

Speech by the Minister for Public Expenditure and Reform,

Mr. Brendan Howlin, T.D.

at the IMPACT Conference (Civil Service and Health Divisions)

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Mr President, Members of the Civil Service and Health Divisions of IMPACT,

I would like to thank you for the invitation to speak here this morning. It gives me a timely opportunity to talk to you about the new Government's vision for the public service.

Reform of the public service is and must be constant. Even if there had not been the economic crisis of the last few years, the world is now changing so fast, and the public's expectations with it, that the public service has to constantly reform just to keep up.

The position that your employer now finds itself in, of living on borrowed money to keep the lights on and the doors open, just lends urgency to the impetus for change. The dynamics for change at this time, where the impetus must be to save money and cut costs while seeking to maintain or improve service delivery, is on a different scale to our past experience.

Key to meeting that challenge is the Comprehensive Spending Review that is now underway in each Government Department. This is a forensic examination of how we spend public money in this country and, crucially, to what end. Its results will determine the scope of our public services in the years to come. The Comprehensive Spending Review is not an exercise that is being done to the public service: it is being done by the public service. It is a collective project, where each of us – as public servants, as citizens and as taxpayers – have a stake in its success.

I strongly believe that public servants – including myself and my colleagues in Government – will meet, indeed surpass this challenge. I also believe that the strong traditions of public service, of which we can be proud, will be maintained. It will not be easy. There will be difficult decisions.

But we need to make those decisions now, and on our own terms. If, together, we take bold and decisive action; if we are not afraid to think differently; then we can, finally, make lasting progress. Not only that, but I believe that we can fully restore public confidence in, and public support for, the public service.

A new vision of public service....

Ireland's profound and complex economic crisis, where we are fighting a battle on three fronts – high unemployment, a major failure in banking, and a fiscal crisis – has, understandably, focused minds on public service reform.

But public service reform is not an easy shorthand for cutting public spending.

Public services are a means by which we realise our aspirations for our society, and the opportunities we want for our citizens. And that is what makes them so important.

Let's be clear: public services are different, with different objectives and a different ethos to those which prevail in the private sector.

After all, we come together, as taxpayers and as citizens, to fund public services precisely because we believe they serve a purpose too important to be left entirely to the market.

However, this does not mean that public services should not be transparent. That they should not make the most efficient use of public money, including purchasing private sector help when necessary. That their effectiveness cannot be measured.

If anything, these principles are even more relevant in the public sector, because the stakes are so high and never more so than now. What could be more important than ensuring that our population is well – educated; that people in need of a job can get help; that our children and elderly are cared for; that businesses can operate in a fair and predictable environment; and that government is transparent and democratic?

It is this belief – a belief in the fundamental importance of public services to our society and to our economy, and of the intrinsic value of public service – that will drive this government's programme of reform.

... that can meet the challenges of the future, not just the present.

Even before the economic crisis was upon us, changing public needs could not be met without far-reaching reform to the public service.

Take, for instance, the way technology has transformed every aspect of our lives, changing what counts as 'common sense'. Today, people expect to be able to organise most of their affairs on the internet, and to be able to tailor those services to their needs, at a place and time that suits them. We have examples of excellent online provision, for example the non-principal private residence charge, but there is still a significant way to go before the State catches up with how its citizens expect to live and work now.

Another significant challenge is demographic change. Over the past twenty years, the number of people in Ireland over 65 increased by 140,000. Over the next twenty years, that increase will be almost half a million, with the fastest growth among the over 85s. This will have a profound affect on our society, not least in the cost of caring for the elderly. We cannot change the fact that people are growing older; and we cannot change the reality that they will need more medical care, and for longer. What we can change, quite fundamentally, is the cost of delivering that care through a reformed health system.

Reform of the public service is even more critical in the current environment...

The backdrop to this reform agenda is the most serious economic crisis our country has ever faced. As a direct result of reckless economic mismanagement, both during the property boom and in its catastrophic aftermath, Ireland's bills are being paid with borrowed money, and at a heavy price. These are the hard facts before us, as we consider how we spend borrowed money.

