KEVIN CALLINAN

DEPUTY GENERAL SECRETARY

IMPACT

Champions League
Rooney out of luck as United are held SPORT S1-5

Lucy Cavendish PAGE 29
Safety fears are destroying childhood

The Daily Telegraph

Wednesday, September 15, 2010 *** N D NEWSPAPER OF THE YEAR Irish Republic €1.20 No 48,300 £1.00

Myth of the underpaid public worker

By Philip Aldrick
Economics Editor

PUBLIC sector workers are paid more on average than those in the private sector, according to the first comprehensive analysis of the pay divide by Britain's national statistician.

The Office for National Statistics found that full-time public sector staff earned an average of £74 a week more than those in the private sector. Once employer pension contributions were included, the gap rose to £136, illustrating the generous pay-and-perks deals enjoyed by local and central government workers.

The findings threaten to undermine calls by the Trades Union Congress at its conference in Manchester this week for "civil disobedience" and co-ordinated strike action in protest against the Government's planned public sector spending cuts.

The Coalition's austerity measures are expected to lead to 600,000 public sector job losses, as well as pay freezes and pension reforms over the next five years. The TUC warned of a "darker, more brutish" society and labelled the Government the "demolition Coalition".

In its September Economic and Labour Market Review, published yesterday, the national statistician reported that the average weekly salary for public sector workers in April last year was £539, compared with £465 in the private sector.

The difference was more stark when pensions were included because fewer than half of the private sector workforce were enrolled in a retirement scheme, compared with nearly all in the public sector – many of which are taxpayer-subsidised final salary schemes paying two thirds of working income for life. Including employer pension contributions, the total average remuneration package for the public sector was worth £615 a week and £479 for a private sector worker. Mark Littlewood, the director-general of the Institute of Economic Affairs think tank, said the report illustrated "just how preposterous" the TUC's claims were.

"The idea that the public should rally round these 'oppressed' workers is ludicrous," he said. "Why should their higher salaries be paid for by waitresses and hairdressers? An attack on public sector pay is not an attack on the poor but the privileged."

Ruth Lea, the economic adviser to Arbuthnot Banking Group, added: "It's a useful and timely piece of research. The private sector has taken a real beating in the recession and it should be share and share alike. It's a challenge to the public sector why they should be treated so differently."

Only private sector workers who are in a pension scheme fare better than public sector workers – with a total pay packet of £666 against £644 for public workers. Staff at the very top of their professions also do better in the private sector, with or without pensions.

Mr Littlewood said the research would have been even more depressing reading for private sector workers if job security had been included.

"The likelihood of losing your job in the private sector is much higher," he said. The number of public sector workers swelled under Labour from 5.2 million to more than six million.

Adam Lent, the head of economics for the TUC, said: "You can't make direct comparisons. The public sector has many more professional and highly skilled workers within it than the private sector. Averages simply do not tell us anything useful."

INSIDE
Public sector workers are bone idle, says fire chief p8

Farmers given the all-clear to cull badgers

£10 test for prostate

'The trouble with the public sector is bone-idle staff'

Fire chief urges managers to sack lazy workers

By Christopher Hope in Manchester

THE public sector is plagued by "bone idle" staff and an epidemic of people taking time off sick, according to the head of one of the country's biggest fire brigades.

Tony McGuirk, the chief officer of Merseyside Fire and Rescue Service, said there was an "epidemic of failure to deal with poor attendance" in the public sector.

He said managers should be brave enough to root out lazy staff rather than sacrifice key infrastructure such as fire engines or stations.

Mr McGuirk said the key was having "the muscle" to sack lazy workers.

At his Merseyside branch, he said he had managed to become more efficient by cutting the number of firemen from 1,550 to 850 since 1991.

At the same time, fire-related deaths had dropped by 60 per cent, and injuries by 70 per cent as a result of running a fire prevention programme alongside the cuts.

He told a seminar: "We've got some bone-idle people in the public sector – there I said it, bone-idle people."

He said: "Front line is fire engines and fire stations, not fire fighters. There is no need to close a fire station, we haven't touched a single fire station.

"We provide a far better service with those 850 [firemen]; more with less."

Mr McGuirk's comments were made to a private seminar run by Reform, the think tank, and will be published in a report out this month. The Coalition is currently finalising some of the toughest spending cuts since the Second World War. Trades unionists have announced a campaign of industrial action opposing the cuts and police leaders have warned of civil unrest resulting from the austerity drive.

Tony McGuirk said that good attendance in the public sector should be incentivised with prizes such as cars

Mr McGuirk said his take-no-prisoners approach should be adopted by the National Health Service: "I would suggest if you did that in the NHS, you've not got a problem."

He said that public sector workers should be rewarded for good attendance with prizes such as winning a car.

He said: "Incentivise great attendance and fantastic performance. Once every year we have a car draw.

"Anybody who hasn't had any absence can go in a draw for a car. You can win a car."

Mr McGuirk admitted that his Merseyside efficiency drive had not proved popular among his staff.

He said: "Is it popular? Of course, it isn't. They don't like it. It's not my job to be popular, it's to deliver.

