

Review Body
On
Higher Remuneration
In The
Public Sector

Report No. 44

To
The Minister for Finance

On

The levels of remuneration currently appropriate to certain posts covered
by the Review Body

30 September 2009

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Chairman's Foreword and Summary

Backdrop

The Review Body completed its last general review of top public service pay in September 2007, the first general review in seven years. The comparator at that time was the lower quartile of the private sector for jobs of similar weight. At that time, the economy was still performing well and the Exchequer finances were in a relatively strong position. Having acknowledged the superior value of pensions in the public service, the Review Body recommended adjustments which represented an overall increase in salary costs of 7.3%. While accepting our recommendations, the Government did not implement these increases in full.

In April 2009, the Minister asked the Review Body to undertake a fresh review of top level public service pay, to take account of the changed budgetary and economic circumstances, the changed private sector pay environment and to compare pay against that of other countries of comparable scale, particularly in the eurozone. By this time, the economy was in turmoil and the public finances were in a perilous state. Cutting costs became an imperative.

The findings of the Review Body, who used Hay Group Consultants to help with its investigations, are set out below.

Private sector

Redundancies, pay freezes, reduced working hours and, to a lesser extent, cuts in basic pay, became a reality. Defined benefit pension schemes continued to close and be replaced with much less attractive defined contribution schemes. Job security became a valuable perk. There was a dramatic decrease in performance bonuses and in many instances these disappeared altogether. However, it must be emphasised that, despite the severe recessionary environment, pay at the top echelons of the private sector remains well ahead of that for public service jobs of comparable weight.

Irish public service

While not having to endure job insecurity, pay cuts, forced redundancies or reductions in the quality of pension arrangements, the public service were, however, penalised financially with the imposition of the pension-related deduction which amounted to an average reduction of somewhat above 9% for top management posts. Furthermore, ministerial office-holders, Secretaries General and some others made voluntary contributions of 10% of salary. Performance-related payments, where in existence, were scrapped.

International public sector

Our investigations revealed that, across a range of EU countries of varying size, pay for the most senior levels, namely, prime ministers, government ministers and administrative heads of ministries was, generally speaking, substantially below the rates prevailing in Ireland. This gap was less pronounced when income was adjusted to include the value of benefits and to reflect differences in income tax and relative purchasing power between countries. No precise explanation for the difference in pay between Ireland and its selected peer countries was forthcoming, other than that comparison with the private sector rates for equivalent jobs has been a much more significant factor in Ireland than in the other countries.

Public finances

The gross public service paybill, including pensions, is currently just below €20 billion¹ representing one third of total public expenditure. The national arithmetic is in such a precarious position that a further reduction in public service pay costs is an inescapable requirement. The Irish public service cannot be aloof from trends and developments in the management of private sector pay costs, the lessons from the wider international public sector and the state of the public finances. The private sector in Ireland is fighting for its survival and, in that context, is being forced to address its paybill with extreme urgency and rigour.

¹ The salary costs of local authorities are not included in the public service pay and pensions bill because these costs are not directly funded by the Exchequer and the Local Government Fund does not include an identifiable pay element. However, the most senior local authority posts fall within the remit of the Review Body.

Recommendations

Based on the findings of our consultants and on our own assessment of the situation before us, we have made a judgement call and concluded that pay cuts at the higher levels of the public service are justified. In reaching our conclusions, we were mindful of the impact on morale, motivation and the capacity to recruit high calibre people to the public service. The recommendations are as follows:

Post	Current Rate €	Recommended Rate €	Reduction €
Taoiseach*	285,583	228,466	57,117 (-20%)
Minister*	225,196	191,417	33,779 (-15%)
Secretary General, Level I	300,358	255,304	45,054 (-15%)
Secretary General, Level II	266,985	226,937	40,048 (-15%)
Assistant Secretary	138,683 – 144,986 – 151,816 – 158,644	127,588-133,387- 139,671-145,952	11,095-11,599- 12,145-12,692 (-8%)
County Manager, Level III	157,967	145,330	12,637 (-8%)
Head of University, Level I	250,300	212,755	37,545 (-15%)
CEO of a sample middle-ranking, non-commercial state-sponsored body	136,581	125,655	10,926 (-8%)
National Director, Level II, HSE	163,158	150,105	13,053 (-8%)

*In proposing revised rates for these positions, we took account of the fact that it was decided that the Taoiseach and Ministers (along with Ministers of State and parliamentary office-holders) would not take the increase of 5%, based on the Review Body's Report No. 42² (published in September 2007), that was applied elsewhere in the higher public service.

The Department of Finance can extrapolate from the above for other relevant groups. These cuts are in addition to the recently imposed pension-related deduction averaging somewhat above 9% for the posts falling within our purview. While the position of High Court Judge has been part of our review, the Review Body is aware that constitutional issues arise in relation to any reduction in the remuneration of members of the Judiciary.

² <http://reviewbody.gov.ie/publications>

In the light of the economic situation, we are also of the view that it would not be appropriate to consider any further upward adjustments to the salaries of groups within our brief, until 2012 at the earliest.

Regarding performance-related payments, we remain committed to the concept for the higher management grades but, in recognition of the very serious state of the public finances, we recommend that such payments be suspended until 2012, when they should be reviewed again.

It should be recognised that the total paybill of those within our remit only represents of the order of 1½% of the paybill for the public service and local authorities. Pay developments at the top level do, however, set a headline for other grades. In order to make a telling impact on the paybill, it would be necessary to have an across-the-board reduction. Likewise, the cost of funding public service pensions is a major issue and indexation at the rate applicable to the current job-holder should be re-considered.

Conclusion

We recognise that our recommendations are severe, but consider them warranted in the light of the unprecedented circumstances being encountered. Those in secure jobs are privileged and should make a significant sacrifice. It is unacceptable that borrowing should be required to fund public service pay.

