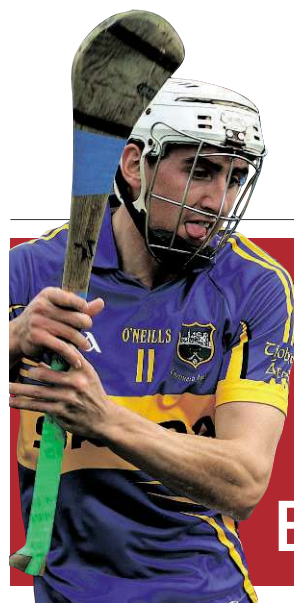


THE IRISH TIMES

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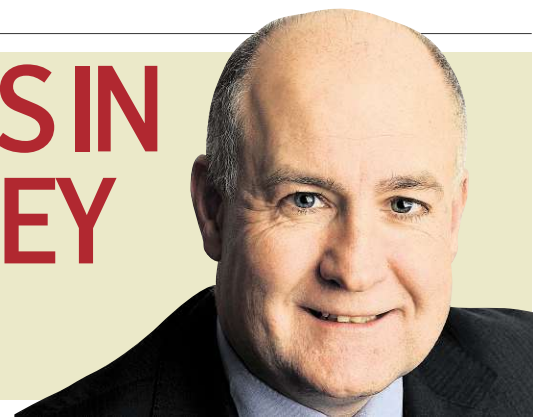
TIPP TOP CORK

ENGLAND PAY THE PENALTY **SPORTSMONDAY**

GERRY THORNLEY ON THE DEBACLE DOWN UNDER

VENTURES IN THE VALLEY

JOHN MCMANUS
BUSINESS + INNOVATION



NewsDigest

Ulster Bank needs week to fix backlog

A backlog in payments affecting more than 100,000 Ulster Bank customers is "taking significantly longer than expected" to clear and will not be resolved until the end of the week, the bank said last night: **page 3**

BODY & SOUL

MUCK AND MAGIC, **PAGE 3**



Kenny to back EU banking union and stimulus package

Moves towards the creation of an EU banking union and plans for a stimulus package to promote job creation will be backed by Taoiseach Enda Kenny at this week's EU summit in Brussels, according to Government sources: **page 7**

OH MOTHER, HERE WE GO AGAIN

ANN MARIE HOURIHANE, **PAGE 14**



HomeNews

Historic handshake: A decision on whether to release a photograph of the historic handshake between Martin McGuinness and Queen Elizabeth is likely to be announced today: **page 6**

Irish aid: Ireland has some of the best targeted overseas aid in the world, and remains an inspiration to other EU countries, according to the global charity the One campaign: **page 5**

BusinessNews

R&D credits: Only a minority of Irish food and drink companies utilise the research and development tax credits available to them, according to a report by Grant Thornton. **Business + Innovation**

McFeely case: Property developer Tom McFeely, whose bankruptcy application was overturned by the high court in London, is to have a second application hearing. **Business + Innovation**

WorldNews



Egypt: A great cheer went up from the tens of thousands gathered in Cairo's Tahrir Square yesterday when the Muslim Brotherhood's Mohamed Morsy was proclaimed Egypt's first elected civilian president: **page 9**

Britain: Welfare rules have sent out "damaging signals for years" that it pays people not to work, that they are owed "something for nothing", British prime minister David Cameron will say today: **page 10**

SportsMonday

Golf: Dubliner Paul McGinley followed his disappointing third round (77) with a superb final round (66) to finish joint third in the BMW International Open in Cologne.

Lotto: There was one winner of Saturday's draw. The numbers were 19, 22, 27, 33, 40, 44, (43). **Plus 1:** 1, 15, 21, 34, 37, 38, (7). **Plus 2:** 2, 8, 18, 22, 26, 35, (4).