"That's what you do in the business world. You do what needs to be done to deliver and you can't have your cake and eat it."

Mr McGuirk's cuts resulted in one fire station being occupied for 29 days. In Liverpool, 2,000 activists marched wearing T-shirts emblazoned with "I hate McGuirk".

He said: "When your family have to watch that it's not a great day for them. At the end of the day this is what reality is all about and it's what's going to come to the public sector."

The key was, he said, "manage performance, reward good performance, develop people with poor performance or ultimately sack them".

Who are IMPACT?

- Ireland's largest public service union.

  65,000 members.
- Approximately half the membership in health – others in local government, civil service, education.
- Big span of health grades –
  - Clerical/administrative
  - Social care workers
  - Social workers
  - Physio, OT, SLT, dietitians
  - Pharmacists, psychologists
  - Clinical measurement and many more
  - Catering, supplies, maintenance
- A key supporter of social partnership since the 1980's.

Snapshot of the economy in 1987

- Unemployment = 17%
- Long term unemployment 10%
- Employment = 1.1 million (1/3 of population)
- Net outward migration = 23,000
- Fiscal balance = deficit of 9% of GNP
- Government debt = 118% of national income

  - interest on debt = 33% of tax revenue

Snapshot of the economy in 2007 .....

- Unemployment = 4.6%
- Long term unemployment = 1.3%
- Employment = 2.1 million (1/2 of population)
- Net inward migration = 67,000
- Fiscal balance = surplus of 0.2% of GDP
- Government debt = 25% of national income

The Era of Social Partnership 1987 – 2009

- Central Agreements. Broader than pay and conditions.
- Initially concentrated on modest pay increases/tax reform/economic stability.
- Additional public sector bargaining

  mid – late 1990's – grade restructuring – big increases/improvements

  2002 – Benchmarking 1 (average 9%)

  2007 – Benchmarking 2 (average 0.9% - still not implemented)
- Employment and membership increased dramatically
- Living standards also improved
- And then we fell off a cliff....

House completions have fallen significantly…

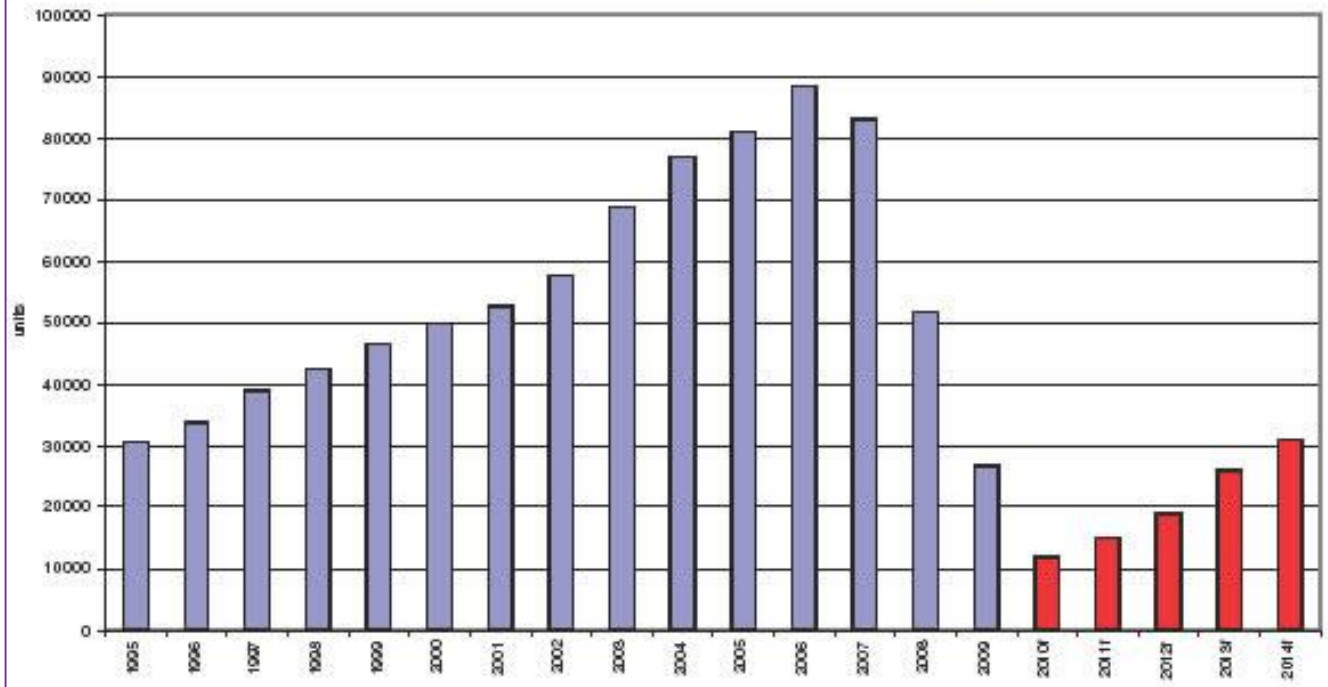

Chart shows: annual house completions (inc D/Finance forecasts)

