

Public's forbearance is not a bottomless pit

THE 12 months of 2009 were probably the worst in living memory. Sure, there have been years, even decades, in the past when things were far worse, relatively speaking, but our expectations were different then and our acceptance of hardships far higher.

In a sense we were used to it and didn't expect anything different. Now we have a situation where anybody under the age of 30 has little real understanding of how bad things can really get. The rest of us got used to the good life and are loath to have it stop but we know

we have little control. Not a particularly happy thought going into the new year. However, it's not all bad.

Whilst we would be foolhardy to think that the so-called "green shoots" in economic recovery that are being experienced in other economies will have any positive implications for us in the short term, the fact that they exist, at least, gives us some confidence that there just might be light at the end of the tunnel.

Given that confidence and optimism are important in getting us out of this dire state, it's understandable



PAUL MILLS

why Minister for Finance Brian Lenihan said that the 2010 budget was the worst

we should expect. This despite the fact we have three or four difficult budgets to come to get our budgetary deficit back in check. That may well have been wishful thinking but really what option did he have if he wanted to sell it? In any event our politicians are recognised for hyperbole and smoke and mirrors above most other things.

Unfortunately, he and Taoiseach Brian Cowen were not so straight up about a few other matters. Suggesting that politicians were going to have their salary levels reduced by

around 20% only to row back subsequently by telling us that the reductions prior to the budget would be taken into account in the overall reduction was the opener. The daddy of them all, though, is the Government's decision to also take prior reductions into account when deciding the reductions to apply to senior civil servants. These civil servants will remain, even after these reductions, amongst the highest paid civil servants in Europe.

Public sector pensions and indeed the lump sum tax free payments on retirement

are the envy of half the world and to make matters worse the pensions of public sector employees normally based on the salary of the equivalent grade were not even touched in the budget.

In effect, they are being treated like our judiciary — we can clearly interfere in their salaries when we are giving them an increase but not if a decrease is involved. Is it any wonder that we have upward only rent renewals on investment properties? The bottom line is whether they accept it or not, their failure and that of their colleagues to do the

job they were paid for went a long way towards creating the type of situation that led to this recession — eg, light regulation. They believe themselves immune from having to suffer the recession. However, they should share as much if not more than the vast bulk of folk in this state who neither had hand, act nor part to play.

So, as we head towards a new year, Brian Cowen and Brian Lenihan should reflect on their handling of 2009 and, more importantly, the implications of their favouritism towards a few, including the banks.

The ordinary taxpayer and those brave enough to run their own businesses seem to be the ones to constantly get the mucky end of the stick. The Brians would be well advised to ponder on this and ask themselves will we continue to accept the current situation whilst their friends, the banks in their ongoing greed, raise interest rates on our mortgages. It would be a mistake to think that our current forbearance is a bottomless pit. Having said all of that, here's wishing you and yours a great new year and Damn the Be-drudgers.

Worst is now behind us, say business chiefs

Things are looking better for 2010 — but careful housekeeping on a personal and corporate level is still needed, reports **Niamh Hennessy**

BUSINESS directors would like to see airline chiefs Michael O'Leary and Willie Walsh run the country but most think the coming year will be a much better one than 2009.

In a survey conducted by the Irish Examiner among some of the country's leading business people, most said their operations had been badly affected by the economic downturn.

Aer Lingus board member and chairman of saon-group.com, Leslie Buckley

said it has been a challenging year for everyone in business.

"As chairman of saon-group.com, holding company for several online recruitment companies in Ireland and across the world, we spent this year reviewing revenue and reducing our cost base which thankfully has paid off exceedingly well for us."

"We've managed to reduce costs by 40% across our businesses in 12 different markets. This was not an easy task but it was about making the brave

decisions," he said.

Director of the Irish Mortgage Corporation, Frank Conway said he expects 2010 to be a little better though he thinks that a return to some element of normality will take time.

"On the consumer end, there is still a lot of uncertainty in terms of jobs.

"However, in terms of property prices, the big correction in prices will be a big help, although the 'bottom' of the market will need to be recognised before consumers who are in stable employment will

be ready to purchase."

