

Introduction

Ladies and Gentlemen,

First of all, I am delighted to have been asked to speak to you today, and would like to thank Ann Mettler and her team for their work and warm welcome.

When preparing my notes I thought it appropriate to let the spirit of Jean Monnet, to whom this lecture is dedicated, shape my thoughts. His observation that “*people only accept change when they are faced with necessity, and only recognise necessity when a crisis is upon them*” is innate to humankind and can easily be applied to any era throughout history.

Though, given his place in history as architect-in-chief of what has today become the European Union, and given that the current crisis has brought the role and architecture of our Union under microscopic scrutiny as never before, it is proper that the dynamic process of *change*, rendered through *necessity*, brought about by *crisis* should structure my remarks today.

Today I will focus my remarks to the situation in Ireland. Yet it is valid to say that it is often the periphery that informs the centre. This is particularly true given our current stewardship of the Presidency of the European Union. I will thus touch briefly on our not insignificant achievements during our time behind the wheel.

Before I go into the detail of what is essentially a case-study of ‘reinventing a State’, I hope that today’s award candidates will find some food for thought in my remarks. I say this because it is to the coming generations that I, as a decision-maker, will look to for innovation and ultimately for workable solutions.

Today’s awards give me confidence that such solutions are not in short supply. I am impressed by the case studies presented here today. Particularly given that

each addresses areas of acute interest to me in my capacity as Minister for Public Service Reform.d

The potential of social networks for improving employment services, the use of structural funds to drive growth and innovation, and new approaches to increasing productivity speak to the fundamentals that both public administrations and the European Union must address in order to drive Europe forward to recovery.

Crisis as the context for Reform

It wouldn't be an understatement to say that the Irish economic model crashed spectacularly, and the process of rehabilitation and reinvention is now taking place at breakneck speed. I'll let a few facts and figures speak for themselves...

- Between 2007 and 2009 tax revenues fell by 30%
- From 2008 to the end of this year €27.5 billion of revenue and expenditure measures, or just over 17% of GDP, will have been implemented under our adjustment programme, with an additional €5 billion due next year and in 2015
- In 2010 our General Government Balance recorded a deficit of some €48 billion. This is projected to fall to slightly less than €3.25 billion by end 2016
- For the same period our General Government Debt is projected to rise from €144 billion to just shy of €210 billion (110% of GDP ratio). This will incur an annual interest expenditure in excess of €9 billion by 2016
- Our labour market has lost some 300,000 jobs (peaking in 2008 just under 2.15 million, and is currently hovering around 1.85 million) – 2/3s of these losses were directly or indirectly related to the construction sector

- There are now unprecedented levels of demands on our public services. Compared to 2008 there are: over 565,000 more medical card holders today; over 50,000 more students in our schools and almost 30,000 more third-level students; almost 80,000 more people in receipt of the State Pension and; nearly 200,000 more people receiving jobseekers payments each week
- Our Reform programme has reduced the numbers and resources available to respond to such increasing levels of demand. Numbers have fallen from a peak of 320,000 in 2008 to just over 287,000 today.
- The Government aims to further reduce numbers to 282,500 by end 2014 – a deadline brought forward from an initial target date of end 2015. To put this in context, an equivalent % reduction in German and French public sector numbers is of the order of 525,000 and 590,000 respectively

Taken together these statistics are quite daunting. But we can also point to the fact that...

- We are fixing our banking sector. The ending of the Bank Guarantee being the most recent step forward
- We are more competitive – costs are now at 2003 levels (& are forecast to improve by 23% relative to the euro area). These changes have seen our economy return to growth for the past two years with further growth forecast this year.
- Our exports are breaking new records. Last year, indigenous Irish exporting companies recorded their highest net jobs gain since 2006.
- We continue our phased return to the bond markets, and we continue to perform very strongly in attracting Foreign Direct Investment to our shores.

Progress here is about repairing our balance sheet, and putting our public finances on a sustainable upward trajectory and about restoring our reputation. Another

element, more difficult to quantify, though of no less importance, is Ireland's capacity to reform.

This capacity is defined by the need to change the narrative around reform of our Public Services. A subtle yet essential change from one that HAS to be imposed because of the economic crisis, to one that MUST succeed to ensure our sustainable economic recovery.

The Necessity to implement reform (Reform Objectives)

Soon after taking office the first necessary reform the Government undertook was to establish a dedicated Department of Public Expenditure and Reform. This move defined our intention to place reform firmly at the centre of the Government Agenda. This, for first time, sees a dedicated Cabinet Minister to drive the reform across the public sector, and posits reform as the necessary as opposed to the optional.

