not applying the measure to intellectual property that was onshore before? Will he tell us who the tax advisers were and the multinational companies the Government consulted before the resolution was brought before the House?

Minister for Justice and Equality(Deputy Charles Flanagan): Essentially, two issues have been raised by the four speakers. First, on the manner in which the cost of approximately €150 million was arrived at, I never confirmed that the figure was €150 million. It is an estimate. While it could well transpire to be accurate, it is not a figure that can be confirmed.

Deputy Pearse Doherty: It is included in the budget book. The whole budget is based on it.

Deputy Brendan Howlin: The budget has to add up.

Deputy Charles Flanagan: The second issue concerns the capital allowance in the first instance. I acknowledge that there are difficulties in assessing the potential for changes, given the nature of the companies involved, the predictions of their future behaviour and the expenditure amounts involved. However, in recent times the Revenue Commissioners have reviewed the data for prior year claims under section 291A and the profits of and the corporation tax paid by companies using the section. Using these data and extrapolating an estimated level of intangible assets to be placed onshore in the future, it is expected that this measure will raise in the region of €150 million next year. This is an issue that can be discussed in detail later this year in the context of the Finance Bill.

Deputy Richard Boyd Barrett has referred to these measures as loopholes, but I do not accept that. Neither do I accept what Deputy Pearse Doherty has said about cosy arrangements and sweetheart or secret deals. It is fair to say there is, not only in this jurisdiction but also right across the world, a general move towards the co-location of intangible assets. There has been substantial activity in response to international tax initiatives, particularly with reference to the OECD, an issue that has been discussed both at committee level and across the House in the

context of base erosion and profit sharing. The capital allowance regime in this jurisdiction is very important in attracting substantial economic activity. I do not need to remind the House of the importance of foreign direct investment in job creation in the economy and of the contribution it has made for many years but, in particular, in recent times as we have moved towards recovery. In that regard, intangible assets are becoming increasingly important in global business. They are the key to innovation and the exploitation of new products and markets and an important source of a competitive advantage for businesses in Ireland. There is a growing trend towards centralising the management and exploitation of these assets in global or regional hubs. It is important, therefore, that we continue to ensure Ireland is well positioned as an attractive location for global businesses seeking to develop and commercialise on the international stage.

It is important that we proceed with this resolution. It is also important to reflect on the fact that, prior to the introduction of the scheme, the tax system provided for an allowance of a limited nature, for example, for patent rights, computer software and know-how, but in recent times we have moved towards a more broadly based scheme for assets under section 291A. That is why it was important that it be used to address the needs of the tax system. I do not believe we are dealing with any secret or sweetheart deal. In fact, the evidence clearly shows that Ireland has followed the international norm in this regard and taken a similar approach to that taken in countries such as the United Kingdom, our nearest neighbour, and the USA. This is important in the context of the current regime in the United States and the manner in which it is dealing with revenue and tax issues. It is also important in the context of the impending withdrawal of the United Kingdom from the European Union.

Question put and agreed to.

Financial Resolution No. 4: General

Minister for Justice and Equality (Deputy Charles Flanagan): I move:

THAT it is expedient to amend the law relating to inland revenue (including value-added tax and excise) and to make further provision in connection with finance.

Debate adjourned.

Written Answers are published on the Oireachtas website.

The Dáil adjourned at 11.25 p.m. until 10 a.m. on Wednesday, 11 October 2017.