
Speech by Taoiseach Leo Varadkar TD at the IBEC Presidents Dinner, RDS, Ballsbridge

Ministers, distinguished guests, ladies and gentlemen, good evening.

Thank you Danny for the very kind introduction and the invitation to be with you this evening.

I would also like to take this opportunity to congratulate your outgoing President Anne Heraty on an outstanding year, and give my best wishes to her successor, Edel Creely, who I know will be equally successful.

I welcome the chance to talk to you this evening because we are I believe at a point of inflection in our country's history.

IBEC has an illustrious history and some distinguished forbears, predating your organisation's formal creation. Forty-five years ago some of the greatest of them lost their lives in a tragic air accident while on their way to Brussels for a fact-finding mission in preparation for Ireland joining the European Economic Community. They included Ned Gray, the director general of the Confederation of Irish Industry, one of your founding organisations, Con Smith, its then president, and Guy Jackson, a former president.

They are recalled to this day by a plaque in Herbert Park which I know well.

They had a vision for Ireland that went beyond the narrow nationalism of the past. They saw Ireland as an island of potential and ambition, a country that could move from being on the edge of Europe to being at its heart.

Tonight I want to recognise and pay tribute to their vision and courage, because it was a dream that did not die at Staines, but lives on today.

Their vision of an Ireland that was ambitious and outward-looking is shared by this government. We face challenges, but we are prepared for them, and we will prevail.

Three Assurances

Tonight I want to take this opportunity to set out the five key principles of this government's economic policy. But first I want to provide three key assurances.

One. This government is fully engaged with the Brexit challenge. We have a clear vision about what we want to see emerge from the negotiations, and a co-ordinated approach across all departments and agencies.

Two. We are determined to protect our national tax policy and will oppose any moves on corporate tax consolidation or turnover taxes on digital companies. We also remain committed to the OECD-led process on tax transparency. Ireland is not and will never be a tax haven.

Three. We see extra capital investment as a buffer against future problems and an enabler for future success.

I am able to offer those assurances in full confidence because the government which I lead has a strong economic policy underpinned by five key principles.

The first is a prudent fiscal policy, balancing the budget and reducing the national debt.

Ensuring that work pays by reducing personal taxation.

An ambitious programme for capital infrastructure.

A foreign policy that supports free trade, managed migration, keeping Ireland at the centre of Europe and embracing multi-lateralism as the best way to solve the world's many problems.

Achieving full employment, and more than that - good jobs that pay the bills, improved employment rights, and pensions.

Cúig bhunprionsabal

Is é an chéad cheann ná polasaí físcach stuama, an buiséad a chothromú toisc go gcuirfear teaglaigh agus lucht gnó ar a suaimhneas le hathruithe an tsaoil atá inniu ann.

Tá an dara cheann an tairseach ar a thosnaíonn daoine ag íoc ráta cháineach níos airde a laghdú a chinnteofar go mbeidh pá níos fearr acu as a gcuid oibre.

Is é an tríú cheann ná clár uaimhianach d'infreastruchtúr caipitil a chuirfimid ar ár gcumas foirgniú ar mhaithe le hÉireann sa todhchaí.

Is é an ceathrú ceann ná creideamh daingean sa saothrádail, i riar ar imirce, an Eoraip agus ilchliathánachas mar an slí is fearr roinnt mhaith de fhadhbanna an domhain a réiteach.

Is é an cúigiú ceann ná fostaíocht iomlán a sholáthar agus níos mó ná sin - fostaíocht mhaith, le poist a bhfuil pá maith, coinníollacha maith agus pinsean ag baint leo.

So tonight I will say something briefly about each one, starting with fiscal policy.

Next month, for the first time in ten years, we will publish a budget that will balance the books, and will also continue to reduce the national debt.

We do this because we have not and will not repeat the mistakes of the past – not our mistakes, but the mistakes of others – but ones which we need to learn from nonetheless.

As the Minister for Finance, Paschal Donohoe, has made clear we will do what is necessary to keep Ireland secure in a risky world. So we will keep public spending increases modest and therefore sustainable. We will not permit a return to the boom/bust economics of the past.

It is striking to remember that fifty thousand new jobs have already been created this year because of the pro-enterprise economic environment we put in place, because we believe in rewarding work and enterprise, and because of your entrepreneurship. Thank you for that.