Acknowledgements

On behalf of the Review Body, we wish to record our appreciation and gratitude to our secretariat for their expertise and support. Our Secretary, Paul Byrne, displayed excellent judgement and diligence at all times. His expert advice, objectivity and counsel were invaluable to us. He was ably assisted by Tony Carberry, whose dedication and analytical mind were major assets. Overall, the skill and expertise of the secretariat made our task less demanding.

Tony O'Brien

Chairman

30 September 2009

CHAPTER 1

Terms of Reference and Approach Taken

Terms of reference

1.1 On 7 April 2009 the Government decided that the Review Body on Higher Remuneration in the Public Sector should be asked to examine and recommend on the appropriate pay for certain top posts in the public service. The specific terms of reference assigned by Government to the Review Body were as follows:

To examine and advise the Government on the levels of remuneration currently appropriate to certain posts covered by Report No. 42 of the Review Body having regard to changes in economic circumstances and in pay levels in the private sector since that report and taking account of the pay of comparable posts in other countries with similar economic and political systems, particularly those in the eurozone.

The last general review

1.2 The Review Body issued its seventh general review – also known as Report No. 42 - on the remuneration of approximately 1,600 senior public service posts in September 2007. That report was our first general review of remuneration in seven years. The information we obtained at that time demonstrated clearly that, in general, the salaries of private sector positions had increased very significantly since the previous general review, completed in September 2000, by comparison with posts of equivalent size in the senior public service. We discovered that basic pay had increased one and a half times faster in the private sector than for the public sector roles under review. A comparison of private sector total remuneration to that in the public sector found that private sector packages were typically three times bigger for the larger roles and twice as big for the smaller roles. While we considered that the remuneration of senior posts in the private sector was an important reference point we did not consider that private sector practice should be followed in all cases. Specifically, we distanced ourselves from the remuneration packages of the chief executives of the top Irish PLCs which comprise a small segment of the private sector and which were not in our view representative of the private sector as a whole. We

did not believe that the public service should follow what we considered to be “the excesses” evident in certain cases in the private sector.

1.3 An important factor taken into account by the Review Body in formulating our recommendations in Report No. 42 had been to recommend remuneration rates for top public service posts that would enable the State and its agencies to recruit, retain and motivate high-calibre people and to reward them appropriately. The level of increase recommended varied from group to group and in some cases no increases were recommended. We considered that, as a broad principle, salaries should be set at the lower quartile³ of private sector salaries. A discount of 15% of salary was made by the Review Body to reflect the superior value of public service pensions.⁴

1.4 The Government decided in October 2007 that the increases recommended by the Review Body would be implemented on a phased basis with 5% to be paid from the date of the Report, viz. 14 September 2007; where the total increase recommended was less than 5%, the full increase was to be implemented from that date. This initial increase was implemented in the case of groups other than ministerial and parliamentary office-holders. The Government subsequently decided that, in the light of the deteriorating economic environment, the increases recommended by the Review Body, and still pending, would not be implemented. They further decided that the issue would be reviewed in September 2010, but without commitment as to outcome.

The current review: background

1.5 Economic conditions in Ireland peaked in 2007, the year of our seventh general review. Since then there has been a serious downturn in economic circumstances both world-wide and in Ireland:

- GDP declined by 3% in 2008, the first decline in national income in a quarter of a century. The decline in GDP has continued at an even steeper rate in 2009;

³ The lower quartile is that value which is exceeded by 75 per cent of the data in a survey and which is above 25 per cent of the data.

⁴ The superior value of such pensions had been assessed by the Review Body’s actuarial advisors as being 15% of salary.

- unemployment has risen to 12.2% (July 2009 figure), its highest level since the mid-1990s;
- internationally, the economic environment has deteriorated significantly, mainly due to the fall-out from the turmoil in global financial markets;
- the rapid fall in tax revenues from €47.25bn in 2007 to a projected €34.4bn in 2009 (a reduction of 27%) has meant that the Government is borrowing heavily to fund current expenditure, including the public service paybill;
- private sector responses to the economic downturn have included redundancies, pay freezes, reduced working hours and, in some instances, pay cuts; and
- there has been a further deterioration in the quality of pension arrangements available in the private sector.

1.6 It was against this background that the Minister for Finance signalled his intention, in his Supplementary Budget Statement of 7 April 2009, to have the pay of top public servants reviewed. In his Statement he made reference to the changed budgetary and economic circumstances since the last general review, the changed private sector pay environment, the need to compare rates against those of other EU countries of comparable size and his belief that pay at leadership levels in the public sector should be more in line with pay in other countries, rather than top level private sector pay in Ireland. On the basis of the Minister's Statement, the international comparison and the state of the public finances should be the leading criteria for our review, but these should be tempered by comparison with the position in the private sector in Ireland.

1.7 It was not the intention that a job evaluation exercise would be carried out as part of the current review, in relation to the posts under consideration. Job weightings, as determined in the context of Report No. 42, have been treated by the Review Body as a given. Instead, our focus has been to ascertain how comparable posts in other countries are remunerated and to determine what changes have taken place in the remuneration of comparator posts in the private sector since the last general review. The Review Body was initially asked to complete this review by July 2009. Given the tight time-frame, it was not considered feasible to examine the full

range of posts covered by the last general review; instead, in line with our terms of reference, it was decided that the review would be confined to a sample of higher level posts.