Falling GDP in our main trading partners…

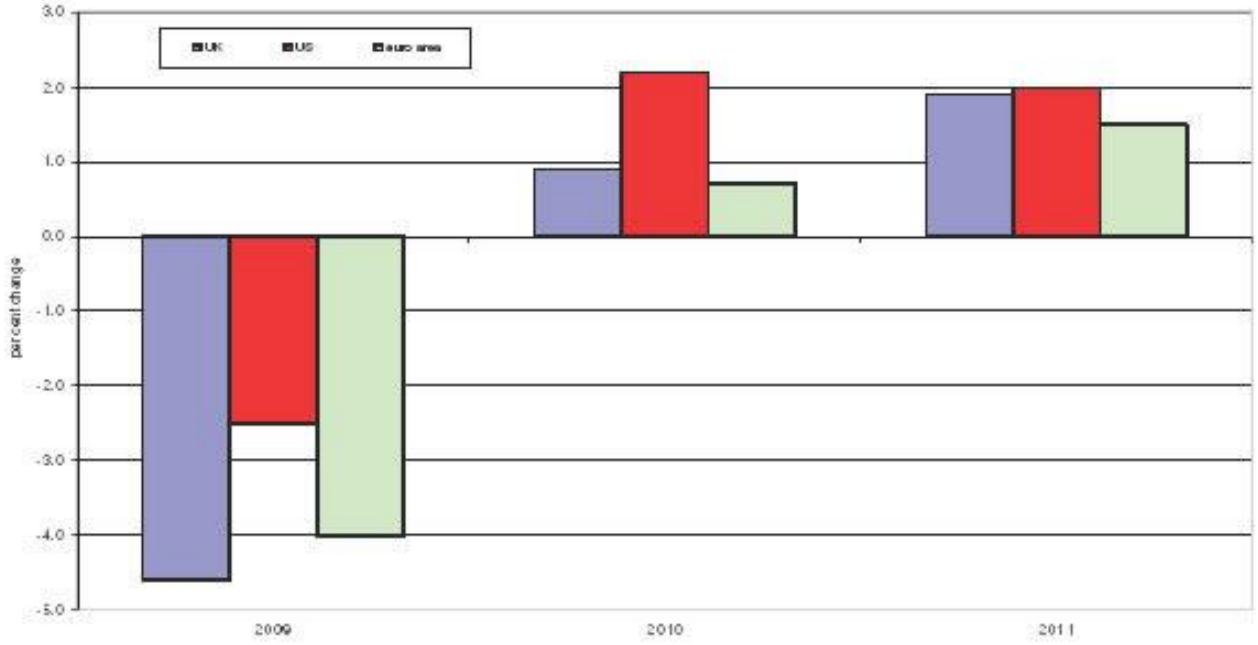

Chart shows: GDP forecasts for our main trading partners

Euro appreciation…

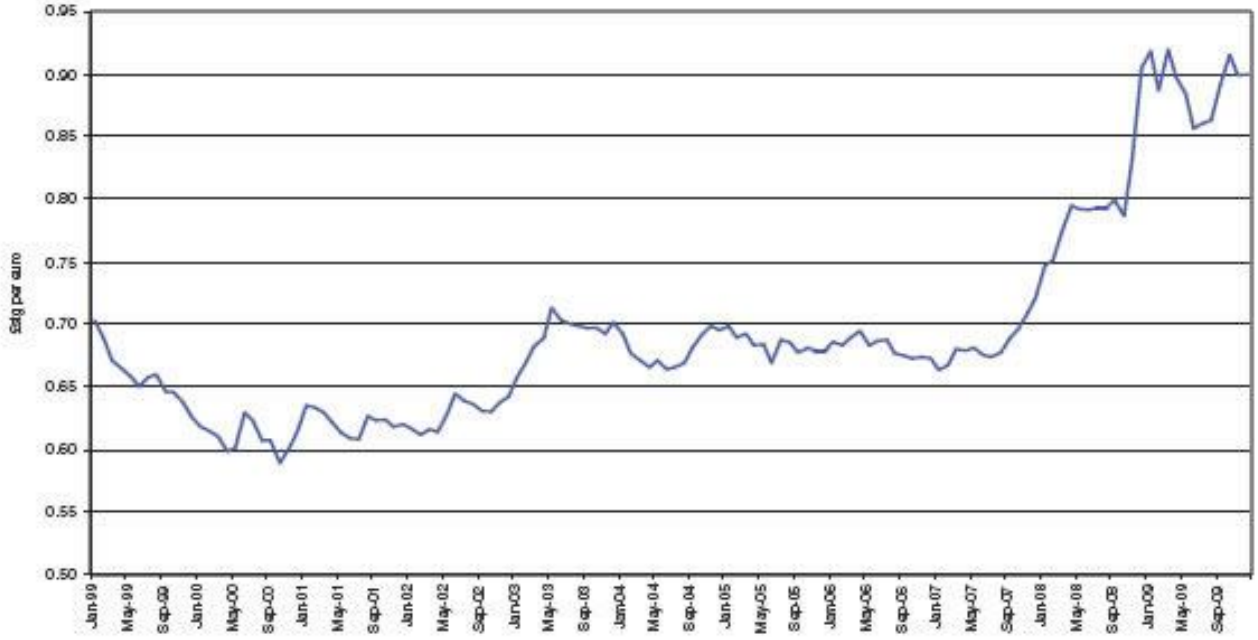

Chart shows: euro-sterling bilateral exchange rate (monthly average)

