

24 January 2012 - Oral Answer

49. Deputy Sean Fleming asked the **Minister for Public Expenditure and Reform** if he is satisfied that the Croke Park agreement is achieving the necessary reform and savings; if he will outline the savings required under the agreement for 2011 and 2012; if there are any circumstances under which he envisages a reopening of the Croke Park agreement if there is a deepening of the eurozone crisis; and if he will make a statement on the matter. [3941/12]

Deputy Brendan Howlin: The implementation body for the Croke Park agreement published its first annual progress report in June 2011. The report examined the savings and reforms delivered in the first year of the agreement and found that sustainable pay bill savings in the order of €289 million had been achieved during the review period. It also reported that solid and measurable progress had been made on implementing the action plans for reform in each sector, while pointing to certain issues that needed to be accelerated. The interim report published by the body in November provided further evidence of progress on the delivery of change and reform right across the public service.

The second annual review of the agreement is scheduled to take place after Easter 2012 and will assess the savings achieved in the second year of the agreement. As before, it also will scrutinise the level of progress being made on implementing the reform programmes in each sector, and I look forward to the outcome of that review.

The Government has indicated that the public service agreement represents a key enabler in meeting its fiscal targets under the obligations arising from the EU-IMF joint programme of assistance. The quarterly returns made to date by the Government under the programme on public service numbers and the pay bill have indicated that the numbers of public servants are falling and are on track to meet the targets set by the Government. As I announced in my Dáil speech, the Government has set a target of €400 million in payroll savings this year. As I have stated, the Government aims to reduce the overall cost of paying public servants to deliver public services by €3.5 billion or approximately 20% in the seven-year period to 2015. This will be achieved through substantially reduced numbers as well as through the pay cuts that were applied in 2010 and through ongoing pension related deductions. The Croke Park agreement enables these ongoing reductions in pay bills to be delivered on a planned basis in an environment of industrial peace.

The Government reaffirms its commitments under the Croke Park agreement on pay rates and job security for serving public servants. I have stated repeatedly that these commitments are contingent on delivery of the necessary flexibilities and reforms that will be required. Paragraph 1.28 of the Croke Park agreement states: “The implementation of this Agreement is subject to no currently unforeseen budgetary deterioration.” While I do not wish to speculate about what might happen into the future, I have no proposals to invoke that clause.

Deputy Sean Fleming: I thank the Minister. A few minutes ago, the Minister referred to the Darby O’Gill school of economics, of which he is the best exponent present on this matter. The Minister has stated his target for payroll savings under the Croke Park deal for 2012, as announced by him on budget day, is €400 million. However, he omitted to mention the cost of €600 million in lump sums to be paid this year. Although he lectured Members a moment ago about balancing books, I repeat my main criticism of the Minister, which is he only ever gives half the picture. He mentions the savings but does not mention the cost of achieving those savings. This year, he will spend the guts of €1 billion to achieve these savings. Pensions must be paid to those who will retire from 1 March, as they no longer will be in employment, and there will be lump sum payments. Consequently, it will cost approximately €1 billion to bring about the aforementioned staff reductions at the end of February.

An Leas-Cheann Comhairle: A question please, Deputy.

Deputy Sean Fleming: In a nutshell, what is the Minister’s definition of success? I could be glib, as are some Members, by complaining about the Croke Park agreement in this Chamber. However, one should acknowledge the remarkable level of industrial peace that exists. What is the Minister’s definition of success and in what circumstances would he pull the trapdoor and seek a return to the drawing board?

Deputy Brendan Howlin: First, I welcome the Deputy’s support for the Croke Park agreement. It is important because I have heard many people assert the agreement is an impediment to progress. I would like to be informed as to what the Croke Park agreement is preventing from happening. If people are seeking a straightforward pay cut across the entire public service, let them spell this out.

I am not sure what the Deputy is saying about the cost of pensions and lump sums. Is he saying we should not pay them?

Deputy Sean Fleming: The Minister should provide us with the figures.

Deputy Brendan Howlin: I provided all the figures when I appeared before the relevant committee and made sure to disaggregate everything. The reality is that these are costs which will have to be met. The people in question have, by and large, worked for up to 40 years in the public service. They have made their pension contributions in the expectation of obtaining both a lump sum and a pension at the end of their careers. This aspect is always factored in when costings are being made. I accept that some of the cost has been brought forward.

The target of the Government — this represents a fundamental alteration of the policy which obtained for the previous ten years — is to downsize the public service by a further 27,500 between now and 2015. The downsizing to which I refer will be permanent. We are going to do things differently and, as a result, greater productivity and flexibility will be required. We have established a programme to achieve this. I have laid before the committee of which the Deputy is a member all the information on the implementation

plans we are pursuing in order to develop a more productive, cost-efficient, efficient and less wasteful public service of which we can be proud. The Deputy knows this full well.

I agree with the Deputy that the proof of the pudding will be in the eating. In that context, we will be obliged to ensure the various things to which I refer will be implemented. We are facing into a very difficult couple of months, when the quantum of people in question will leave the public service. This will test the level of flexibility we will achieve under the Croke Park agreement in order to ensure front-line services will be maintained in the absence of additional costs.

Deputy Sean Fleming: I have only one point to make on this matter. The Minister continually provides information on the gross savings to be made from the point of view of payroll. We know that people are entitled to their lump sums and pensions. All I ask is that the Minister provide the net figure for savings to the taxpayer. He continually refers to the savings to be made in one little sub-silo in his Department, namely, public sector pay; however, he has not mentioned the additional costs that will accrue from the payment of lump sums. When he speaks on this matter, he should indicate what will be the net figure for savings to the taxpayer, not that which relates to sub-silo to which I refer.

Deputy Brendan Howlin: I have been extremely transparent in the figures I have provided. However, I do not believe in double accounting. I will discuss the matter of the overall cost of pensions in detail following the February deadline in order that everyone will be aware of the exact position. The lump sum payments will be a once-off cost but the payroll saving will be permanent. I am not thinking in terms of 2012 alone; I am also considering what will be required for recovery and beyond. I am interested in developing a much more efficient, restructured and revitalised public service which will be managed differently. The Department and the relevant office are driving the process in this regard. As we unveil new initiatives relating to shared management, better procurement which is the responsibility of the Minister of State, Deputy Brian Hayes and so on, I will come before the Joint Committee on Finance, Public Expenditure and Reform to discuss them. We are going to make matters better.

25 January 2012 - Written Answer

95. Deputy Brendan Griffin asked the **Minister for Public Expenditure and Reform** if the Croke Park agreement prohibits the transfer of staff between local authorities apart from surplus staff; the terms in respect of the transfer of staff between local authorities; and if he will make a statement on the matter. [4314/12]

Minister for Public Expenditure and Reform (Deputy Brendan Howlin): The Public Service Agreement 2010-2014 provides for redeployment of staff within and across each sector of the Public Service including the local government sector. The Agreement sets out the detailed arrangements that apply. The Agreement provides that redeployment in the local government sector “will generally take precedence over recruitment (including

fixed term employees), transfers and promotions except in circumstances where special skills are identified or where the post cannot otherwise be filled through redeployment arising from geographical or other constraints, or to meet essential manpower planning and business needs” (para 6.5.5, page 80 of the Agreement).