1.8 The development of any meaningful international comparison of remuneration levels is a difficult and complex task and one that the Review Body has never previously undertaken. In previous reports we expressed certain reservations about the use of international comparisons, in the context of our examination of the remuneration of political office-holders. We considered that differences in matters such as political systems, roles of office-holders and remuneration structures could call into question the validity of comparisons with other countries. It was on account of such reservations that we considered it necessary to engage suitable consultancy expertise to carry out a detailed multi-national survey, which would take into account insofar as possible, the relevant differences between the countries covered by the study. An outline of the approach taken is set out at paragraphs 1.13, 1.14 and 1.15. While we consider that international comparisons raise particular, complex challenges, we are satisfied that the approach adopted by the consultants to this issue, after discussion with us, mitigates many of the difficulties.

1.9 The time involved in organising a public tendering process for such a consultancy, and then in carrying out the research that would feed into the Review Body's findings, meant that the deadline of July for the completion of our report was not practicable. Accordingly, the Chairman sought, and received, the agreement of the Minister for Finance to extend the deadline for the Review Body's report to end-September 2009.

Groups covered by the current review

1.10 The Review Body concluded that the international comparison of certain posts coming within their purview should be confined to those posts where identifiably comparable positions existed in other countries. These posts are:

- 1) Head of Government (Taoiseach in Ireland)
- 2) Member of Government
- 3) Administrative head of ministry of finance (Secretary General, Level I in Ireland)

- 4) Administrative head of ministry of agriculture (Secretary General, Level II in Ireland)
- 5) Assistant head of ministry (Assistant Secretary in Ireland)
- 6) Judge of High Court.

1.11 On the basis that the review was to be confined to a sample of top posts, the Review Body decided that the current pay of the private sector comparators of the following posts that had been reviewed in 2007 would be examined:

- 1) Secretary General, Level I
- 2) Secretary General, Level II
- 3) Assistant Secretary
- 4) County Manager, Level III
- 5) Head of university, Level I
- 6) CEO of a sample middle-ranking non-commercial state-sponsored body
- 7) National Director, Level II, HSE.

1.12 As noted previously, under revised pension arrangements, persons recruited to the civil service since 6 April 1995 make an employee contribution for personal superannuation benefits. In such cases, salary scales were increased by 20/19ths of the scales of employees who were recruited before 6 April 1995. Similar arrangements apply in some other areas of the public service. In keeping with the practice adopted in Report No. 42, the rates quoted in this report are, where relevant, the higher, post-1995, rates. In many instances, individual post-holders in situ today will have been recruited before 6 April 1995 and they will be on the lower rates, which equate to 19/20ths of the rates quoted in this report.

Countries chosen for international comparison

1.13 Having regard to the requirement of our terms of reference to take “account of the pay of comparable posts in other countries with similar economic and political systems, particularly those in the eurozone”, the Review Body considered such matters as population size, labour force and national income per capita adjusted for purchasing power. Based on this analysis, the following comparator countries were chosen: Austria, Belgium, Finland and the Netherlands each of which is in the eurozone. In addition, we decided to include two other countries. One was Germany

because it has the biggest economy in the eurozone. The UK was also included because of its proximity, history, economic impact on Ireland and the similarity of its political, administrative and judicial systems to those of our own country.

Approach to the international comparison of remuneration

1.14 As already indicated, a public tendering process was held to select a consultancy firm to carry out an analysis of the levels of remuneration of senior posts in the public sector in various European countries compared to the levels for the equivalent posts in Ireland. The Hay Group were engaged on foot of this process.

1.15 Detailed data was collected, country by country, on the public sector roles chosen and their remuneration arrangements, together with material on the contexts in which they operate. The remuneration for each role was set out on a “total cash” basis (generally speaking, equivalent to basic salary) and on an “adjusted income” basis, the latter including benefits, most notably superannuation, and also taking account of factors such as differentials in purchasing power and income tax. The resulting findings were then compared with data for equivalent posts in Ireland. In this way a reasonably meaningful comparison of remuneration across different jurisdictions was possible. A formal job evaluation study was not conducted and job content and context were not investigated in the way that they would have been if a full and formal analytical job evaluation had been carried out. However, a broad review of each of the posts was conducted for comparability across the countries included in the study. In determining comparability, a range of factors was considered, some of which differed by role type. The following broad factors were looked at:

- the operating environment, including the political, constitutional and governance context, for example, the importance of dispersed authority through federal or other arrangements;
- the scale of the country/organisational structure within which the roles reside;
- the complexity of the roles;
- the impact of decisions; and
- the relationship of the roles to other roles in the study, both within and across countries.

The output of this exercise was that the posts in each of the countries under review, including Ireland, were classified into bands of comparable weight.

Public commentary about public service international comparisons

1.16 Comparative analysis across countries is complex and can be open to interpretation. Some observers may think in terms of a simple comparison of basic salaries, but the position changes when one seeks to compare across national boundaries on a more like-with-like basis, for example, when one looks at remuneration adjusted for differentials in superannuation, income tax and purchasing power. The position alters again if one takes account of differences between countries in the responsibility levels associated with each job.

Comparison with private sector

1.17 While the methodology adopted by the Review Body has evolved over time, comparison of remuneration between the private and public sectors has featured in our general reviews since the first such review in 1972.

1.18 The purpose of the private sector comparison element of the current review was to determine the extent, if any, to which the relationship between the remuneration of the sample posts chosen for this review and their private sector counterparts had altered since Report No. 42. A detailed job analysis was conducted for each of one hundred and twelve top public service jobs for the Review Body's Report No. 42. This resulted in "job sizes" being ascribed to each of these jobs. The remuneration for these jobs had been compared to that of the lower quartile of positions of equivalent size in the private sector. The result of this comparative analysis was a key factor underpinning our recommendations in Report No. 42.

1.19 On the basis that they had unique knowledge of the methodology adopted, and of the private sector companies included in the exercise carried out for the Review Body in the context of Report No. 42, it was decided on this occasion that the Hay Group should be engaged to report on the remuneration currently applying to private sector comparator positions as well as providing information on general trends in private sector remuneration.