He said on the lender side, all signs to date are that NAMA needs to begin to work and take those assets from the banks' balance sheets.

When it comes to deciding who to run the country, many think Brian Cowen is doing a good job but Fergal Brosnan of Berkley recruitment thinks the job should go to British Airways boss Willie Walsh while Richard Eardley, managing director of Hays recruitment firm said it should be Michael O'Leary.



Richard Eardley: Positive signs for 2010.

Richard Eardley, managing director of Hays recruitment firm

1. How has the economic downturn impacted your business this year? The recruitment industry has had a torrid time in 2009. Anecdotal evidence would indicate that there are fewer than half the number of businesses and employees in the sector compared to 12 months ago.

Companies that focused solely on permanent recruitment have particularly struggled, as have those whose business is predominantly in lower skilled positions, as companies at this level, if recruiting at all, are doing so directly.

But there are ways in which the downturn has been very good for our sector. In today's market, the customer must come first — something that hasn't always been the case with recruitment firms.

And we are innovating, expanding the range of services we provide from simply matching candidates to jobs, to a whole range of HR-related services — screening, testing, outsourcing, and, for companies still on a downward curve, outplacement.

2. Do you expect 2010 to be better or worse than 2009? Why? The Government must hold firm, as we have absolutely no choice but to stabilise the deficit. It is time for courageous leadership.

The Government must face up to the fact that they have absolutely no option but to be brave and reduce significantly the public sector costs. This is not like the 1980s. We are not alone in the recession — there are other countries experiencing the same tough climate but it is up to each country to bounce back.

There are some concerns. We expect greater fallout from the finance and banking sectors that have been somewhat paralysed in terms of tackling their resource issues to date.

We expect, and are seeing already, signs of further redundancies in that sector.

But, the overall picture is far more positive. This is really good news, particularly for the skilled professional sector, where pick up in interest has been apparent in the last quarter of 2009.

In December alone, interviews for Hays candidates are up 25% on the previous four weeks, and this during what is normally a quieter period.

3. Do you think Brian Cowen is a good leader? Why?

I think Cowen has struggled with the leadership role this year. In the first half of the year, he was practically invisible, at a time when the country was crying out for leadership. One of the first rules of leadership is that you can only lead from the front and if the guy at the front is invisible where does that leave everyone else?

Aimless and wandering in the dark; which is a pretty good take on how the country felt in the first half of the year.

Recently he appears to have regained some of his old confidence; hopefully the successful delivery of the necessary budget measures will give the Government the strength to adopt the leadership role the country needs.

4. Who would you like to see in charge of the country? Michael O'Leary.



Russell Murphy: 'You have to tell people the harsh facts.'

Russell Murphy, managing director, BSI Entertainment

1. Do you think Brian Cowen is a good leader? Why?

It would be difficult to say and no final conclusion could be made until the end of his tenure. He became Taoiseach in a very difficult economic and social context and the plans he's put in place are a step in the right direction but their effectiveness has yet to be proven.

2. What suggestions would you give to the Government? Stop spinning. You have

to clearly tell people the harsh facts about the stark reality the country is facing. Burning through the bones of €500 million per week to fund a current budget deficit is simply surreal and wholly unsustainable.

3. Who would you like to see in charge of the country?

We need to have a proven leader with statesman qualities, unique commercial acumen, political capability and foresight Peter Sutherland and Dermot Desmond have this unique range of skills, experience, international credibility, and capacity to run the country.

Frank Conway, director of the Irish Mortgage Corporation

1. How has the economic downturn impacted your business this year?

Severely. Lending criteria is at the tightest since the economic boom began in the mid-90s.

This has resulted in many products being withdrawn from the market.

Separately, consumers are slow to make any firm decisions on buying property.

So, we have a stalemate

on both the creditor and debtor side.

2. Do you think Brian Cowen is a good leader? Why?

I think it is too soon to tell but one thing is for sure, he is a really bad communicator.

I think he could do a lot better explaining Government positions and decisions.

Also, he had a big hand to play in the collapse of the economy so he cannot just say he inherited a mess since he facilitated the creation of the mess.



