

6 June 2012 - Written Answer

251. Deputy Micheál Martin asked the **Minister for Public Expenditure and Reform** if he will report on any meetings he or his officials attended on the Croke Park Agreement recently; and if he will make a statement on the matter. [21420/12]

252. Deputy Micheál Martin asked the **Minister for Public Expenditure and Reform** the role his Department has in relation to implementation of the Croke Park agreement both internally and across all other Governments Departments; and if he will make a statement on the matter. [21302/12]

Minister for Public Expenditure and Reform (Deputy Brendan Howlin): I propose to take Questions Nos. 251 and 252 together.


The Implementation Body for the Public Service Agreement was established in July 2010 to oversee progress on implementation of the agreed reform and flexibility measures across all sectors of the public service and to ensure that robust and verifiable reforms are secured, which lead to sustainable savings in the cost of public service delivery. I have been in contact with the Body on number of occasions since I became Minister, and the secretariat is provided by my Department.

The secretariat supports the Body in carrying out its remit including co-ordination of the progress reporting required by the Body from the various sectors of the Public Service. The Body also comprises of nominees from Public Service Management, which are represented by officials from my Department.

Both I and officials of my Department regularly meet with senior management from other Departments, sectoral representatives and staff representatives regarding the implementation of commitments under the Agreement.

The Implementation Body is currently carrying out its second Annual Review of the Croke Park Agreement. I expect to receive the final report from the Body later this month and, following its consideration by Government, it will be published and laid before the Houses of the Oireachtas.

13 June 2012 - Oral Answer

7. Deputy Seamus Kirk asked the **Minister for Public Expenditure and Reform**  the criteria he will apply when assessing the second annual report on the Croke Park Implementation Group; and if he will make a statement on the matter. [28304/12]

35. Deputy Aengus Ó Snodaigh asked the **Minister for Public Expenditure and Reform** if the implementation body will provide a more robust and detailed breakdown of savings achieved, Department by Department, agency by agency, in its second annual review due to be published in June. [28256/12]

Deputy Brendan Howlin: I propose to answer Questions Nos. 7 and 35 together.

The implementation body has completed its second annual review and published this morning its second annual report of progress under the Croke Park agreement. In my view, the body has once again produced a very comprehensive, detailed and robust report. The report analyses the pay and non-pay efficiency savings being delivered under the agreement. It also examines the change and reform being delivered in each sector of the public service and highlights examples of improved productivity that have been achieved as the decreased number of staff respond to increased demand for many public services.

The body has found that pay bill savings in the order of €650 million were achieved between April 2011 and March 2012, driven primarily by a significant reduction in staff numbers of 11,530. Furthermore, the body sought to factor in an estimate for planned recruitment to fill critical positions later this year, following the retirement of some 8,000 staff in the first quarter of this year, in order to arrive at an estimate of the sustainable pay bill savings that might be achieved. This yields an estimated net sustainable pay bill saving of €521 million. In addition, the body found that €370 million in administrative efficiencies or non-pay savings were achieved.

The body engaged external financial advisors to undertake an independent verification of the savings being reported in the case of a small sample of projects. Following a tendering process, Grant Thornton were engaged to evaluate four projects. They found that the savings reported by management in each of the four projects were reasonable estimates of savings; the methodology used for each project was found to be acceptable; and the agreement is playing a significant role in facilitating the implementation of the savings initiatives in each case. The Grant Thornton report was published in parallel with the report of the implementation body.

Deputy Sean Fleming: The Minister has given a glowing account of what is contained in the second report of the implementation group but I asked what are his criteria for assessing the report. I note the figures for the reduction in staff numbers are good and the public sector pay bill has been reduced and I note the non-pay savings. What has been the cost of the severance payments for the 11,500 staff who left this year? I would estimate the average cost would be at least €70,000 per person. What is the cost? It is not in that report. Maybe they will say it is not their job, but it is certainly the Minister's job to inform this House of the cost of the severance payments.