Approach to current comparison with private sector

1.20 For purposes of the current review, a remuneration analysis was carried out covering the seven grade levels chosen by the Review Body and their private sector equivalents as determined by the job analysis exercise carried out in 2007. This exercise was carried out twice, the first time based on private sector remuneration data as of 1 January 2009 and the second based on data as of 1 July 2009.

“The public sector pay premium”

1.21 In the context of explaining our approach to comparing salary levels in the public and private sectors, we consider it relevant to offer some observations and clarifications in relation to media commentary on the differential between private and public sector pay. Much of this commentary has been based on the Economic and Social Research Institute (ESRI) study published in December 2008, which concluded that “the public sector pay premium increased...to almost 24 percent in 2006, controlling for human capital and other relevant pay determining characteristics”⁵. The same study also observed that, for senior public sector employees, in 2006, there were “wage premiums in the region of 11 percent for both males and females”⁶. The data used by the ESRI researchers came from the 2003 and 2006 National Employment Surveys (NES) conducted by the Central Statistics Office (CSO). The ESRI report points out that the NES contains a range of controls that are employed in the public-private sector wage gap literature (e.g. educational, gender, experience, occupational, job type, organisational type). Only employers with more than three employees were surveyed.

1.22 Shortly before we completed this review, another ESRI study dealing with public service pay was published⁷. This report, which also compares 2003 and 2006 National Employment Surveys, concludes that the public sector pay premium increased from 9.7% to 21.6% between 2003 and 2006. It also found that, by 2006,

⁵ Elish Kelly, Seamus McGuinness, Philip O’Connell, *Benchmarking, social partnership and higher remuneration: wage settling institutions and the public-private sector wage gap in Ireland* (ESRI, Working Paper No. 270, December 2008), p. 15.

⁶ Ibid.

⁷ Elish Kelly, Seamus McGuinness, Philip O’Connell, *Benchmarking, social partnership and higher remuneration: wage settling institutions and the public-private sector wage gap in Ireland* (The Economic and Social Review, Vol. 40, No. 3, Autumn 2009, pp 339-370).

senior public service workers earned almost 8% more than their private sector counterparts, while those in lower grades earned between 22% and 31% more. The Review Body believes that there are important differences in both classification and methodology between our approach and that adopted by the NES and the ESRI commentary thereon. We expand on these differences below.

1.23 A special analysis of the NES 2007 provided to the Review Body by the CSO disclosed that the “public sector pay premium” becomes a discount when earnings in the 99th percentile are compared for the public and private sectors. As the 99th percentile is representative of the great majority of posts under the ambit of the Review Body, salary levels for such positions are therefore, behind their private sector counterparts. This is an important point in the light of media commentary that top public servants are paid more than their private sector counterparts. In this regard, it is important to note that the category “senior public service” as used in the ESRI studies embraces posts at significantly lower salary levels than those within the remit of the Review Body.

1.24 Any analysis of the salary levels of public servants within the scope of the Review Body in the context of the findings of the ESRI studies (or indeed any study based upon NES data) should also take account of the fact that the Review Body and the NES adopt entirely different methodologies as their reports are intended for wholly separate purposes. In particular, the following inter-related facts should not be overlooked:

- the salaries of individual senior public service jobs have been set by reference to the basic pay of jobs of equivalent size in the private sector, following a detailed job evaluation exercise;
- whereas the NES includes firms that have three or more employees, the number of staff in any public sector organisation is likely to be in the hundreds and, in some instances, in the thousands. The smaller scale of many private sector companies in the NES database is likely to mean that, on average, the comparative size and complexity of jobs at senior levels will be less than that in the public sector. The econometric study of earnings based on the NES 2003 data, conducted for the Public Service Benchmarking Body in 2007,

concluded that: “there is little or no public service earnings premium if you compare the earnings of public service employees with the earnings of similar private sector employees in large establishments (i.e. establishments with 250 or more employees)...establishments with 250 or more employees only account for about 26% of total private service employment”⁸.

Economic circumstances

1.25 Given the requirement in our terms of reference to have “regard to changes in economic circumstances”, officials from the Department of Finance provided the Review Body with a detailed briefing on the economy and economic prospects. We also received a comprehensive economic briefing from the ESRI. Officials from the CSO furnished us with a full account of the methodological basis for the NES and expanded on some of the Survey’s findings.

Submissions to the Review Body

1.26 Because this was not a general review, and given the short time-frame involved, the Review Body decided not to invite submissions from interested parties. The Department of Finance furnished the Review Body with a submission dealing with relevant developments in the area of public service remuneration since the last general review and an assessment of the economic environment. The Association of Assistant Secretaries and Higher Grades also submitted material comparing the remuneration levels for the Assistant Secretary grade with similar positions in the private sector and with corresponding public sector grades in other European countries.

The public service ethos

1.27 During the course of our work on a number of general and specific reviews of public service pay, we have had the opportunity to meet and engage in detail with a large number of senior public servants. It has been our experience that, as a group, senior public servants are highly motivated, hard-working and have a genuine sense of dedication to the public interest. Perhaps it is because most senior public servants,

⁸ Ernst and Young in association with Dr Anthony Murphy, *Report to Public Service Benchmarking Body – an econometric study of earnings based on NES 2003 data* (14 September 2007), p. 2. (<http://www.benchmarking.gov.ie/other-studies>)

given the nature of their work, do not deal directly with the public in the course of their official duties, that these qualities are not as widely appreciated as they might otherwise be and are rarely mentioned in discourse about the public service. In our view, some commentary has failed to appreciate the valuable “behind the scenes” services carried out by senior public servants in particular, such as the leadership and management of people, systems and organisations, policy development, the preparation of legislation and the provision of advice to the political system. Given our insight into the work of the senior public service, we thought it appropriate to put on the record our positive experiences in this regard.