Weather

Dry in many areas with bright or sunny spells. In the southwest, expect outbreaks of rain later in the day. Highest temperatures 15 to 19 degrees with light to moderate, variable or southeast breezes: **page 16**

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Volume No. 48875. Monday, June 25, 2012

Reilly raises pay rates issue in talks on spiralling health costs

Howlin urges 'immediate action' on €200m overrun

MARTIN WALL
Industry Correspondent

MINISTER FOR Health James Reilly has raised the prospect of cutting overtime and premium pay rates in response to a call from Minister for Public Expenditure Brendan Howlin for "immediate action" to address a huge costs overrun at the Health Service Executive (HSE).

Any such move would have serious implications for the Croke Park agreement between the Government and public sector unions, which protects core pay until 2014.

It comes as Mr Howlin and Minister for Communications Pat Rabbitte refused to rule out further social welfare cuts and tax increases. Overriding in the HSE, running at €200 million as of the end of April, is causing serious concern in Government circles and has sparked a debate on how best to tackle it.

Mr Howlin has urged Dr Reilly to "personally engage" with his department and the HSE to ensure steps are taken to bring spending into line. Mr Howlin says the deficit could reach €500 million by the end of the year. He told Dr Reilly to take "immediate action", including measures on top of those already set out in the budget for this year, to deal with the deficit.

Dr Reilly is arguing that a choice has to be made between cutting health services further and looking at issues such as the €800 million currently spent in the health service on overtime, allowances and premium pay. He also pointed to "anomalies" in the current climate, such as the requirement to pay staff double time for working Sundays.

The Croke Park deal with public service unions permits the Government to reduce its exposure to overtime or premium payments. However, unions have maintained that cutting actual rates would be in breach of the agreement and would be seen as a pay cut.

In correspondence with Dr Reilly seen by *The Irish Times*, Mr Howlin said he was "seriously concerned" at the financial picture emerging in the HSE.

Mr Howlin urged Dr Reilly to "personally engage" with his department and the HSE in an effort to bring health spending back into line. "Any significant overrun in the

health sector this year would not be sustainable and would undermine our national recovery efforts.

"I would also render the task of producing the 2013 estimates for the health sector and continuing implementation of the programme for government commitments on health reform extremely difficult, if not impossible.

"I would ask you, therefore, to ensure that immediate action, including additional measures over and above those envisaged at budget/estimate time [last year] if necessary, are taken to bring HSE expenditure back on track."

The Department of Health is currently working on a paper for Cabinet on how to address the HSE's financial difficulties. The HSE's €13.317 billion budget for this year required it to make cost reductions of €750 million. However, it is understood senior management have raised doubts as to whether planned savings on drugs of more than €100 million, as well as the generation of more than €140 million in additional revenue from health insurance companies, will be fully realised.

HSE chief executive Cathal Magee is understood to be seeking "guidance" from the board of the organisation - made up of senior health service administrators - on how to deal with the financial difficulties. One of the options is understood to include further cuts in hospital capacity, such as more closures of wards or theatres.

The issue of reducing labour costs through moves such as cutting overtime or premium rates is a policy matter for the Department of Health and Cabinet and is understood not to form part of the HSE paper.

Separately, the Government is expected to publish proposals for reconfiguring services in smaller hospitals later this week.

Hospitals in Mallow, Cork, and Loughlinstown, Dublin, could be most affected by the moves, which are likely to involve the transfer of more complex services to Cork city and to St Vincent's University Hospital in Dublin.

Croke Park deal a likely casualty of HSE's overspend: analysis, page 4; Ministers refuse to rule out tax rises and cuts in welfare benefit: page 7

Rabbitte's cheese ban plan grates on Coveney's nerves

ALISON HEALY

MINISTER FOR Agriculture Simon Coveney has written to Government colleague Pat Rabbitte on several occasions in recent months advising against a proposal to prohibit advertisements for certain cheeses during children's television programmes.