Once established the Department launched a comprehensive Public Service Reform Plan in November 2011. The Reform Plan is radically changing the Public Service in terms of how it is managed, how it is organised and how it manages expenditure.

This Reform Plan, containing some 70 recommendations and more than 200 actions, is informed throughout by the 4 over-riding objectives...

- First, reform of the Public Service is an essential component of Ireland's strategic response to the economic crisis.
- Placing a major focus on efforts that support fiscal consolidation
- A reformed Public Service must support economic growth by maximising the impact of spending on the Government's priorities.

- And lastly, we have set out to place customer service at the heart of everything we do; to maximise new and innovative service delivery channels; to radically reduce costs to drive better value for money; and to lead, organise and work in new ways.

Seizing the opportunity for lasting Change

These four objectives equally serve as the criteria against which initiatives and actions are assessed and prioritised. Thus an approach of prioritising areas where the streamlining of services and reducing the cost base has potentially net economic benefits. This in turn translates into actions which,

- Reduce the administrative burden involved in customer interaction with the State and improve the design and delivery of services.
- Key to this has been a strong commitment to use innovation and technology to provide greater choice, flexibility and speedier interaction with the Public Service.
- Ireland is performing well in the area of eGovernment. The European Commission's Digital Agenda Scorecard 2012 places Ireland well above the EU average.
- A key eGovernment commitment is to make data held by public bodies available and easily accessible online for reuse at no or marginal cost. Open Data can promote accountability and transparency. The potential economic benefit is by encouraging participation and collaboration by citizens and businesses with public bodies. The EU Commission estimates that the overall

economic gain from opening up public data could amount to €40 billion per year in the EU.

- Success stories include the re-use of the information published in the Residential Property Price Register by a number of property websites and the use of Dublin parking data to develop parking apps.
- Examples of more efficient services we are delivering include:
 - Local authorities are consolidating and improving services to the public by putting in place a range of e-payment options and cross service customer service desks providing multi-services by telephone.
 - The Revenue Commissioners are continuously improving customer services, e.g. Revenue's On-line Service (ROS) now provides pre-population of the Income Tax, Corporation Tax and Relevant Contracts Tax return forms with information already returned to Revenue.
 - D/Social Protection is enhancing its customer facing operations with One-Stop-Shop & Local Office Process Modernisation. These new work practices reflect the Department's changed operating reality.
 - The new Public Services Card will facilitate easier access to Government services, with more than 100,000 cards now issued.
- While striving to improve service delivery, we must also ensure that we deliver services more efficiently and at reduced cost.
- A case-in-point is the area of Shared Services. Ireland, in terms of population size, is equivalent to that of greater Manchester. Many of our administrative structures and demarcations hark back to a bygone era. New models have and are being deployed to provide significant benefits through a reduction in duplication, streamlining of business processes and reduced transaction times.

- Recently on-stream is *PeoplePoint*, the new HR and Pensions Shared Services Centre which now caters to the back office needs of some 7000 public servants spread across 40 odd organisations. The business case for this project estimates a reduction across the Civil Service in HR headcount by 17% and costs by 26%, with annual net savings of €12.5 million.
- Payroll, financial management and banking shared services initiatives are at various stages of advancement in the Civil Service.
- We expect similar % savings by currently extending this model to Health, Justice, Education and Local Government sectors
- Another area undergoing major transformational change is the public procurement of goods and services. This fundamental aspect of public expenditure accounts for approximately €9 billion of spending by the State. An external review has estimated a reform dividend yielding potential annual savings of half a billion euro after three years.
- This new approach has resulted in the creation of a new National Procurement Office, led by a recently appointed Chief Procurement Officer for the Public Service.
- His mandate is to integrate procurement policy, strategy and operations. The issues to be tackled are generalisable in that they concern the need for consolidation of services, greater professionalisation within a consolidated service, and leveraging the systems and processes that will allow the professionals to effectively exercise their expertise.
- Actions will therefore focus on strengthening spend analytics and data management; greater aggregation of purchasing across public bodies to achieve better value for money; examining the specifications set out for goods and services; evaluating demand levels to assess how demand can be reduced; and strengthening vendor and category management.