CHAPTER 2

Public Service Pay Policy

Higher remuneration in the public service in context

2.1 In considering the impact on the public service paybill of the posts within the remit of the Review Body, the relative overall cost of these posts must be stressed. The total paybill for posts covered by Report No. 42 of the Review Body⁹ is of the general order of 1½% of the paybill for the public service and local authorities. Of course, senior public service pay developments set a headline for pay at other levels.

Developments in public service pay policy

2.2 Since Autumn 2008, a number of measures have been introduced in the area of public service pay policy that have had a significant negative impact on the earnings of groups under the ambit of the Review Body. These measures are set out below.

Suspension of general round pay increases

2.3 Under the terms of *Towards 2016: Review and Transitional Agreement 2008-2009*, public servants were, subject to verified cooperation with flexibility and the modernisation agenda and the maintenance of stable industrial relations and following a pay pause of eleven months, to receive an increase of 3.5% from 1 September 2009 and an increase of 2.5% from 1 June 2010.

2.4 In the context of the accelerated deterioration of Exchequer finances, the Government subsequently determined that the increases could not be paid on the dates specified. Further discussions in relation to these increases are to be held in 2011 without any commitment as to outcome.

Pension-related deduction

2.5 A pension-related deduction (often called “the pension levy”), applying to the total earnings of all public servants, including members of the Oireachtas, was introduced under the *Financial Emergency Measures in the Public Interest Act 2009*

⁹ This does not include the salary cost of Hospital Consultants whose pay was not reviewed at that time.

and took effect from 1 March 2009. This deduction was introduced to take account of the need to reduce public service pay costs and to reflect the fact that public servants enjoy significantly better pension arrangements than the generality of their counterparts in the private sector, both in relation to the terms available and security of schemes. In his Supplementary Budget of 7 April 2009, the Minister for Finance announced a slight change to the pension-related deduction to reduce somewhat the impact on the lowest paid public servants. Under the revised arrangements, the first €15,000 of earnings are exempt, there is a 5% deduction from the next €5,000 of earnings, a 10% deduction from earnings between €20,000 and €60,000 and a 10.5% deduction from earnings above €60,000. The average deduction for the public service as a whole is now a little under 7%. At earnings levels applicable to groups coming within the remit of the Review Body, the average deduction from pay is somewhat above 9%.

2.6 For constitutional reasons, members of the Judiciary are exempt from the pension-related deduction. However, a voluntary deduction scheme for members of the Judiciary was arranged between the Chief Justice and the Chairman of the Revenue Commissioners in May 2009.

Voluntary contribution from salary

2.7 In Budget 2009, the Minister for Finance announced that members of the Government and Ministers of State would surrender 10% of their pay. Officers at Secretary General level in government departments also volunteered to surrender 10% of their pay. A small number of other parliamentarians and senior public servants have also taken voluntary reductions in their pay.

Performance-related award schemes

2.8 At the end of 2008, performance-related award schemes (PRAS) were in operation for certain posts within the remit of the Review Body, across the following categories of public service employment: civil service, Permanent Defence Forces, Garda Síochána, HSE, local authorities and certain non-commercial state-sponsored bodies. Information on individual performance-related payments in the case of non-commercial state-sponsored bodies is not collected centrally. Average payments

across the other areas have been of the order of €12,000. The maximum payment allowable under these PRAS has been 20% of salary.

2.9 The Minister for Finance announced in the Dáil on 5 February 2009 that the Government had decided to abolish performance-related awards subject to discussions on the implementation of the decision with the relevant staff interests. On foot of the Minister's announcement, the Review Body understand that no bonus payments have been made to date in 2009 in respect of the civil service, Defence Forces, Garda Síochána, HSE or local authority areas. Decisions on performance-related bonuses for chief executives and other senior staff of non-commercial state-sponsored bodies, as appropriate, are a matter for the boards concerned. However, we understand that the Department of Finance wrote to all relevant parent departments indicating that, in view of the Minister's announcement in February 2009 and the current economic and budgetary difficulties, it would be appropriate that consideration of any bonus payments should be suspended pending the issue of further guidelines. Secretaries General were requested to convey this position to the bodies and agencies under the aegis of their respective departments. The Department of Finance has indicated that, in the case of some non-commercial state-sponsored bodies, payments in respect of 2008 may have been made before the communiqué issued to parent departments.

2.10 The Review Body understands that no specific performance-related award targets have been set in respect of the year 2009 for the civil service, Permanent Defence Forces, Garda Síochána, HSE or local authority schemes. For the reasons outlined earlier, we cannot say definitively whether such targets are being set in any of the relevant non-commercial state-sponsored bodies.

2.11. Most of those affected by the cancellation of performance-related awards fall within the lower half of earnings of posts covered by the Review Body.

2.12 The Department of Finance is currently considering the long-term future position in relation to performance-related awards in the public service.

CHAPTER 3

Economic and Fiscal Outlook

Background

3.1 The economic situation has changed significantly and rapidly in the period since the last review was undertaken. Exceptionally strong pressures have materialised, sending activity into reverse, with virtually no sector of the economy being immune from the fall-out.

Contraction in construction sector

3.2 A major adjustment in the domestic construction sector – especially in the new house building sector – has been underway since mid-2007, and this is weighing on overall activity and employment. To put the adjustment into perspective, the ratio of house building to GDP is set to fall from 11% at its peak in 2006 to below 3% this year. This has had serious labour market implications, given the labour-intensive nature of new house production. Employment in construction peaked in the second quarter of 2007 at 273,000; in the second quarter of 2009, employment in construction was 158,000. There has, thus, been a loss of 115,000 jobs in the construction sector over a two year period.