Three years of declining annual GDP…

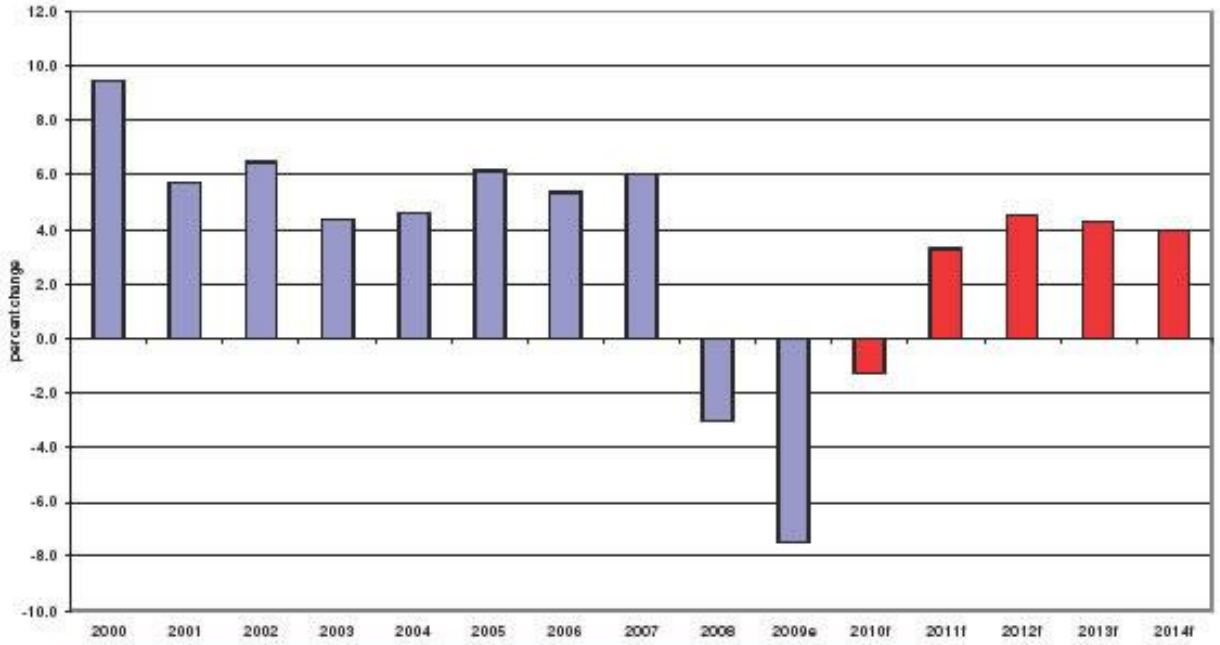

Chart shows: annual change in GDP (inc D/ Finance forecasts)

