

**Speech by the Minister for Public Expenditure and Reform,
Mr. Brendan Howlin, T.D. to
the Public Accounts Committee
Thursday, 8 December, 2011**

Public Service Reform

Introduction

Chairman, Colleagues,

Let me start by thanking the Committee for this meeting on the Government's recently published Public Service Reform Plan. I am very anxious that we engage fully with all stakeholders, including the Oireachtas, on this important issue. I have already had a valuable meeting with the Joint Oireachtas Committee on Finance and Public Expenditure and Reform in this regard.

It is helpful, I think, that today's discussion is happening so quickly after the Budget announcements earlier this week.

The reality is that for 2012, we have to implement a fiscal consolidation of €3.8 billion to deliver a deficit of 8.6% of GDP, with 60% or €2.2 billion of this coming from expenditure reductions. As I said on Monday, these reductions have to be made at a time when the demand for public services is actually increasing, so reform of how we deliver those services is both crucial and urgent.

Doing better with less is not an easy task and I think it is important that we acknowledge the long established values of integrity, commitment and service which continue to be demonstrated by staff right across the Public Service, despite the difficult times in which we live.

What we need now is meaningful, far-reaching and sustained reform in the way we deliver public services. This reform can only be achieved through the ongoing commitment of all stakeholders and the Croke Park Agreement will be a key enabler for the major changes that are needed.

Actions to-date

This Government has demonstrated, by its actions from day one, that it is serious about reform. Of course, what we have done is just a start and there is much more required to ensure that the Public Service is leaner, more customer focused and delivering maximum value-for-money - that is why we have developed such a comprehensive and ambitious Reform Plan.

It is important to acknowledge that, enabled by the Croke Park Agreement, significant progress has already been made across the Public Service. This is borne out by the summary of progress published by the Implementation Body for the Agreement recently, which is available on its website. However, we know that we are only at the beginning of a new and critical phase of reform.

Budgetary Announcements

Building on the details of the Public Service Reform Plan which I launched on 17th November, I announced a number of key decisions on Monday which relate directly to the reform agenda.

Next year, the public pay bill will fall by €400 million, with an expected further reduction of 6,000 staff. This will leave the total number of staff at 294,000, a level last seen in 2005. Through reduced numbers, the pay cuts that were applied in 2010 and through the ongoing pension related deduction, the overall cost of paying public servants will fall by €3.5 billion or 20% over the 7 year period from 2008 to 2015.

The significant ongoing reduction in staff numbers poses very real challenges. Reform of everything that we do is required to deliver adequate services as we further reduce the number of staff. It is essential that we have full implementation of the Public Service Reform Plan, and the Croke Park Agreement. The Government is committed to making fundamental changes to the way the public service operates to safeguard our essential services. As outlined in the Reform Plan, both central and sectoral Manpower Planning Groups are being established to address the operational and strategic consequences on the planned reduction in staff numbers.

Public bodies will have to achieve savings in respect of overtime of 10% and in allowances and premium payments of 5% in 2012. My Department will lead a review of allowances and premium payments across the Public Service in consultation with all Government Departments in the coming months. In addition, discussions with unions will commence shortly with a view to overhauling Public Service paid sick leave arrangements.

Of course, in addition to these measures, on November 17th I also announced our plans to rationalise State Agencies and took decisive action to cancel the decentralisation programme.

Reform of the Budgetary Process

As you will be aware, I have also announced the Government's plan to overhaul Ireland's old-fashioned budget system which has so clearly failed to deliver sustainable spending policies, proper value for money or good outcomes for our citizens. In so doing, we will deliver at an early stage on an important element of the Reform Plan.

The sometimes short-sighted traditional annual estimates cycle is being replaced by a more dynamic **multi-annual expenditure framework** which will provide greater transparency about the allocations available to each Department over a

three year period. This new framework will enable responsible structural planning based on priorities and the need for ongoing reform with full public input and Dáil oversight.

Evidenced-based expenditure policy is in my view the key pre-requisite for responsible government. That is why my Department this year oversaw a root and branch examination of all areas of public spending. This Comprehensive Review of Expenditure, the details of which were published earlier this week, has generated a change in momentum which we are now determined to maintain.

On Monday, I also launched a new **Value for Money** code which will significantly enhance the processes for ongoing scrutiny and evaluation across the entire Public Service.

We are now building performance information into the annual estimates process and, as you know, this year most Departmental estimates are being presented in a new format so that it can be properly scrutinised by the Dáil in a more timely way.

We are not underestimating the importance of the proper, democratic involvement of the Oireachtas and all of these reforms are geared towards supporting the Oireachtas in its rightful role of holding Government to account and it is in this context that we are moving to a new “whole of year” budgetary timetable to allow Committees to engage earlier and more fully on Estimates allocations.

Public Service Reform Plan

The reform announcements which I have outlined today and all week are of course crucial but it is important to emphasise that they are just a sub-set of the ambitious range of actions set out in our Reform Plan.

The detailed actions and timelines set out in the Plan are designed to ensure that we:

- Place the customer at the core of everything we do;
- Maximise new and innovative service delivery channels;
- Radically reduce our costs to drive better value for money
- Lead, organise and work in new ways; and
- Maintain a strong focus on implementation and delivery.

Specifically we are committed to:

- Making better use of technology to improve the customer experience;
- Implementing a radical restructuring of how we manage our business by establishing shared services;
- Further reforming procurement processes under the direct stewardship of Minister Hayes and the National Procurement Service;
- Reforming how we manage our property portfolio; and
- Reducing costs, addressing duplication and eliminating waste across the entire system.

Within this context, we have already prioritised a number of major projects which are of particular strategic importance:

- The Public Services Card;
- HR Shared Services (Civil Service);
- Payroll Shared Services (Civil Service);
- Public Procurement Reform;
- Property Asset Management;
- Government Level Performance Management;
- Performance Budgeting; and
- Senior Public Service.

Conclusion

The Public Service Reform Plan is a key enabler to support us in reducing public service numbers as committed, whilst at the same time focusing on maintaining and improving the services that we provide.

We are determined now to keep the focus on implementation. That is why I have established a dedicated Reform and Delivery Office within my Department to lead and co-ordinate the implementation of the Reform Plan.

Our reform agenda is not about saying the right things or making hollow promises and commitments. It is about everyone working together positively to build on the strong tradition of public service that has always existed in Ireland. It is in this spirit of co-operation that, despite our current challenges, we can and will create a Public Service of which we can all be proud, and which makes a very substantial contribution to our national recovery.

Thank you once again for the opportunity to discuss the Public Service Reform Plan with you. During our discussion, my colleagues Robert Watt, Secretary General, and Paul Reid, Programme Director of the new Reform and Delivery Office, may wish to speak on some aspects of the Plan with your agreement.

ENDS