International economy

3.3 The construction sector adjustment is occurring at the same time as the international economy is going through its most turbulent period in generations, which in turn reflects the impact of the global financial market crisis. Economic growth rates have turned negative in almost all of our major trading partners, reducing external demand for Irish-produced goods and services. Exchange rate movements, especially euro-sterling movements, have also been problematic.

Output in Ireland

3.4 On foot of these developments, output in Ireland fell last year for the first time in a quarter of a century. The pace of deterioration has accelerated this year and a further contraction in output is anticipated next year. The current Department of Finance projections assume a peak-to-trough fall in output of nearly 15% (forecasts

for key variables are set out in the table hereunder). In recent months, some tentative signs of economic stabilisation have emerged in some regions. While this would be positive for Ireland, there is a broad consensus that any improvement in demand in our main export markets is likely to be muted, at least in the short-term.

Short-term outlook (per cent change unless stated)

	2009	2010	2011
GDP	-7.7	-2.9	2.7
Employment	-7.8	-4.6	0.5
Unemployment (per cent labour force)	12.6	15.5	15.0
HICP ¹⁰ inflation	-1.4	0.5	1.9
GGB ¹¹ (per cent of GDP)	-10¾	-10¾	-8½

Source: Department of Finance, April Supplementary Budget.

Labour market

3.5 The contraction of economic activity is most evident in the labour market. Employment has fallen significantly and the unemployment rate, which was as low as 5% at the beginning of last year, is now around 12½% which is amongst the highest in the euro area. Paybill reductions are taking place in both the private and public sectors, which is testament to the flexibility of the economy. Declining consumer prices have mitigated the impact of falling nominal wages on the household sector – on an internationally harmonised basis, consumer prices will fall by around 1½% this year, which would be the sharpest rate of price decline in the euro area.

3.6 As a small open economy, sustainable improvements in living standards can only be achieved through export-led expansion. The price and earnings adjustments which have already occurred represent an important first step in putting the economy onto a more sustainable path, but further adjustments will be necessary if Ireland is to recover its competitiveness and be in a position to exploit the global recovery when this eventually emerges.

¹⁰ HICP is Harmonised Index of Consumer Prices. HICP is a consumer price index that has been compiled according to a harmonised methodology across EU countries.

¹¹ GGB is General Government Balance.

Public finances

3.7 Since the last review in 2007, a large gap has emerged between revenues and expenditure. In 2009 tax revenues are forecast to be 27% below 2007 levels and in the same period, total gross voted expenditure¹² has increased by 13%. This has led to large-scale borrowing. Borrowing is not a long-term solution as increased borrowing in turn leads to very high interest costs and ultimately represents deferred taxation. As debt servicing costs have a first call on resources, an increasing debt interest burden will reduce our productive capacity, increase unemployment, overburden the taxpayer and undo efforts to improve living standards. Based on the projections as set out in the Supplementary Budget, around 20% of tax revenues will be required to service the national debt by 2013, this compares with a figure of 4½% of tax revenue in 2007.

Public finances in 2009

3.8 The Supplementary Budget forecast an Exchequer deficit of just over €20 billion and a General Government deficit of 10¾% of GDP for 2009. Since then a capital injection of up to €4 billion into Anglo Irish Bank was agreed. This increases the forecast Exchequer deficit by that amount but does not impact upon the General Government Balance (GGB) under GGB accounting rules.

3.9 The Supplementary Budget forecast that tax receipts would total €34,400 million in 2009 – a decline of €6,377 million (15½%) on 2008 levels and €12,849 million (27%) on the amount received in 2007. Gross voted public expenditure is forecast to increase in 2009 by 2.4% over the 2008 level (current expenditure to rise by 6%; capital expenditure to reduce by 19%).

3.10 By end-August, overall central government expenditure was close to target but taxes were weaker than had been expected. After eight months, €20.8 billion in tax revenue had been received, which represented a decline of €4 billion on the amount collected in the first eight months last year. Compared to expectations, revenue was €427 million (or 2%) below target.

¹² This includes expenditure from the Social Insurance Fund and the National Training Fund.

3.11 Large targets remain to be met for tax revenue over the remaining months, in particular for Income Tax, Value Added Tax and Corporation Tax. Tax performance during the month of September is critical to the assessment of the likely end-year position. The Department of Finance will comment on this with the publication of the third-quarter Exchequer returns which are scheduled for Friday 2 October.

Outlook for 2010-2013

3.12 The Supplementary Budget set out a path to reduce the deficit to 3% of GDP by end-2013. This fiscal correction plan has been welcomed by the EU Commission and also supported by international organisations, such as the IMF. Delivering on this requires significant adjustments to be made over each of the next four years. For 2010, an adjustment of €4 billion was signalled in the Supplementary Budget and the order of magnitude for taxation and expenditure adjustments was set out. Since then, the Minister for Finance has indicated that the bulk of the adjustment will have to come on the expenditure side of the account. In this regard the findings of the Special Group on Public Service Numbers and Expenditure Programmes and the Commission on Taxation report will be important elements.

CHAPTER 4

Recommendations

Our approach

4.1 The Review Body's findings in relation to both the international and private sector comparative exercises are set out hereunder, followed by a number of other factors that we have taken into account in arriving at our recommendations on salary levels. In a complex, multi-faceted exercise such as this, we have had to exercise a degree of judgement in balancing the various factors in order to derive our recommendations. In addition, we have set out our recommendations on future pay policy in relation to posts within the ambit of the Review Body and on performance-related awards.