Public finances moved from surplus to deficit…

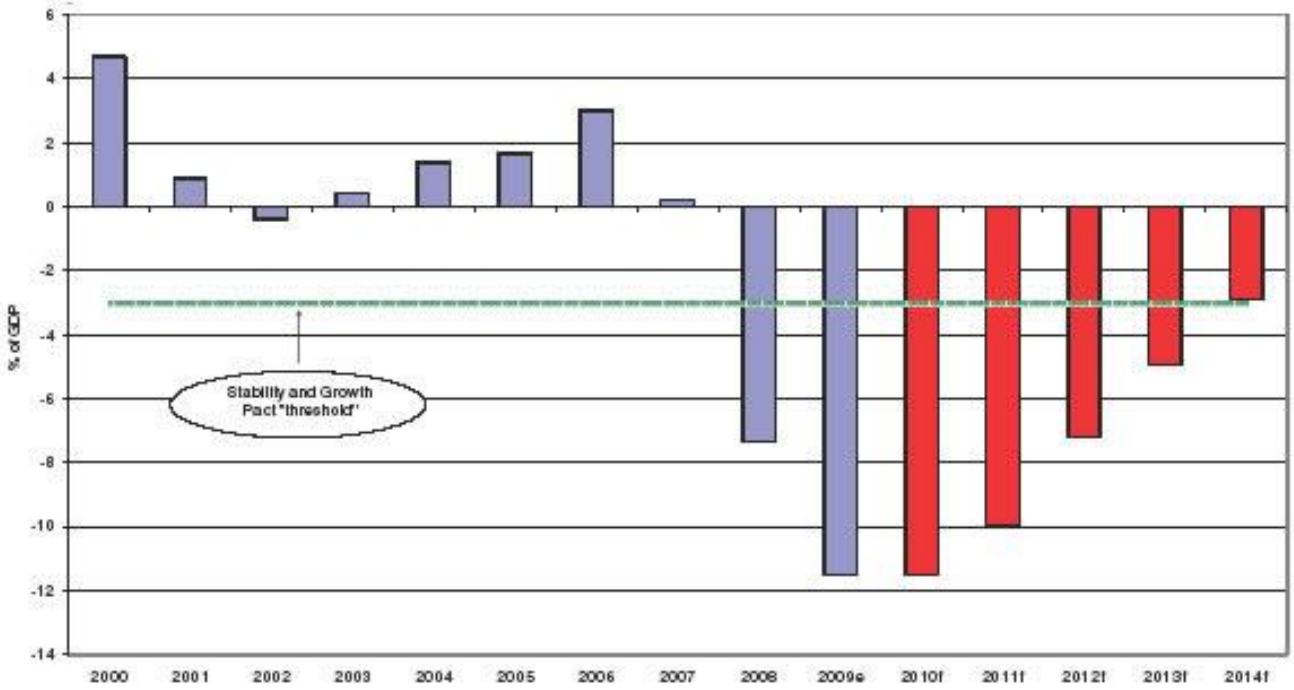

Chart shows: annual budget deficit, GGB basis (inc D/Finance forecasts)

Unemployment has increased significantly…

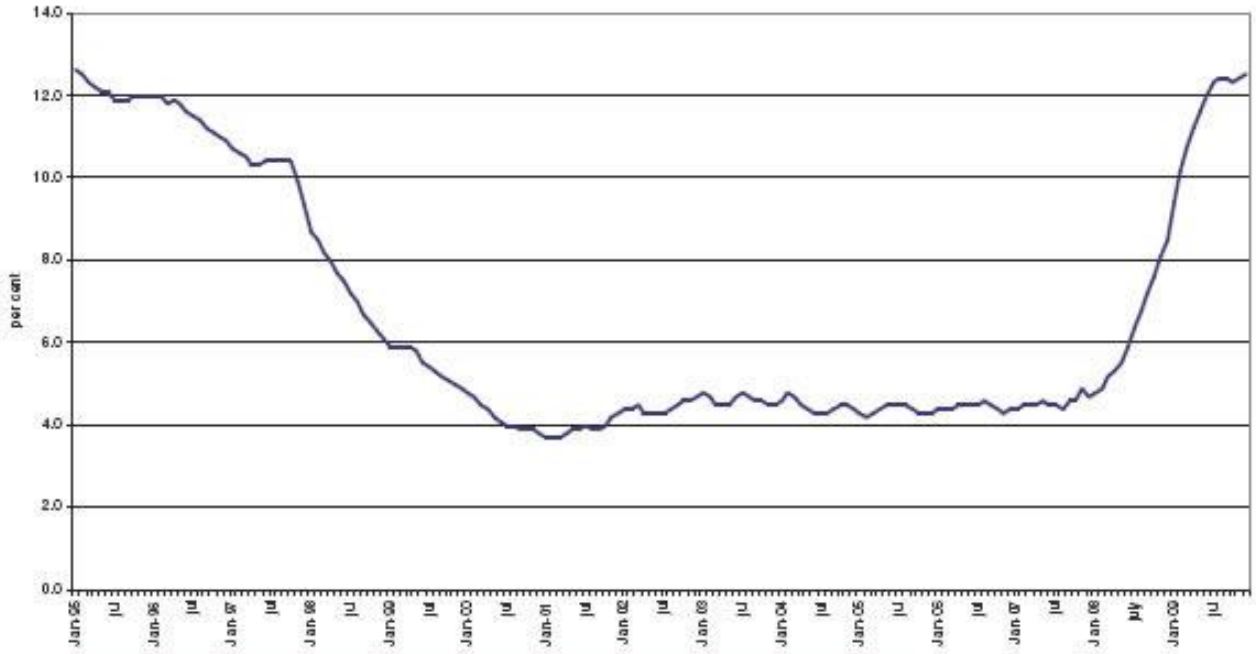

Chart shows: standardised unemployment rate

The 5 Crises

- **Banking**
- **Fiscal**
- **Economic**
- **Social**
- **Reputational**

(NESC 2009)

The Policy instruments

• Devaluation	Euro membership
• Interest rates	ECB control
• Public expenditure	Only option/focus

The impact

- (Public expenditure (pay, social security, services) c€50bn+
- Revenue collapsed to c€31bn
- Banks guaranteed and some nationalised
- Bank bailout now estimated at cost of €50bn
- National Asset Management Agency (NAMA) established – the biggest property company in the world!

The Approach

- Spending cuts
- Tax increases
- Improved growth

The current reality

- Growth less than anticipated
- EU stability and growth pact – deficit <3%GDP
- 4 Year Plan 2011 – 2014
- €15bn per annum correction!
- Irish 10 Year Bonds top 7% (28/10/10)

Fiscal difficulties begin to surface

2007 Budget measures – cuts, recruitment embargo

2008 More of the same.

Moratorium on recruitment and promotions – some exceptions in health

2009 General income levies

March: Public Service Pension Levy (average 7% pay cut)

December: Pay cut (5% to 8%)

The Irish Health System

- Unique.
- Very different to NHS.
- One half of population possess private health insurance.
- 30% with state medical card.
- GP's private contractors.
- Public system –

  Two thirds - Health Service Executive

  One third - independent public/voluntary hospitals
- Significant community/voluntary providers – contracted to HSE under service level agreements

Laura needs her public services much more than Ireland needs to cut them.
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Laura needs her public services much more than Ireland needs to cut them.