- We has also recently agreed a range of measures aimed at achieving a more focussed and integrated approach to property asset management across the Public Service.
- The aforementioned reduction in Public Service staff numbers, coupled with organisational rationalisations such as shared services and the abolition of agencies, have a domino effect in terms pf reducing over time of the amount of accommodation required by the Public Service.
- Again there is a need to adopt a whole-of-government approach on how best to manage Public Service property in the future in order to ensure optimal value for money is achieved.
- Moving from the tangible to the virtual, a new Cloud Computing Strategy aims to bring about a considerable reduction in the number of computing facilities and data centres that we have to operate and support as well as a reduction in the numbers of people required to operate and manage our ICT environments and an overall reduction in our costs.
- None of this is rocket science. In essence we are adopting new business models so that the Public Service can meet the changing needs of citizens in the 21st century. The crucial factor is engineering of the cultural shift that will lend the momentum to propel such basic, structural reforms. Here people and practice come centre stage.
- People management is being reformed through greater flexibility and new working arrangements as well as strengthening senior management and leadership capacity.
- Outsourcing in the delivery of non-core public services will identify opportunities for the best of the public and private sectors to come together to learn from each other and develop new models for effective and efficient delivery of public services.

- The elephant in this reform-minded room is of course the industrial relations process that has underpinned an unparalleled degree of industrial peace these past years.
- The Public Service (Croke Park) Agreement has been an essential element in building cooperation into the comprehensive reforms that are taking place across the system.
- Some here may be aware of more recent developments in terms of recently concluded discussions on a successor to the Croke Park Agreement, entitled the Haddington Road Agreement. Discussions have been difficult as the need for further savings cuts closer and closer to the bone. Yet at the core of this proposed Agreement is the imperative to enhance Public Service productivity to the benefit of all those who rely on public services while ensuring that savings are achieved in a broadly equitable manner in terms of impacting on those best able to afford it.
- These are ambitious, comprehensive and far reaching measures. Securing agreement will be a challenge but they are necessary if we are to reach our fiscal targets and return to sustainable economic growth.

Ireland's Presidency of the EU

What I have outlined thus far are steps that we, as members of the Government of a small open economy, can and have taken, insofar as they are within our control to do so.

I will touch briefly on, given our Presidency of the EU, issues of collective action crucial to the Eurozone and EU as a whole. Our seventh Irish EU Presidency comes at a key moment for the Union, as we begin to move from crisis mode towards recovery.

Our Presidency agenda has been tightly focused on the most urgent issues facing Europe today: promoting stability, stimulating sustainable economic growth, and creating jobs.

With some five weeks still to go, we have delivered strong, tangible results for Europe and its citizens. Youth unemployment is a scourge across Europe, and a pressing priority for the Irish Presidency. The agreement reached in February on a Youth Guarantee programme will stand as an important legacy of the Presidency, particularly taken together with the European Council's agreement on a €6 billion fund to tackle youth unemployment in the worst-affected EU regions.

An emphasis on measures aimed at strengthening and modernising the Single Market has resulted in agreement on the Accounting Directive and the Union Customs Code, both aiming to reduce the administrative burden on Small and Medium-Sized Enterprises.

Agreement on the Unified Patent Court will drive growth in the digital Single Market: we are also making good progress on other key digital policy issues such as e-identification and data protection.

We have also targeted our efforts to measures to promote stability and confidence in Europe's economy, including the Banking Union package. We have secured agreement on the Capital Requirements Directive IV and the Single Supervisory Mechanism, and continue to progress other vital component parts, in particular the Banking Resolution and Recovery proposal.

Securing agreement on the Mortgage Credit Directive and the "Two Pack" legislation to improve budgetary surveillance and coordination in the euro area are also positive in terms of implementing a Europe wide response to the causes of the financial crisis.

A major priority for the remainder of our term is to reach agreement with the European Parliament on the EU's proposed budget, the Multi-annual Financial

Framework. This is vital to underpin the EU's initiatives to support job creation, economic growth and social cohesion. The Taoiseach and the Tánaiste are working with the Presidents of the European Parliament and the Commission to secure the Parliament's approval.

Rest assured that we will continue to push right up until the end of June, to deliver results across the EU's agenda in support of jobs and growth.

Conclusion

Ireland has embarked on the most ambitious and comprehensive programme of Public Service Reform since the foundation of our State.

The tasks we have set ourselves are challenging but proportionate to our circumstances. Implementing sustainable change in the Public Service is not an optional "add-on" but a key part of the overall strategic response to the challenges the country continues to face. We are not alone in this, and in this regard events such as today's are necessary to share our various challenges and often common solutions.

In the 18 months since our Reform Plan was published solid progress has been made. Complacency, however is a luxury none of us can afford. 2013 will be a critical year in terms of delivering on our plans.

As with many of our colleagues in Europe, we in Government are acutely aware of the challenge we face: it is that of implementing and executing a programme of fundamental change to the workings of Public Administrations. Nothing less is acceptable in order to achieve the shared vision of sustainable growth and jobs for our citizens.

D.PER Speech: Keynote address at the 2013 European Centre for Government Transformation Annual Forum and Award Ceremony (Brux, 28-May-2013)

Thank you.

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