As Minister for Communications, Mr Rabbitte has responsibility for the Broadcasting Authority of Ireland (BAI), which is reviewing diet and nutrition rules contained in its children's commercial communications code. While it covers a wide variety of food and drinks, the proposal to include certain cheeses in the "less healthy" category has received the most criticism.

In a letter to Mr Rabbitte following a discussion in April, Mr Coveney wrote that he was "strongly of the view" that the approach to cheese should be altered from that proposed. He noted the average intake of cheese by children was 16g a day for

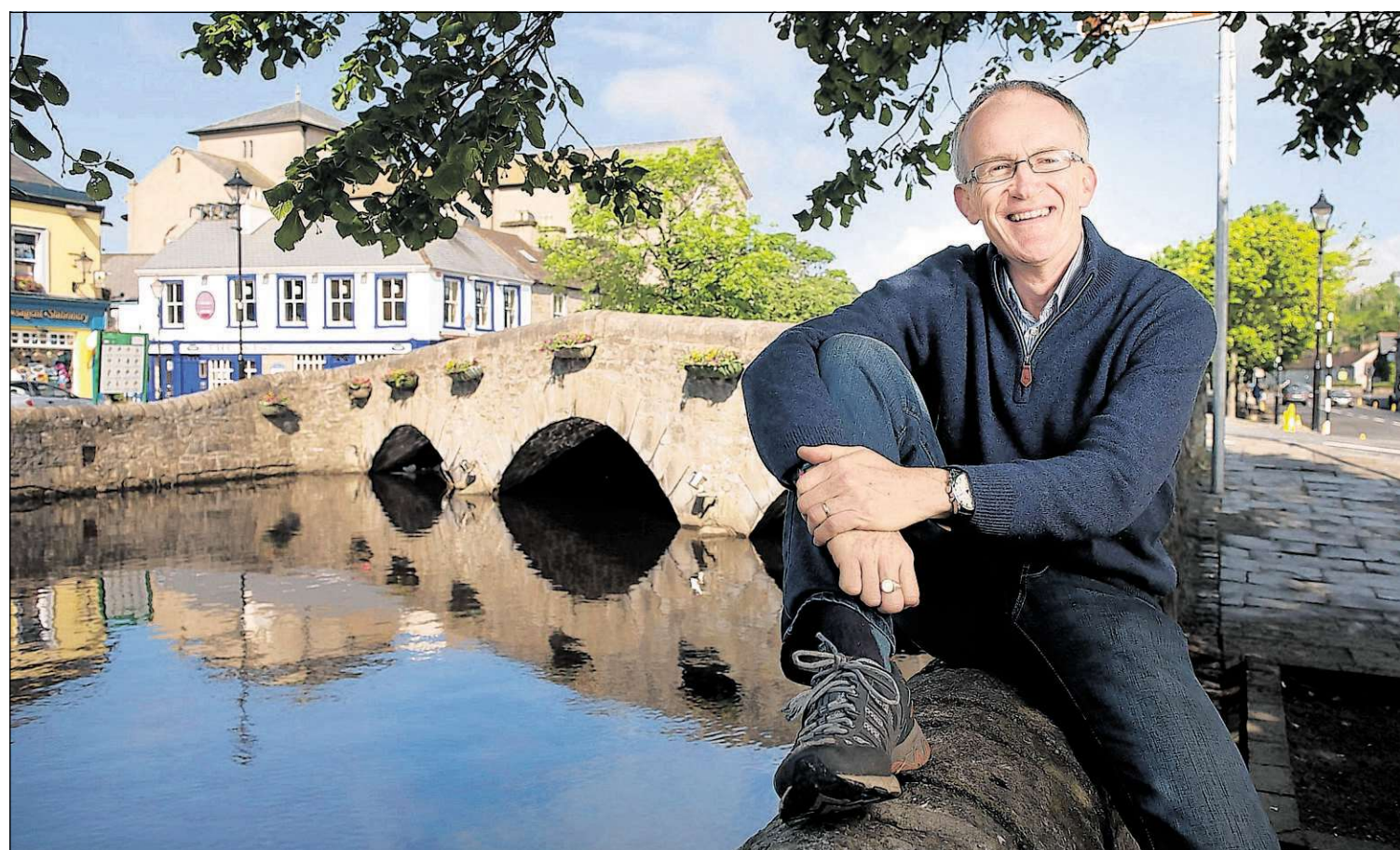
the 60 per cent of children who ate cheese. "This is well below the recommended 40g/day and far below the 100g that was examined in the profiling model used by the BAI."