The actions of the previous government have bequeathed us the economic straitjacket that is the EU-IMF deal. It is a priority for this government to work our way out of this deal, and to regain full sovereignty over economic policy. Reform is, of necessity, a major part of that.

This year, our country will spend €18 billion more than it will earn. To put it bluntly, the State is paying your wages and my wages with borrowed money – a situation that would not be sustainable for any employer.

...we have to look at every penny we spend...

The aim of reforming the public service to deliver better results, without additional resources at our disposal, is the driving force behind the Comprehensive Review of Expenditure that is now underway.

The Comprehensive Review will involve a root and branch evaluation of the expenditure of all Departments and of all bodies within their remit. This is at the heart of the Government project.

As a nation we are facing into some further difficult years where savings will have to be secured from all areas of public activity, and resources will have to be redirected towards priority areas. There is simply no scope for wasteful expenditure, lax management or for the preservation of old priorities just because they happen to be embedded in old spending lines. The services delivered should be those that are most needed, not those we have always given.

That is one of the reasons for the importance the Government is attaching to the Comprehensive Review of Expenditure. The core of this Review lies in investigating not only how we can spend less, but also how we can do more, and how we can achieve our objectives differently. The objectives of the process will be to provide the Government with a comprehensive set of decision options:

to meet the overall fiscal consolidation objectives, both as regards spending and numbers reduction targets;

- to re-align spending with the Programme for Government priorities; and
- in this context, to consider new ways of achieving Government objectives throughout an ambitious agenda public sector reform.

...and public servants are key to the recovery.

As I outlined at the beginning, the Comprehensive Spending Review is a project that is being undertaken together – a joint endeavour by Government departments to honestly assess every aspect of public spending against its outcome. It is not another Bord Snip.

And it cannot be a defensive exercise. If it is, the opportunity for far-reaching change will have been squandered, and cuts in public spending will have to be made anyway.

As a social democrat, my starting point is certainly not that all public spending is bad. But nor is it that all public spending is automatically good, in and of itself. What really matters is what public good that spending achieves. Protecting that public good, though perhaps through different means, and for less money, must be our objective.

I don't need to tell public servants about the public good. But your engagement with this process will be critical in ensuring that, despite the imperative to reduce public expenditure, we can continue to achieve the economic and social progress that is underpinned by our public services.

Put simply, I am asking public servants to deliver excellent services as cheaply as possible. That will reduce the fiscal burden the economy faces to pay for them and underpin economic growth to allow us trade our way back to good financial health. That will require changes in the way public servants do their work, changing the way and what we buy from the private sector, and in some cases moving away from the public service delivery model.

The key question to be asked of all public servants is whether they are performing functions that are absolutely essential. This Review process must deliver a more efficient, more effective and more modern public service for less money, because we have, as a country, less money to spend. There is no escaping this fact.

Public servants must support those in need, particularly those affected by the collapse in employment. The Government this week announced a range of measures designed to re-direct our resources towards employment creation – making it easier for employers to create jobs, boosting activity in those areas of the economy likely to generate new jobs, and equipping our people to take up these job opportunities as they arise. All of these measures will not rejuvenate the economy or the jobs market overnight. Many of which will require substantial effort from members of this Union and others to deliver. I know

that you will fully support the delivery of those initiatives, including those to assist the unemployed in getting work experience.

By maintaining the impressive level of industrial peace, public servants help to underpin Ireland's reputation abroad as a country that can work its way out of its problems.

People sitting in this room have already made personal sacrifices to help their country. I know that. And they have done so in an agreed fashion, under the terms of the Croke Park Agreement. The Implementation Body under the Agreement will report in a few weeks on how that Agreement is helping to deliver savings in the public service in the coming weeks. I expect that will show that savings are being delivered in the pay bill, and that services are continuing to be delivered while staff numbers fall.

The new Government is clear in its commitment to the Croke Park Agreement – but only so far as it is a genuine and equal agreement, honoured in deeds as well as words.

