

Oral Parliamentary Questions Answered on 14 July 2011 (for full exchanges see www.oireachtas.gov.ie)

4. Deputy Sean Fleming asked the **Minister for Public Expenditure and Reform** his plans to look at the issue of reimbursing public service staff for pay cuts introduced over the last year, when savings have been achieved under the Croke Park Agreement. [20295/11]

Deputy Brendan Howlin: The Financial Emergency Measures in the Public Interest Acts 2009 imposed a pension related reduction effective from March 2009 and a reduction in pay rates effective from January 2010 ranging from 5% to 15% for all public servants. The effect of these measures, combined with measures to reduce the numbers of public servants and to restrict other elements of the public service pay bill, has been to reduce the net cost of the Exchequer pay bill by some 15.5% between 2009 and 2011. The implementation body for the public service agreement in its report to Government of 15 June 2011 established that the estimated sustainable pay bill savings in the order of €289 million in the public service pay bill had been achieved in the year, March 2010 to March 2011, along with other substantial savings in the delivery of public services.

Paragraph 1.16 of the Public Service Agreement 2010 – 2014, Croke Park agreement, provides that the position regarding public service pay, including any outstanding adjudication findings, would be reviewed in accordance with the statutory requirement under both the Financial Emergency Measures in the Public Interest Acts of 2009 to review the operation and effectiveness and impact of the Acts before 30 June 2011. In addition to the criteria set out in those Acts, the review would take account of sustainable savings generated from the implementation of the Agreement.

The Minister for Finance in line with the requirements under the Acts completed a review of their operation in June. The reports were laid before both Houses of the Oireachtas on 30 June and have been published on the website of my Department. The reports concluded that, having regard to the overall economic conditions, national competitiveness and Exchequer commitments in respect of public service pay, the measures put in place by the Acts continue to be needed.

As required under the Croke Park agreement, there has been ongoing dialogue between representatives of public service management and the public service committee of the Irish Congress of Trade Unions in relation to the outcome of the reviews. The context is the Government's affirmation of the key commitments under the Public Service Agreement 2010-2014 to no further reductions in pay rates for serving public servants and no compulsory redundancies, save where there are existing exit mechanisms. These commitments are contingent on delivery of the necessary flexibilities and reforms to public service delivery that are required under the agreement.

The fiscal targets in budget 2011 are based in part on the reductions in the Exchequer pay bill achieved under the Acts, and can be met only through a continued policy of pay restraint. I believe that the general measures the Government is taking to reduce the overall public service pay bill are understood by the public service committee.

6. Deputy Martin Ferris asked the **Minister for Public Expenditure and Reform** if public service outputs, identified for outsourcing by Department heads on completion of the comprehensive review of expenditure, will be consistent with the Service Delivery Options Principles of the Croke Park Agreement. [20333/11]

Deputy Brendan Howlin: In line with the programme for Government, a comprehensive review of expenditure is under way across all Departments with a focus on what services the public service should provide and also how these services can be best delivered. This review will undoubtedly lead to changes in the way in which some services are delivered. The Government will make decisions on the outcome of the review in the context of the Estimates and budget of 2012. In this context, outsourcing, in appropriate circumstances, is just one of the many options available. There are many public services where the use of outsourcing would not be appropriate or the most efficient or effective way of delivering the service, and, as such, we are fully aware of the need to consider all of the possible implications.

The Government is committed to compliance with the terms of the public service agreement 2010-14. In an appendix to the agreement on service delivery options, it is recognised that some new or existing services will be provided on an outsourced basis. The appendix provides that, in advance of a decision being taken by management to proceed with outsourcing of an existing service, an evaluation will be undertaken with a view to determining whether the service can continue to be carried out in-house through service changes, having regard among other things to overall cost, quality of service, effectiveness and the public interest. In the event that management decide to proceed with outsourcing, commitments are given in relation to ongoing consultation with staff representatives and to job security and protection of employment terms of existing staff.

The Government's overall objective is to ensure that the cost of delivering public services is reduced further and that the public service becomes leaner, better integrated, more efficient and more effective. I am happy that the terms of the appendix to the Croke Park agreement will allow for efficient and effective delivery of public services, either directly or on an outsourced basis, while ensuring the concerns of public servants affected are taken into account.

Written Parliamentary Question Answered on 14 July 2011

41. Deputy John McGuinness asked the **Minister for Public Expenditure and Reform** the discussions he has had with the Croke Park Agreement implementation body. [20297/11]

Minister for Public Expenditure and Reform (Deputy Brendan Howlin): I took the opportunity to meet the Chair and members of the Croke Park Implementation Body on 23rd March last, in one of my earliest engagements as Minister for Public Expenditure and Reform. It was a useful opportunity to learn at first hand about the issues arising in the context of implementing the Croke Park Agreement. I was also able to brief the Body on plans to establish the new Department of Public Expenditure and Reform and the Government's Comprehensive Review of Expenditure. I met with the Body again on Wednesday 29th June last, together with the Taoiseach. We had a constructive engagement on the key issues relating to driving the reform agenda across the public service. The meeting was a timely one in view of the recent publication of the Body's first report on progress under the Agreement.

While we welcomed the tangible progress that has been made in the first year, we were clear on the need for an acceleration of progress over the coming months. This is something the Implementation Body themselves have acknowledged in their Report. We also emphasised the need to build on the flexibilities already agreed to in the Croke Park Agreement. This is absolutely critical in view of the challenges facing the public service which will need to manage with substantially less resources and significantly fewer staff — while at the same time protecting services to business and to citizens, including the most vulnerable in our society. We made clear that the Government wishes to honour the commitments given in the Agreement but that this will only be possible if the Agreement is implemented in full. I intend to keep in close contact with the Implementation Body as it pursues its work over the coming months and I look forward to further significant progress over the next reporting period.