I also want the Minister to clarify the figures supplied by his Department. Will he comment on the fact that the public sector pay bill from 2009 to 2011 fell by 4% per annum, whereas the figures from 2012 to 2015 are only to fall by 1.75%? The chart in the report refer to a gross public sector pay bill in 2009 of €17.5 billion and compares it to the net pay bill in 2015, but that is nonsense. The report does not even compare, in the same sentence, gross or net figures with their equivalents. It mixes and matches them to give a bigger figure, which does not tally with the chart that is printed there.

Deputy Brendan Howlin: Does the Deputy have the report in front of him?

Deputy Sean Fleming: I have, yes.

Deputy Brendan Howlin: If he looks at page 4 he will see, in table 3, the Exchequer pay bill in gross terms for each year from 2009 to 2015. It is comparing exactly like with like across the top, beginning with the 2009 gross figure of €17.514 billion and ending in 2015 with the Exchequer gross figure of €14.6 billion. It is therefore comparing like with like. Has the Deputy read the table at all? I was asked a question on the "News at One" on foot of the Deputy's question, saying there were no pension figures in it, but they are on the same page in the next table. The Deputy should read the tables before he asks questions and issues statements.

Deputy Sean Fleming: I asked the Minister a question about severance costs, not about pensions.

Deputy Brendan Howlin: I will answer that separately.

Deputy Sean Fleming: I want that figure either now or in the immediate future. It is not there. The HSE's chief executive told the Committee of Public Accounts that it is costing €380 million up front to achieve a saving of €80 million net per annum in the HSE. He broke down those figures at the Committee of Public Accounts. The Minister has misread his own chart. The bottom line on chart No. 3 refers to an Exchequer pay bill net of PRD, public related deduction, which goes from €6.7 billion in 2009 to €3.7 billion in 2015. That is a reduction of €3 billion, yet the figure in the chart is €3.8 billion. That figure is not a correct assessment of the bottom line the Minister quoted. It is a simple fact that the Minister quoted the wrong figure.

Deputy Brendan Howlin: The Deputy wants to mix and match himself now.

Deputy Sean Fleming: No.

Deputy Brendan Howlin: He said the gross figures were not there, but they are in the published report. This is not my report; it is from the implementation body. Let me be quite clear because we can lose things in figures. The bottom line is that in the reference period in question we have reduced the pay bill, independently validated not by my Department but by the implementation body, in gross terms by €650 million. There will be some add back because it involves 11,500 people leaving the service. I have indicated that there will be some recruitment this year. They have made an attempt to quantify what that might cost, indicating that the net payroll savings will be of the order of €20 million. By 2015, our aim is to reduce the public pay bill from its peak by €3.8 billion gross or €3.3 billion net of pension. That is a significant reduction in anyone's language.

I accept Deputy McDonald's point that a reduction in numbers is only part of this whole dynamic. The reform side of it is as important, which is what I want to concentrate on in order to get different delivery mechanisms and rosters. For example, we want to ensure

we are deploying gardaí when they are most needed and that we have optimum use of resources in hospitals so that staff will match equipment availability. That is the drive for reform that is happening in parallel to the reduction in numbers. The fact that we are doing that in an atmosphere of industrial peace is a great credit to public service workers.

Deputy Mary Lou McDonald: On that note, I would be the first to acknowledge and give credit to people working within the public service and Civil Service. Here is the Minister's difficulty, however — he has a figure of €3.3 billion, which is his target.

Deputy Brendan Howlin: Net.

Deputy Mary Lou McDonald: That goes to the point that has been raised repeatedly with the Minister and at the Committee of Public Accounts, which is that we need the net figures. Aside from any value judgment one might make on the rights and wrongs of the process, including the effect it is having on the front line, it is entirely proper and legitimate that we are given the net figures. We have had to question individual Accounting Officers to try to get to the bottom of what the figures actually are. It is much more useful for us, as legislators involved in public policy, to have net figures. The Minister has a net target so he should be able to give us the net figures also.

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

Deputy Mary Lou McDonald: Here is my question to the Minister — he says it is not just about a head-count, but is also about reform. The Minister has been more than cautious in addressing issues of culture within the public sector, particularly at the upper echelons. He has almost been afraid to deal with some of the obvious issues, including high pay and pension pots. The Minister has run away from that. Redeployments have happened, as have cuts for civil and public servants on modest incomes, and they are feeling the pain as a result. When it comes to playing the game with the big boys, however, it strikes me that the Minister does not have the belly for it.