Leslie Buckley: Optimistic about 2010.

Leslie Buckley, entrepreneur and business consultant, vice chairman of Digicel and chairman and co-owner of Saon-group.com

1. Do you expect 2010 to be better or worse than 2009? Why?

I'm somewhat more optimistic about 2010 as I believe the hard decisions, both at a business level and at Government level are beginning to be taken — starting with the budget in December.

During the good times we all let our cost base run out of control, both from a personal and corporate perspective.

Now is the time to restructure and live within our means — we can continue to blame politicians

who allowed us get into this mess — but that will do nothing to get us out of it.

2. What suggestions would you give to the Government with regard to the running of the country? The Government must hold firm, as we have absolutely no choice but to stabilise the deficit. It is time for courageous leadership.

The Government must face up to the fact that they have absolutely no option but to be brave and reduce significantly the public sector costs. This is not like the 1980s. We are not alone in the recession — there are other countries experiencing the same tough climate but it is up to each country to bounce back.



Frank Conway: Stalemate between creditors and debtors.

Italian regulator may sue Ryanair

Milan: Italy's civil aviation regulator said yesterday it might sue Ryanair for libel in a row over security check-in documents.

The Irish airline said last week it would stop domestic flights at 10 Italian airports from January 23, because of

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reduced security in check-in measures.

Ryanair objects to a decision by ENAC, the civil aviation body, to lower requirements on

documents presented by passengers.

ENAC chairman Vito Riggio told Reuters he was studying possible cases of libel against Ryanair. He said security standards at airports were certified by international bodies.

Ryanair, which only accepts passports and ID cards on its flights, said the documents ENAC had approved included fishing

permits and company IDs. ENAC has invited Ryanair to a meeting in Rome on January 7.

Bankruptcy fears for Japan Airlines

Tokyo: Japan Airlines plunged to a record low in Tokyo trading on speculation the company may seek bankruptcy, even as the nation's transport

minister said other options remain for the unprofitable carrier.

Asia's biggest airline fell 24% to close at 67 yen, the lowest level since trading began in October 2002. The volume of shares sold was nine times the daily average for the past three months.

"Shareholders are becoming convinced that bankruptcy will be the

case," said Mitsushige Akino, who manages the equivalent of €315 million at Tokyo-based Ichiyoshi Investment Management. "They are dumping the stock. JAL's value will be zero if it goes bankrupt."

Japan's government will provide additional funding until a turnaround plan is announced mid-January, transport minister Seiji Maehara told reporters.

Cheap champagne hits supermarkets

Champagne: The biggest threat to champagne these days may be champagne itself.

After almost a decade of raising prices and cultivating the brand to fend off sparkling wines such as prosecco and cava, some producers, including premium champagne maker Laurent-Perrier, are flooding supermarkets in France with young bottles priced at less than €10.

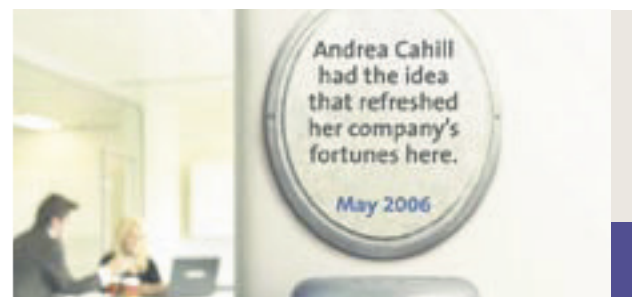
"We haven't seen such aggressive discounting since the big champagne crisis in 2000," when prices fell after the millennium, said Francis Pretre, an analyst at CM-CIC. "If it continues

next year, it will create a real image problem for the champagne brand."

Billionaire given pardon to lead bid

Seoul: Convicted billionaire Lee Kun Hee, who quit as Samsung Group chairman after being charged with tax evasion, has won a presidential pardon to help him lead South Korea's bid to host the 2018 Winter Olympics in Pyeongchang.

President Lee Myung Bak granted the reprieve to assist the bid. Lee Kun Hee, who led Samsung through its transformation into the world's largest maker of televisions and memory chips, is an International Olympic Committee member.



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