THE KEY QUESTION of whether your public services should be slashed is not an abstract idea. It takes on real meaning in the struggle of ordinary families right across the country. And in the very real needs of children like Laura and her family.

The stark reality is that this Government is planning to cut your family's vital public services. And this is happening at a time when — because of the recession — people's demand for public services is growing at pace. Commentators have rightly described this as a shortsighted and cynical attempt to patch up the mess the Government has made of your economy. But far from alleviating the recession, slashing your vital services will actually deepen it and cause great hardship to middle income families and the most vulnerable in society. This would be a tragedy.

Meanwhile your child may become ill, your neighbour may need an emergency passport, our family may need great teachers, protection from crime, crisis family budget advice, our children with special education needs require assistance, you want efficient emergency services, our children's speech, hearing and physical therapists and so much more.

Public servants can't take any more cuts. Laura has already devastated our weekly family income. But instead, we will do something much more effective and practical. Hardworking public servants are ready to play their part for Ireland and transform your family's vital services. IMPACT has developed a landmark plan to achieve this. We're prepared to make sacrificial transformation of your public services unprecedented in our history. This will mean that your public services are protected despite budget cuts, pay freezes, employment embargoes, the pension levy and falling demand for services.

So far, the debate has been driven by Government PR handles using myths, lies and cynical spin to 'warm up' media and public opinion. Meanwhile, independent evidence and research proves that the public service is not overstaffed, not overpaid and is in fact, highly efficient. That may be hard to believe, but it's true.

PUBLIC SERVICES TRANSFORMATION NOT CUTS

Let's start by dealing with the reality and the facts.

10 MYTHS ABOUT YOUR PUBLIC SERVICES

MYTH 1 PUBLIC SERVANTS ARE GROSSLY OVERPAID. THE EVIDENCE SUGGESTS OTHERWISE.

The figures don't lie. Most workers in the public sector are on low or middle incoming. A third earn less than €45,000 a year. The biggest sector is health, where average income is lower than average incomes in finance, business, manufacturing, transport and communications.

MYTH 2 THE PUBLIC SERVICE IS MASSIVELY OVERSTAFFED. ENTIRE.

The OECD, which represents the Government's 'mates' in the world's biggest economies, examined Irish public sector last year. It found that, for the size of our population and economy, the Irish public service was smaller than in most comparable countries. It also said that increases in employment in areas like health and education were a result of the Irish public service 'catching up' from traditional low levels of investment.

MYTH 3 THE PUBLIC SERVICE IS INEFFICIENT. NOT SO.

The OECD also found that, by and large, the Irish public service is efficient and delivers good value for money. Everyone in the public service has worked hard to meet the rising levels of demand from our increasing population over the last 15 years, and this has been recognised in many independent analyses of the sector.

MYTH 4 NOBODY IN THE PUBLIC SERVICE HAS LOST THEIR JOB. WRONG.

Thousands of jobs have been lost in the public service, while most jobs have been lost in the private sector, many public servants on temporary contracts have lost their jobs — and thousands more are under threat. Meanwhile, staff in state-funded community and voluntary bodies are also out of work or facing layoffs. A continuing embargo on public service employment means that many more face the same fate, while the Government is now considering the option of making other public sector workers redundant as part of its cuts programme.

MYTH 5 THE PUBLIC SERVICE HASN'T CUT WAGES WHILE MOST PRIVATE SECTOR WORKERS HAVE TAKEN HUGE PAY CUTS. NOT SO.

The pay of ALL public servants has been cut by an average of 14% through the imposition of the so-called 'pension levy'. Meanwhile, independent research shows that nine out of ten private sector companies have not cut pay. Even the employers' body IBEC says eight out of ten private firms have not cut jobs.

MYTH 6 PUBLIC SERVICE PAY IS ON THE RISE. NOT TRUE.

Pay has been cut and is now stagnant. In addition to public sector wage cuts in the form of the pension levy, all payments under national agreements have been suspended. No jobs are lost in the public service. No new jobs are increasing. Meanwhile, some private sector companies have actually paid increases under the last national wage agreement.

MYTH 7 WE HAVE ONE OF THE BIGGEST PUBLIC SERVICE WAGE BILLS IN THE EU. WRONG.

Our public service wage bill remains well below the EU average, and the findings of the OECD indicate that we have a relatively small public service. In 2007, total Irish public sector wages made up 12% of services of GNP. The average for the other OECD countries was 15% of GNP.

MYTH 8 CUTTING PUBLIC SERVICE PAY WILL SORT OUT THE ECONOMY. ABSOLUTELY NOT.

Any further cuts to public service workers' pay will take money out of the economy and further depress the downward economic spiral. We have already seen this happen. The 'pension levy' did nothing to stop the decline in public finances, and took a lot of money out of local economies.

MYTH 9 PUBLIC SERVANTS DON'T CONTRIBUTE TO THEIR PENSIONS. NOT TRUE.