It is also significant that Ireland's general government debt-to-GDP ratio has declined steadily in recent years - and is projected to fall to 72.7 per cent of GDP this year.

However, this ratio can be misleading.

If you take the alternative measure developed by the CSO - GNI* - our debt level remains at about 106 per cent.

In cash terms, at the end of last year public debt amounted to around about €42,000 per person in the State.

So, the Government must balance necessary public capital investment with prudent fiscal policy.

We believe that work should pay and we want everyone, including those on middle incomes, to gain from the system they fund through their taxes. Too many people feel that they pay for everything but get little in return.

Where we have scope in the budget, it will be used to reward work and enterprise, and will benefit those on middle incomes and those who pay the highest rates of tax far too soon.

High taxes that take away 49% of the overtime you do, the extra hours you work, or the pay increase you earned are a barrier to opportunity and to work. They are a cap on aspiration and there should be no cap on aspiration in the Ireland we wish to build.

We also want to develop a new social contract, one that's based on the contributory principle: the idea that everyone who can afford to should make a contribution, in the knowledge that they will benefit when they need it. To do that we want to expand and improve social insurance related benefits in the years ahead.

So we've taken the decision, rather than abolishing the USC outright, that we will merge the USC and PRSI over time. That's a complex and challenging task, and it will take many budgets to do it, but when completed it means we will have the kind of social insurance system that exists in other European countries. And I think we've made a good start on that already.

We are improving benefits for people in work to reflect their contribution to the social insurance system, including the self-employed.

For example, from December, the self-employed will have access for the first time to the Invalidity Pension if they can no longer work.

Treatment benefits (dental and optical) are being restored and extended to the self-employed for the first time.

We have also introduced paternity leave for new fathers, and will seek to further improve provision for both parents.

Another priority is to ensure that more people in work make provision for decent pensions when they retire.

This issue has been long-fingered for too long, and now that the economy is recovering strongly we must act decisively, and we will publish a five year roadmap for pension reform before the end of the year.

This will include introduction of an auto-enrolment pension scheme for private sector workers, two-thirds of whom currently have no occupational pension to supplement their state pension. I anticipate the first payments being made into those new individually held funds by 2021.

We will work closely and consult with employers on the design of this scheme, and on all of these reforms.

For this Government and for Ireland to succeed, we need to think long-term and that means planning for an Ireland in 2040 which will be home to almost 6 million people. That is why investment in capital infrastructure is our third key principle.

Central to this is the new National Development Plan that the Government will

approve before the end of the year.

We will not introduce a planning framework, like the 2002 National Spatial Strategy, and then abandon it more or less immediately.

Rather we will bring the National Planning Framework and our ten year capital plan together and publish them at the same time, ensuring that both are aligned.

In this way we will be able to plan meaningfully for the next twenty years. In doing so, we will ensure that investment in education and higher education, and in roads and public transport, is timed and targeted appropriately into the future. And the same is true for housing, healthcare, broadband, and investment in sport and culture.

This approach is essential to ensure that all parts of our country share in the recovery and our growing prosperity.

Dublin will need a response to its obvious challenges, particularly those relating to housing and congestion, and will continue to compete for Ireland internationally, in the knowledge that often what is lost to Dublin is lost to Ireland.

And also with this plan, we aim to bring about true balanced regional development in Ireland, ensuring that cities like Cork, Waterford, Galway and Limerick can grow by 40-50% in the two decades ahead, at a rate that is faster than the capital.

I know that people are sceptical about ten year plans, but look at what we did in the last five years when we had little money.

Luas Cross City, the new National Children's Hospital now under construction, and the Newlands Cross, the Gort-Tuam motorway, the N11, one hundred primary care centres, and new schools and extensions in every county. Imagine what we can do in the next ten years now that we do have the money.

Investment in higher education is also important because we need to invest today, so we can imagine and prepare for the world of tomorrow.

We are all aware of the disruptive effect of digitalisation, which is transforming entire business sectors.

This underscores the importance of lifelong learning, as well as continued investment in the digital economy and research and development. It is an area where we can and should work together.

Housing and Homelessness

The government understands the stress faced by people without a home, as well as those struggling to buy one. In 2012 some people said we would never get on top of the jobs crisis, as unemployment hit 15%, but we did.

We will bring the same determination and focus to solving the housing crisis.