INTERNATIONAL COMPARISON

General comments

4.2 The Hay Group report to the Review Body provided an analysis of six senior positions in the public sector in six European countries compared to the levels for equivalent posts in Ireland. Unlike previous studies comparing public service pay internationally¹³, this study, as well as providing a basic salary¹⁴ comparison between countries, examined the real net value of the pay and benefits package for each of the roles on an adjusted income basis¹⁵ - the latter approach providing a more meaningful basis for cross-country comparison. Each post was also banded along with the international comparator(s) deemed to be closest in terms of scale etc. The conclusions of the study are set out below in respect of each of the posts reviewed. In each case, we have indicated how the Irish post compared on basic salary and on an adjusted income basis. It should be noted that the basic salary used for the various

¹³ These reviews were not carried out for the Review Body.

¹⁴ While the term "basic salary" is used for convenience and comprehensibility, in the case of senior civil service positions in the UK, it includes short-term bonuses which were paid in 2009 in respect of 2008. In all other cases, including Ireland, no such additional payments arose.

¹⁵ Adjusted income is derived by including the value of benefits, such as pension and car (provided for members of government), and adjusting for income tax and relative purchasing power (PPP). In the Irish case, the impact of the pension-related deduction is included in this calculation. It should be noted that the latest available PPP figures relate to 2008 and the PPP adjusted data in respect of the UK will, therefore, reflect the exchange rate prevailing at that time.

Irish posts does not take account of the pension-related deduction which averages at somewhat above nine percent for the relevant positions.

Head of government

4.3 The salary earned by the Taoiseach was found to be second highest of the comparators, slightly behind Austria and significantly ahead of that of the other five head of government positions.

4.4 On an adjusted income basis, the Taoiseach falls to third place in the comparative table, significantly behind that of the heads of government in the UK and Germany, whose adjusted incomes are, respectively, 31% and 21% greater than that of the Taoiseach. However, the adjusted income of the Taoiseach is significantly ahead of that of the other four heads of government in the study. The adjusted income for the Finnish head of government, which was banded along with the Taoiseach, is only 75% of that applying to the Taoiseach.

Member of government

4.5 The salary of a member of government in Ireland was found to be second highest of the comparators, slightly behind that of a member of government in Austria, but ahead of the rates in the other countries including those whose members of government were banded along with Ireland, viz. Belgium and Finland. The rate in Belgium was found to be 97% of the Irish rate, whereas that for Finland was 84% of the Irish rate.

4.6 Comparison, on an adjusted income basis, places members of the Government in Ireland in third place, significantly behind their counterparts in Germany and the UK, which are, respectively, 27% and 18% ahead of the Irish adjusted income. The adjusted income for a member of government in the two countries with which the Irish position is banded – Belgium and Finland – is 88% and 83%, respectively, of the adjusted income for the Irish counterpart.

Administrative head of ministry of finance (Secretary General, Level I in Ireland)

4.7 An appropriate comparator for this role could not be found in Austria. The salary of the Irish role places it ahead of the other comparators. The next highest, the UK role, is at 84% of the Irish level and the levels for the equivalent role in the four other countries are very considerably lower again. The rate for the equivalent post in Finland, with which the Irish post is banded, is 51% of the Irish rate.

4.8 When the adjusted income basis is examined, the Irish post is found to be second to that of its equivalent in the UK, which is 56% higher, and slightly above its German equivalent which is at 96% of the adjusted income level for Ireland. The adjusted income for the equivalent position in Finland is 66% of that of the Irish post.

Administrative head of ministry of agriculture (Secretary General, Level II in Ireland)

4.9 An appropriate comparator for this role could not be found in Austria. The salary of the Irish post places it ahead of its comparators. The next highest, the UK role, is at 78% of the Irish salary level; the salary levels for the comparable role in the other four countries are significantly lower again. The rate for the equivalent position in Finland, which was banded along with the Irish post, is 50% of the Irish rate.

4.10 The picture changes somewhat when adjusted income is compared. On that basis, the Irish post is the third highest; the UK head of ministry package emerges as the highest, being 36% ahead of the Irish post, and the German comparator as the second highest, at 5% above the Irish post. The adjusted income of the Irish post is considerably ahead of the remaining three countries, with the Finnish post being 66% of its Irish counterpart.

Assistant administrative head of ministry (Assistant Secretary in Ireland)

4.11 The salary for Assistant Secretary places the Irish post behind the equivalent position in the UK, the latter being 10% ahead of its Irish comparator. The salary for the role in the remaining countries is somewhat lower than that of the Irish post. The

rate for the equivalent post in Finland, with which the Irish post is banded, is 74% of the Irish rate.

4.12 When the comparison is made on an adjusted income basis, it is found that the Irish post is behind that of four other countries, viz. the UK, which is 102% ahead, Germany, which is 29% ahead, Belgium, which is 6% ahead and the Netherlands, which is 1% ahead. The adjusted income value of the role in Finland is 97% of that for the Irish position.

Judge of the High Court

4.13 It was difficult to find valid comparators for a High Court Judge across the countries under review, save in the case of the High Court in England and Wales. The legal systems across Europe differ in their nature and structure from that of Ireland and differ also in the training and career paths of judges.

4.14 The salary of the Irish position was found to be ahead when comparison was made with its counterpart in England and Wales. However, when the comparison was made on an adjusted income basis, it was found that the High Court Judge in England and Wales was ahead of its Irish counterpart.

4.15 There is a constitutional prohibition on a reduction in the pay of members of the Judiciary. If it were not for that, we would have considered a downward adjustment in the salary of High Court Judge, having regard to the international comparison and the general approach taken to other groups (as set out at 4.20 below). As a result, we have not made a recommendation, at 4.21, on the salary of High Court Judge.