Most public servants already pay an average of 14% toward their pensions. With the addition of the pension levy, this brings the average payments associated with pensions up to 18%. And public service pensions include the state pension, which we all pay for through PRSI.

MYTH 10 THE PUBLIC SERVICE BROUGHT DOWN THE IRISH ECONOMY. NOT SO.

The recession, and the collapse in Government revenue that followed, were mainly caused by misguided Government policy and unacceptable practice in parts of the private sector, particularly in banking, finance, property and construction. Attempts to scapegoat the people who work to provide public services might deflect attention from the real causes of the recession, but it won't help solve it.

IMPACT TRADE UNION

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IMPACT'S 7 STEPS TO TRANSFORMATION

All workers — private and public — are feeling the pain and doing their bit for recovery. This is a national crisis that demands unity and support from all Irish working people, not blame and stigmatisation. There is an alternative to the slash and burn panic-mentality of Government.

IMPACT workers are ready to transform the way we work in order to transform your vital services during the recession and beyond.

1 WE WILL TRANSFORM NOT JUST REFORM

We can't allow the development of public services to stall because of the current financial crisis. IMPACT has said we need to move beyond 'reform' and really transform our public services, to find ways to improve, expand and integrate them, while making them better and easier for you to access.

2 PUTTING YOU — THE CUSTOMER — FIRST

The first step to transforming public services is to make sure that any changes are of direct benefit to you, the customer. You will be the first consideration at all times. IMPACT believes this approach must inform how everything is done.

3 IDENTIFY AND CUT WASTE

IMPACT has proposed an approach that protects vital services by letting the people who know the services and who know the communities they serve — identify and cut waste. They are in the top position to recognise the best possible range and quality of services within government-set financial constraints. At the moment, public service cuts are being dictated by central bureaucrats that, with the best will in the world, have little real knowledge of the services delivered in this community.

4 WE WILL PROTECT YOUR KEY SERVICES

The number of public servants will continue to fall as people retire and through other non-compulsory measures which means significant savings for the taxpayer. Although it is a tough time, IMPACT has said public servants will work to maintain your vital services as this happens for as long as resources are limited — vital services in health, local government, education and elsewhere.

5 WE WILL ENSURE FLEXIBILITY TO DELIVER VALUE FOR MONEY

IMPACT has said we'll look now working arrangements and give greater flexibility to ensure services are maintained while the analysis takes place, so that people who work to deliver public services can deliver more value for money.

6 WORKING HARDER TO AID RECOVERY

We're dealing with the unprecedented reality of recession in ways that protect public services. Especially the core services that we all depend on most, and which our most vulnerable citizens desperately need. IMPACT understands that this means public servants must adapt productivity and agree to changes in work practices that will enable services to be maintained.

7 WE WILL ACT — THERE'S NO TIME TO WASTE

The crisis is bringing the country to its knees. Transformation can't be delayed. The damaging cuts are off the agenda. IMPACT is on the starting blocks and ready to move on these steps for transformation. Should government, in good faith, embrace this new, simpler way of moving forward, there will be no delays or protracted negotiations. The country's problems are too serious and your family's vital services can't wait.

Despite stigmatisation and huge earnings' cuts, hardworking public servants like care attendants, special needs assistants, forensic scientists, speech therapists, lab technicians, refuse collectors, administrators, firefighters, school secretaries and others are ready to play their part for Ireland and speed up the transformation of your family's vital services.

SUPPORT IMPACT'S BATTLE TO SAVE YOUR VITAL PUBLIC SERVICES

Drop the label, and public servants start to look a lot like you.

Dear Taoiseach,

My name is Deirdre Deegan. I'm a single mother. I'm also a public servant monster. I've obviously been bleeding the country dry without knowing it. I'm sorry. I know my annual wage of €38,000 is outrageously high, even after you cut it by €1,200 just six months ago. That's why you have to take so much back. Sure I do a really good job but I know it's not nearly as good as the bankers, corporate executives, politicians and developers who are much better at what they do.

I work in an office in our public health service. Like my colleagues, I work beyond the hours I am paid for because we know there is a patient in need of treatment at the end of everything we do. However, I would really appreciate it if you could explain something to me as you are so good at your job.

As you know I hand over a large amount of my take-home wage to the bankers and developers to pay for my house; to the finance company executives for the car loan as I had to move 34 miles to get an affordable home; in electricity; gas; childcare – so that I can work and pay my taxes. I know, it's a bit of a luxury in these straitened times, but I also have to buy baby clothes, food and medicine for my daughter, Laura.

My dilemma is, after the pension levy and salary reductions, I have no more money left to donate to you in the form of a new pay cut you so reasonably ask for. I really want to do the right thing as I now know – because you and the media have reminded me over and over – I have been a public sector scrounger. (How did I not see this before?!). Also, I'm worried about having nothing to spend in the corner shop and local businesses to boost the economy. Can you tell me how to do this? You're a pal. Thanks.

Initially, when you said you were thinking about cutting my pay again, for the second time this year, I was really upset. I was furious in fact. I thought everyone, maybe even the banks would have to 'share the pain' as you so nicely put it. But now I see that it's only monsters like me who have been irresponsible and greedy and have caused this crisis in Ireland. I can now see why I should be treated like dirt.