Currently, every working day, we provide housing for 80 individuals and families. There are 20,000 new tenancies a year because we believe everyone should have a home.

We are being imaginative in how we approach the crisis, and we will do all that is necessary to solve it. Build more council houses and apartments; service more development land; make apartments more affordable to build and buy; make it more attractive to let a house or apartment, to name just a few. We will not, however, introduce new tax breaks for developers.

Our fourth key principle reflects our belief that we are not an island at the edge of the continent, we are an island at the centre of the world - at the heart of the common European home we helped to build - confident about our place in the world at a time when so many other countries are not.

When it comes to the challenge of Brexit, our approach is based on ensuring we are shaping our own destiny, rather than relying on others to do it for us.

Ultimately we are working to secure three key things. We want the gains of the peace process and the provisions of the Good Friday Agreement to be protected; we want no new barriers to trade, north/south or east/west; we want to maintain the Common Travel Area and the reciprocity of civic rights between Britain and Ireland.

We seek an orderly withdrawal of the UK, and effective transitional arrangements to make that possible.

Over the next few months we will work with local authorities, chambers of commerce, and key organisations such as IBEC to ensure that there is a coherent response to Brexit, and provide confidence to businesses that we are ready for all contingencies.

One of the people who died in that terrible tragedy at Staines in 1972 was a young man called Michael Sweetman. In the 1960s he was closely involved with one of your founding organisations as director of foreign trade for the Confederation of Irish Industries.

Almost fifty years ago he wrote a pamphlet called 'Challenge: industry and free trade' which set-out the business potential for Ireland if we joined the EEC. It predicted many of the things that have come to pass.

Today that work is continued by the IBEC-CBI Joint Business Council.

Over the past twenty-five years it has made a significant contribution to the

development of the all-island economy, and has consistently promoted the benefits of the all-island economy for jobs, growth and investment.

This work is crucial to sustaining prosperity and protecting the peace process that benefits communities across the island, and I congratulate you on your work, and ask that you intensify it.

The future of business is knowledge and we must be open to attracting and recruiting talented people to this country.

Today Ireland is one of the fastest growing economies in Europe.

Nowhere is our progress more evident than in the labour market.

Not only is the Government on track to meet its employment target next year, but we expect to have more people in employment than ever before by the end of the decade.

In fact, like many countries, we are beginning now to see a tightening in the labour market. We face the new challenge of increasing the participation rate – supporting people back to work and into work for the first time, thereby meeting the skills needs of employers like you.

So, the fifth principle of our economic policy is a commitment to providing more than full employment, it is about providing good employment, with well-paying jobs, good conditions, and pension entitlements.

Taken together, we want to ensure that in the future people are able to plan for themselves and their families, confident about where they work and where they live, how they travel, and about growing old.

The Government will legislate to help employees whose contracts do not reflect the reality of the hours they work, and will prohibit so-called zero hour contracts.

This week we decided to prioritise publication of this legislation this Dáil session.

Culture of Aspiration

This government believes in hope and aspiration, a better life as something to aspire to, and something to rise up to.

It's not something that can be handed down by someone else. The State can't solve everyone's problems for them, and most people don't expect it to, but the state can help, and it should. It should see itself - and be - an enabler and facilitator of progress.

Committing to building a Republic of Opportunity means that we are proud of our ambition to foster a culture of aspiration in Ireland. We want to encourage people to reach their potential and to make a better life for themselves and their families and their communities. We want every part of the country to share in our prosperity and progress.

We believe that this should be a country of aspiration, not of privilege.

Conclusion

In the past we were constrained in our ambitions, by our history, by our isolation from Europe and the rest of the world, and by our lack of self-confidence.

Today there is no limit to our ambitions.

If we show courage, imagination and leadership we can ensure that the vision of some of your forebears can help guide Ireland towards a prosperous and successful future.

So I will end with two requests.

You have played a leading role in the past in representing business and industry and ensuring that we in government benefitted from your expertise, experience and advice. Today, more than ever, you play a vital role as we attempt to successfully navigate many challenges.

So let us remember the sacrifice of those who have gone before us, let us honour their memory, and let us work together to try and complete their legacy.

Join us as we work to build a better Ireland, and support us as we imagine the Ireland of the future and make it a reality.

We are only limited in our ambitions if we choose to put a limit on our ambitions.

Thank You.