We already know of a few examples of major change from the health sector and civil service, like the reform of the medical laboratories, the transfer of the community welfare service to the Department of Social Protection, the management of the accelerated voluntary departure schemes from the HSE.

But more needs to be done: we want to work on integration of public service organisations, so that services are designed around the practical needs of the citizen. One example of this is the planned integration of employment advice and social welfare supports in a single National Employment and Entitlements Service. That structural change forms a key underpinning of the labour activation proposals in the Government's Job Initiative.

We also want to ensure that services are better directed to target groups, so that we avoid duplication of effort. Better management of information and payments can deliver faster service to the user, minimise opportunities for fraud and reduce transaction costs for the Exchequer, so progressing e-Government will be a priority.

Savings will also be sought through the consolidation, as far as possible, of financial, payroll, procurement, pensions and HR services in each sector, as well as the processing of standardised information like medical cards. For example, in the civil

service, a project is well underway to consolidate HR transactions in a single centre. That will leave smaller individual HR units in Departments free to focus on their core responsibilities on HR management and development, rather than paperwork.

Most of all we want all public servants to be more conscious of their “service ethos”, and less concerned with demarcations and boundaries.

We intend to focus on performance and accountability in a way that is meaningful; that is transparent; and that starts at the top. Strategic priorities will be set by Cabinet, with clear delegation of responsibility for delivering on these priorities laid out in legislation. Both the Public Service Management Act and the Ministers and Secretaries Act will be replaced with a reformulated code of laws that reflects clearly the reality of the responsibility that is vested in both Ministers and senior civil servants.

Management responsibility is key...

Many IMPACT members here are also managers. You have an additional and very serious responsibility under the Croke Park Agreement. It is the context and opportunity for driving change and reform if used proactively to handle the ‘people’ consequences of change. If public service management do not drive structural change to the service delivery structures in each sector, the opportunity for substantial and far-reaching change will be squandered.

The Government cannot allow that to happen if the commitments given around pay and job security are to be maintained for the lifetime of the Agreement. Those commitments are conditional on change. Reform is not an optional extra this time.

I acknowledge that large scale organisational change, particularly in long-established entities, is challenging. And the Public Service is no different. It will take a lot of effort. To achieve that, public service leaders and managers, such as those of you here, will need to be innovative about their approach to the changes needed, good at delivering a consistent message about those changes, and resilient in ensuring their delivery over time.

... but all public servants will have to get involved.

Reforms of the scale that is required cannot be delivered from Merrion Street: they have to be managed locally. We want to empower those who work in the public service to take initiatives; to manage risk; to solve problems; and to be innovative. We will be exploring ways of tapping into the substantial front-line expertise that exists throughout the public service, including greater delegation of power over local budgets.

Change can be intimidating or inconvenient. But all will have to get involved with delivering change, even when that means changing employer or location, flexibly retraining to do different things, sharing central office functions like ICT or HR, or changing the way in which we interact with customers and the private sector.

It also means addressing traditional but over-generous entitlements and working arrangements. I tell you frankly that it can be hard to defend the hard work of public servants, when simultaneously some are refusing to acknowledge working hours and leave arrangements that are wildly out of line with those in the private sector. They are even unfair between public servants whose jobs and salaries are the same, but who work in different locations or were recruited at different times.

That is why I have asked my Department to look to standardising those arrangements at a level closer to those normal in other employments, and I expect that new arrangements will be agreed shortly for all public servants working in similar roles.

Conclusion

I believe that the key building blocks for reform are the traditional Public Service values of integrity, impartiality, diligence and commitment. In addition to these values, the culture we must foster – of high-performance, flexibility, openness and accountability – will be of the utmost importance in re-building public confidence in the institutions of the State.

And public service reform will be central to this overall endeavour. The Croke Park Agreement commits public service management, staff and unions to work together to find new and more efficient ways of delivering public services. This opportunity will have to be availed of the fullest extent, and the Government is calling on all public service leaders – both in management and in the representative organisations – to rise to the challenge that is now before us.

The Government is committed to doing this – I look forward to working with all of you to deliver what the country needs now and for the future.