Deputy Brendan Howlin: The Deputy is either living in a bubble or is deliberately ignoring the facts, because no Minister has been more proactive in reducing high-level pay than I have. I set the ceiling for civil servants at €200,000. As of now, no civil servant is paid more than €200,000.

Deputy Mary Lou McDonald: The French President does not earn €200,000.

Deputy Brendan Howlin: The reality is that we have pushed people's salaries down.

Deputy Mary Lou McDonald: Yes, so what is the Minister's point?

Deputy Brendan Howlin: We introduced a referendum to cut judges' pay. I have introduced new financial emergency measures in the public interest to implement that and other reductions, including pensions to further abate those with high public service pensions. It is absolutely wrong to say that we have not been active on that front. It is

popular to trot out the same old thing and Deputy McDonald is addicted to popular phrases as opposed to reality. The head-count issue is important because we need to reduce public service numbers, but the Deputy is right in that it is not the solution in itself. We need reform in order to do things differently and that is why we are engaging through the implementation body with the sectoral committees to bring about real reform in service delivery. We are doing things differently, including shared services. The Civil Service shared human resource service is in the process of being set up, and we will follow that through with other shared services, including payroll management and pension costs. We are identifying leave arrangements, including sick leave, and are currently in the Labour Court on that matter. We are moving on a variety of fronts.

If the Deputy is interested, we will come back to the committee again to present the latest instalment of where we are on the 200 aims of the civil servants' reform programme. We are ambitious and are doing things that have not been done in a generation.

Deputy Mary Lou McDonald: The Minister is far from ambitious.

Deputy Sean Fleming: I did not get a figure on severance costs.

An Leas-Cheann Comhairle: We are almost out of time, but I will allow Deputy McDonald to put a brief question.

Deputy Mary Lou McDonald: I cannot let this pass. The Minister is blowing his trumpet about a €200,000 pay cap.

Deputy Brendan Howlin: I can rely on Deputy McDonald to keep blowing her trumpet.

Deputy Mary Lou McDonald: Hold on a second. Does the Minister know that the Finnish prime minister earns €129,000 and the French president does not earn €200,000?

An Leas-Cheann Comhairle: The Deputy has already made that point.

Deputy Mary Lou McDonald: What bubble is the Minister in when he imagines that a salary of €200,000 is some cruel and unusual punishment or hardship? That is ludicrous.

Deputy Colm Keaveney: How much is Deputy Adams earning?

Deputy Mary Lou McDonald: The Minister clearly does not have the belly for——

Deputy Colm Keaveney: How many salaries is Deputy Adams in receipt of?

Deputy Mary Lou McDonald: ——that segment, which arguably is the most in need of reform. The Minister has run away from that matter.

An Leas-Cheann Comhairle: A final reply from the Minister.

Deputy Brendan Howlin: When the Deputy runs out of truth, she puts words in my mouth. I never said anything about cruel and unusual punishment.

Deputy Mary Lou McDonald: The Minister did so in committee some weeks ago.

Deputy Brendan Howlin: The Deputy can shout me down if she wishes. I regard that level of salary as high. That is the reason the Government set it as a ceiling for the Taoiseach. Ministers are paid less than that. In net terms, the Taoiseach earns 44% less than a Taoiseach did in 2008 and Ministers are earning 40% less. They are still on a handsome salary; there is no doubt about that. However, we should acknowledge what has been done. Deputy McDonald acknowledges nothing, except herself. She does not remember her party's past and is only interested in the sins of others. In truth, we have a reform agenda which we are delivering on. A report independently validated shows the progress made. The Deputy should for once have the good grace to acknowledge the hundreds of thousands of public servants who are driving reform and making the change.

Deputy Mary Lou McDonald: They are not earning €200,000.

Deputy Brendan Howlin: I happen to be the Minister with responsibility for doing this. The Deputy might some time have the good grace to acknowledge their efforts in the national interest.
