

**Speech by the Minister for Public Expenditure & Reform,
Mr. Brendan Howlin T.D. at the Joint IMPACT/PSEU
Seminar on “The Public Service post the
Comprehensive Expenditure Review”**

Thursday, 29th September 2011, Conrad Hotel, Dublin

“The Challenge for Government”

Ladies and Gentlemen

The Economic Challenge

I am pleased to have the opportunity to talk to you this morning on the occasion of this joint seminar for IMPACT and PSEU members. I have been invited to speak to you today about the “Challenges for Government”. Those who work in the public service, including the members of IMPACT and the PSEU, will appreciate these challenges more than most, but it is worth recapping the scale and the magnitude of the task that this Government must address.

Ireland is now borrowing over €1 billion every single month just to pay our ongoing expenses. The costs of bailing out the banks – another €10 billion or so in 2011 – is on top of this. For various reasons – to do with the global economy as well as the catastrophic mismanagement of our domestic economy – the international markets from which we normally borrow money are closed off to us. Emergency borrowing from the EU and IMF is needed to fund our public services, pay people’s wages, pensions and social welfare benefits, and generally keeping our ATM machines functioning.

That emergency borrowing comes with very definite strings attached. The lenders of last resort need to know that they will, in fact, get their money back. And it must be said that Ireland is performing reasonably well in living up to our side of the deal with the EU and IMF. We are meeting all of our international commitments, the competitiveness of our economy is improving and exports are strengthening. Figures published in the last couple of weeks have shown that the Irish economy is finally growing once again. They also provide further evidence of stabilisation and our target for the general government deficit this year remains on track.

Putting our house in order

But we are not there just yet. While keeping our eye on the prize of a more prosperous future, for the present we must stick to our task, and chart the long course back to a sustainable budgetary position. It will be a difficult course.

For 2012, Ireland is committed to a fiscal consolidation of €3.6 billion, to move our deficit down to a level of around 8.6% of GDP – still extraordinarily high by international standards, but now at least on a decidedly downward path.

This consolidation is unfortunate, it is painful. We in Government know that full well. But it is also vitally necessary. I will be blunt with you, we must get our house in order – future economic growth will only come from a solid and sustainable fiscal position.

Our job is to ensure that consolidation has as modest an impact on our growth prospects as is possible, and, equally importantly, is as equitable as possible. We must also do what we can within the constraints upon us to support growth in the domestic economy and to create more jobs.

Let me be clear – our overriding priority is to work our way out of the economic straitjacket we currently find ourselves in, to regain full control of our own affairs and to do that as quickly as we can.

The Comprehensive Review

The €3.6 billion fiscal correction is not a small figure, and it will include both tax measures and spending reductions. As far as spending is concerned, the Government has decided to undertake a new approach. Earlier this year, we launched a Comprehensive Review of Expenditure, a root-and-branch examination of every area of public spending, to see where resources could be moved from old spending lines towards new priorities, and to see how the business of government could be delivered in new ways. Ministers and their Departments are now finalising their detailed analysis, and the results of this new exercise will be decided by Government over the coming weeks. A similar task has been undertaken on Capital spending, to examine where our more limited resources can be invested to maximise the impact on jobs and on supporting economic growth.

There are some points in particular I would like to emphasise about the Comprehensive Review. First of all, this is not just 'business as usual', with a narrow focus on cuts and savings. Yes, of course, there will be less money to go around, and this will have an impact upon the scale of public services that we can provide. But my Department is not just a Department of Expenditure – it is a Department of Public Expenditure and Reform, and the Reform dimension will play a crucial role in how we all, as public servants, deliver modern public services more efficiently and more imaginatively in the future.

The Comprehensive Review of Expenditure is not a "one-shot deal". The Government Programme sets out our plans for a major overhaul of the way in which public expenditure is allocated from year to year. I am determined to move Ireland on from the traditional, one-year scramble around the Estimates and the Budget, with less attention to matters of substance, to scrutiny of our performance, to medium-term planning and structural reform. By the end of this year, Ireland will have put in place a new, modern Medium-term Expenditure Framework that will bring all of these matters to the fore.

I believe, for example, that Ministers and Departments should be more accountable to the Oireachtas and its Committees on how they spend their allocations, and on their plans for delivery and reform. I believe that Ministers and Departments should be delegated more authority from the centre, to prioritise within their expenditure envelopes, and to be accountable to the public for their performance. And I believe that all of these things – performance, accountability, reform – will put Ireland and Ireland's public servants in a good position to meet all of the challenges that will confront us; this year, next year and beyond.

Renewing the Public Service

Addressing the public finances is a key priority and the difficult decisions involved are sadly unavoidable. The challenge for Government is to maintain critical frontline services to the greatest extent possible with the substantially reduced resources available.

Further reductions in public service staff numbers are necessary to deliver the significant savings we need to make on the public service pay bill over the coming years. This Government has set ambitious targets to reduce numbers by between 18,000 and 21,000 from the end of 2010 to the end of 2014 and a further 4,000 in 2015.

If we are to minimise the effect which spending and numbers reductions will have on the day to day public services that so many depend on us to provide, then we need to fundamentally change the way in which, each of us, as public servants go about our daily business.

We need a public service:

- that has the flexibility, capacity and capability to respond to an ever-changing economic and business environment;*
- that does “better for less”, providing real value-for-money for the Irish taxpayer by maximising efficiency and eliminating waste; and*
- that is focused on improving organisational and individual performance, with a real commitment to excellence in administration and service delivery.*

My appointment to the new role of Minister for Public Expenditure and Reform underlines the importance which this Government attaches to the reform agenda and its potential for underpinning economic recovery. My Department will lead an integrated and coordinated programme of reform across the public service based around the principle that services for the general public and business customers should be designed and delivered with those customers at the centre of our thinking. We will do this by making greater use of eGovernment and ensuring that service delivery channels are as efficient as possible.