He also warned, "Any ban on the advertising of cheddar cheese has the potential to damage the brand image of Irish dairy products, particularly on overseas markets, at a time when the industry is gearing up to increase production in the lead-up to the abolition of milk quotas in 2015."

In a letter written in March, he said Mr Rabbitte would be aware of "the sensitivities that inevitably surround proposals to limit the advertising of certain products, particularly in the context of an Irish food sector which is a significant and critically important engine of employment and economic recovery".

In the September correspondence, Mr Coveney highlighted the Food Harvest 2020 plan for the agri-food sector which targets an increase of 50 per cent in milk production

THE BEST PLACE TO LIVE IN IRELAND: WESTPORT



John O'Callaghan at the Carrowbeg river, also known locally as 'The Mall' in Westport, nominated the Co Mayo town and said he was 'just thrilled' it had won *The Irish Times's* Best Place to Live in Ireland competition. Photograph: Michael McLaughlin

Vibrant Co Mayo town shows it's more than just a pretty place

KATHY SHERIDAN

WESTPORT IS the best place to live in Ireland. The Co Mayo town came out the victor after a final session in *The Irish Times* offices last Friday, when judges had to select from a shortlist that included Cork city; Ardara, Co Donegal; Westport, Co Mayo; Killarney, Co Kerry; and Rathmines in Dublin.

As the five judges pitched for their choice, Dr Maureen Gaffney said: "We have the very happy dilemma of discovering that Ireland is just a great place."

The competition attracted 563 entries from all 32 counties, following an invitation from *The Irish Times* for members of the public to nominate the place in which they lived and explain its appeal. All kinds of habitats were eligible - "a town or city suburb, a village or remote rural spot, a tiny community halfway up a mountain, a street, a road or a housing estate".

"It became not just a search for a pretty place... but an examination

of living in Ireland today," said *Irish Times* Features Editor Conor Goodman, chairman of the judging panel.

John O'Callaghan, who nominated Westport in what a judge called a "lyrical pitch", was standing in the town's Octagon yesterday morning when he heard the news. "I'm just thrilled for the town... but to be the first place in Ireland... is a really wonderful boost," he said.

"This competition is deeper... It goes to the heart of how rooted the people are, of how much of a community they have."

Mr O'Callaghan, a senior chemist

with Roche in Clarecastle, Co Clare, and who has lived in Ennis for many years, returns to the old family home in Westport on most weekends.

"The pull to come back is so very strong," he said, before adding mischievously: "And I'd just hate to have lost out to Kerry."

Even through last week's lashing rain, Dr Gaffney said Westport "looked so beautiful... without a single piece of litter". The town has solved the most consistent problem facing nearly every community, she said: getting people to work together. With a population of 5,500, it has 97 voluntary associations, each

working "hand in glove", creating "fantastic" facilities for its young and even providing a "colour service" for local business frontages.

The five judges were: Dr Gaffney, adjunct professor of psychology and society at University College Dublin; Paul Keogh, founding partner of Paul Keogh Architects and former president of the Royal Institute of the Architects of Ireland; Gerard O'Neill, chairman of Amárach Research and a co-founder of Hireland.ie; *Irish Times* Environment Editor Frank McDonald; and *Irish Times* journalist Edel Morgan.

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