Please reply when you get a break from delivering our taxes, and pay-cut money, to your nice friends in the banks.

Sincerely,
Deirdre Deegan.

P.S. I know we don't deserve a normal family Christmas, but if you wouldn't mind, would you explain to Laura that you took the Christmas savings piggy bank? You're a star. Thanks.

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Union Strategy

- In 2008 proposed Health Service Accord to protect services, jobs and pay.
- Government would not underwrite guarantees.
- In 2009 proposed temporary income reduction (for 2010) and broader public service transformation deal in return for guarantees on jobs, pay, pensions.
- Government walked away and cut pay anyway.
- January 2010. Limited industrial action commenced.
- 30 March 2010. Facilitated negotiations concluded.
- Public Service Agreement 2010 – 2014 ratified in June following union ballots

The Transformation Agenda in Health

- Planning services over an extended day (8 am to 8 pm)
- Reducing staffing and other resources required at nights and weekends.
- Reducing in-patient beds while increasing day case, outpatient and diagnostic capacity
- Providing greater range of community services through primary care teams and social care networks.
- Reconfiguring various services
- Expanding roles and direct referral pathways
- Greater centralisation of processing, payroll, procurement, ICT etc.

- Greater redeployment/reassignment
- Greater integration of acute, community and home care
- Organisational restructuring – again!
- More multi-disciplinary working and cross-reporting
- Evidence-based performance measurement
- Reviews of existing rostering arrangements
- Voluntary Redundancies announced (1/11/10)

Why did we even consider it?

- Guarantee of no further pay cuts until 2014
- Process where we <u>might</u> get money back (in return for verifiable savings), priority to low paid
- Jobs are likely to be lost anyway
- Specific protocol to control outsourcing
- Specific protocol to deal with redeployment
- Some of the change is good and difficult to resist
- Union input into the change process.
- The alternatives aren't great!

PROSPECTS/CHALLENGES

- Agreement under threat
- The ‘right,’ the media, inept management
- Further pay cuts/job losses urged
- Public Sector/Private Sector divide
- Unpopular government on borrowed time
- Fear stalks the land!
- Resistance/opposition ≠ willingness to take action
- Trade union strategy and campaigns must be credible

Niamh Horan Mary Byrne will go all the way. Page 4

Daniel McConnell 20,000 public jobs to go. Page 2

JOHN GILES GIVES IT STRAIGHT
Exclusive extract from his new autobiography, Sport, Page 8

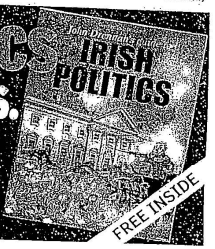
Sunday Independent

992,000 READERS

Vol. 105 No. 44 CITY FINAL October 31, 2010 €2.50 (£1.50 in Northern Ireland)

JOHN DRENNAN'S GUIDE TO IRISH POLITICS

WE HAVE LOST OUR SOVEREIGNTY. BANKRUPTCY BECKONS.
THE NEXT FEW WEEKS WILL DECIDE OUR POLITICAL FATE
GET IT, READ IT, KEEP IT



FREE INSIDE

McCarthy warning: IMF is at our door

Bord Snip economist says Budget is our last chance for sovereignty

Calls grow louder for Cowen to go

Celia Larkin, Shane Ross and Ben Dunne among those calling on Taoiseach to quit

RONALD QUINLAN

TAOISEACH Brian Cowen must go — that's the growing chorus from Ireland's leading public figures and a disenchanted populace.

"I think that Brian Cowen should step aside in favour of Brian Lenihan in the national interest," says independent senator Shane Ross.

"In order for the party (Fianna Fail) to survive Brian must go, and go quickly," says Celia Larkin, key advisor and confidante of former Taoiseach Bertie Ahern.

"He's living on borrowed time," says billionaire industrialist Martin Naughton of Glen Dimplex.

"He hasn't got the X Factor, he's got the Ex Factor," according to Ireland's leading music impresario Louis Walsh.

"You need a leader that people believe in, regard as credible, and Brian Cowen is not that. Full stop," says leading economist Jim Power.

FULL STORY P3 & 4
POLL DETAILS P32

The palpable sense of disenchantment with the Taoiseach's leadership and his failure to address the dire state of the public finances is echoed by the public, with 73 per cent of those polled by Quantum Research for the *Sunday Independent* saying that Mr Cowen should step down immediately.

Articulating the anger of ordinary people last Friday night at a public meeting in Co Limerick, former Eamon McManus berated the Taoiseach to his face to the applause of many of those present at the AGM of the ICMSA (Irish Creamery Milk Suppliers' Association).

Writing in today's *Sunday Independent*, Celia Larkin lays it firmly on the line for Mr Cowen, his leadership of Fianna Fail and the country, saying: "Here's the truth of it: in order for the Fianna Fail party to survive, Brian must go, and go quickly."

DID YOU REMEMBER?

State's plan for massive public sector purge

Jobs and pensions now targeted in €15bn push