Public Service organisations must, on an ongoing basis, examine every aspect and function of their business, to identify opportunities for greater effectiveness and efficiency. As well as the more immediate steps such as better public procurement and eliminating waste, a wider programme of structural reform is required. As a first step, this will require measuring and analysing processes and outcomes, so as to inform decision-making.

Of course, it is not simply a case of changing structures. Processes must be properly analysed and made more efficient. To this end, my Department is now coordinating an approach to promote greater use of Business Process Improvement techniques and methodologies across the Public Service.

We must empower those who work in the public service and, for that reason, we are also putting in place structures and systems to greatly enhance Public Service leadership and performance. For example, the Senior Public Service is already operating in the Civil Service and will be extended to the wider Public Service and my Department is leading work to strengthen and extend performance management systems.

We are establishing a dedicated Reform and Delivery Office to drive this programme. This new Office will be led by a Programme Director, who will be appointed in the coming weeks. It is also intended to appoint senior officials to take the lead on specific aspects of the reform agenda, for example on shared services.

The role of the new Office will be to integrate the various reform initiatives across the Public Service and to provide oversight and coordination of the reform programme to ensure consistency and a strategic perspective. This will particularly be the case where a cross-organisational or cross-sectoral approach is required, and where leadership is needed to ensure an optimal outcome.

Croke Park Agreement

Of course, reform on this scale, involving 300,000 staff and hundreds of organizations, will be impossible to achieve without the support, co-operation and flexibility of all public servants. These are the people you represent here today.

That is why the Croke Park Agreement is so important.

The Agreement provides us with the tool-kit for making reform happen. It commits management and staff to “working together to build an increasingly integrated Public Service which is leaner and more effective and more focused on the needs of the citizen”.

The Croke Park Agreement, however, is not something you sign up to and forget about. It must not be something remote from our daily work. We must all work at the Agreement constantly to make sure it survives and that all those looking at it from outside can see its value.

I should also say that the Agreement cannot be solely for those of us active in industrial relations. Many public servants at the coalface are crying out for change also. They have been frustrated by a system based around old mechanisms that, in some instances, have been bedded down since the 1920s and which stifle initiative and innovation. They want to see an elimination of waste as much as any other taxpayer in the economy.

We are fortunate to have people of great ability and calibre in the public service and we must ensure that reform delivers for them and provides them with a means to realise their full potential.

The framework provided by Croke Park can and will enable us to overhaul the system and make it work for the public it serves and the staff it employs.

When the Taoiseach and I met with Tom and Shay and the other members of the Implementation Body over the summer, we made clear to them that the Government wishes to honour the commitments made under Croke Park but that we can only do so provided there is full co-operation with the change and reform that is needed.

Earlier this year the Implementation Body reported that “solid and measurable” progress had been achieved in Year One of the Agreement. I welcome that. It shows the Agreement is working and is delivering – contrary to the impression that poorly informed critics would like to give.

But, as everyone here knows, there is much more yet to be delivered in the sectoral agreements under Croke Park. We need to see a real acceleration in real demonstrable progress. We also need to see all sectors playing their full part in the process, with equal effort and ambition.

Delaying reform is not an option. There are high expectations on the part of citizens as taxpayers at this difficult time for the country and we must ensure they are met.

Remaining outdated work practices will have to be reformed and traditional but over-generous entitlements and working arrangements will have to be addressed. We must not give any ammunition to those looking to criticise the Agreement or the public service.

I am aware that the Implementation Body has recently asked for a further update on progress under the Agreement and I look forward to seeing the results of that in the coming weeks.

Later in the year, once decisions have been taken by Government under the Comprehensive Review, we will need to identify those measures that are appropriate to be dealt with under Croke Park and consult on delivering those changes in the way that the Agreement sets out.

As I have said on other occasions, this is not about a “Croke Park 2” – it is about using the framework we already have in place to deliver the fundamental reform required.

I acknowledge the co-operation shown to date by public servants and the public service unions under the Croke Park Agreement. Both IMPACT and the PSEU have been to the forefront in supporting the Agreement and its implementation.

Conclusions

The current crisis has created enormous difficulties for everyone. Public servants have been affected also – and I acknowledge that. There have been significant reductions in pay and living standards have suffered.

But public servants also find themselves in the position of being able to contribute to economic recovery. I understand that many of the changes required will be difficult but I am confident that public servants will rise to the challenge. I think there is a real appreciation among those working in the public service of the scale of the problems this country faces and a sense of common purpose around doing what needs to be done to get us through it.

I have no doubt that the Croke Park Agreement will be tested in the period ahead as the pressure to deliver further savings intensifies; as difficult decisions are taken following the Comprehensive Review; and as significant numbers depart ahead of the end-February pensions deadline.

The onus is on all sides – management, staff and their representatives – to ensure that the Agreement is resilient enough to survive all of these tests and still deliver. All of you here today, and those you represent, will have an important role to play in that.

This Government has inherited an immense set of problems. But let me assure you that we are determined to meet each challenge head on. We will see this country through these toughest of times and we will guide it towards a stable and prosperous future. We want to ensure that public servants have a decent standard of living and that a career in public service remains a good option in the future.

I look forward to your continued support as we work together over the coming months and years to achieve these objectives.

Let me finish by wishing you all the best for an interesting and productive session today.

ENDS