COMPARISON WITH THE PRIVATE SECTOR

Pay developments in the private sector

4.16 The Review Body has noted the results of the Quarterly Business Sentiment Survey conducted by IBEC in August 2009, and published in September 2009, which is of some interest in the context of our deliberations and recommendations. The findings of the Survey indicate that 57% of companies had implemented pay freezes for management grades since the start of 2009, 30% had applied pay cuts at this level,

while 9% of companies had awarded pay increases to managers during the same period. The overall impact of these policies on the pay of those in management grades has been an average decrease of 3.63% during the period.

Pay movement among private sector comparators

4.17 The consultants have advised us that, for the private sector overall, between 2007 and July 2009, while base salary has still seen some growth, total cash has started to contract, particularly for the more senior roles. They reviewed the remuneration as at 1 July 2009 of the private sector equivalents of the public service sample posts selected for the current exercise, compared to the rates applying in their 2007 report to the Review Body. At the lower quartile of private sector base salary rates for these job sizes, there has been an overall increase of the general order of 13%. Short-term variable pay has been curtailed seriously by the recession. This is exemplified by the fact that, in January 2009, short-term variable payments for the lower quartile ranged from €39,000 to €163,000; by 1 July such payments had ceased for the lower quartile. For the whole private sector market, it was found that there was a 2% upward movement in private sector base salary between January and July 2009.

4.18 A more detailed examination of the private sector shows a more complex position with regard to remuneration. Traditionally, the financial services sector has tended to have higher remuneration levels than the rest of the private sector and the fast-moving consumer goods sector has, historically, been behind the market. In the current economic climate, we are beginning to see shifts between sectors. Early indications suggest that the fast-moving consumer goods sector will continue to experience salary increases, while the outlook for the financial services sector is that any increases to basic pay will be for lower grades, while executive pay will, most likely, be frozen for the remainder of 2009 and, possibly, 2010.

Comparison of private sector and public service salaries

4.19 When the current base salary for the seven chosen senior public service posts was compared with the base salary of posts of similar weight in the private sector, it was found that, overall, the base salary reached 70% of the private sector lower quartile, falling short of the broad target of 100% of the market discounted by 15%

(i.e. 85% of the lower quartile). It was also found that there had been little change between January 2009 and July 2009 when base pay for the sample posts was compared to that of private sector counterparts of equivalent size in the lower quartile. The salaries of all sample posts were found to be below the lower quartile less 15%. Whereas the salaries of more senior public service posts in our review are significantly below that level - the most extreme case being Secretary General, Level I which is at 54% of the lower quartile - those of less senior posts are, generally speaking, closer to the broad target. The less senior jobs account for the majority of post-holders.

Other factors taken into account by the Review Body

4.20 In arriving at our conclusions, the Review Body have also had regard to the following additional considerations:

- **Economic environment:** the current serious economic difficulties, together with the outlook for the future are set out in detail in Chapter 3.
- **Leadership:** we recognise that those in high office, especially political office-holders, have already displayed leadership in relation to their remuneration. As detailed earlier, it was decided that ministerial and parliamentary office-holders would not take the 5% increase, based on Report No. 42, that was applied elsewhere in the higher public service. Equally, members of the Government and Ministers of State, along with Secretaries General and others, have made a voluntary surrender of 10% of salary. In the present climate, we consider it essential that leadership be again displayed by people in such positions in setting the tone for others whose salaries are being adjusted.
- **Security of tenure:** in Report No. 42, we observed that “the value of security of tenure in present economic circumstances must be regarded as less than that which would apply in circumstances of high unemployment”¹⁶. We also observed that we would be disposed to discount for security of tenure in different economic circumstances. Since we reported in 2007, the economic environment has, as already mentioned, deteriorated significantly and unemployment is at a very high level and still climbing. Security of tenure is, therefore, more valuable now than in 2007.

¹⁶ Report No. 42, p. 40.

- **Pension-related issues:** in Report No. 42, we discounted the private sector lower quartile by 15% to take account of the superior value of public service pensions. The indications are that private sector pension arrangements have, overall, deteriorated further since we last looked at this matter. These difficulties have given rise to the need for increased employer and employee contributions, together with real concerns about the capacity of funds to meet the expectations of their members. The significantly increasing number of schemes being wound up is an indicator of problems in this area. For example, in the year 2008, the Pensions Board received notification that the status of 1,293 pension schemes should be amended to wind up status; in the previous year, the number was 1,101; in 2006, the number of such notifications was 294. Against such a backdrop, we might have given some consideration to applying a further discount to reflect the probable decline in private sector pension facilities. However, having regard to the pension-related deduction now paid by all public servants – at the earnings levels applicable to groups coming within the remit of the Review Body, this amounts to an average reduction in pay of somewhat above 9% – we have concluded that no further adjustment is necessary to reflect the superior pension arrangements available to public servants. The Review Body notes the recommendation of the Special Group on Public Service Numbers and Expenditure Programmes that consideration should be given to breaking the link between the salaries of serving officers and those of retired staff and index linking of pensions¹⁷. It is assumed that this matter will be considered by Government in due course.
- **Existing measures to curb and reduce public service pay:** the measures that have had a significant impact in terms of curbing and reducing the earnings of groups falling under the ambit of the Review Body are set out in Chapter 2
- **Sustainability of adjustments:** we consider that any adjustments that we recommend must be sustainable. While some may argue that there is a case for more severe reductions, we believe that such adjustments could have the effect of seriously eroding morale and discouraging potential candidates from taking up careers in public service. **In this regard, we are mindful of the**

¹⁷ Volume II, Detailed Papers, p. 109.

fact that the pension-related deduction will continue to apply to the adjusted salaries and will result in a further reduction from the adjusted salaries.

Recommendations

4.21 Our recommendations in relation to the sample posts in our review are as follows:

Post	Current Rate €	Recommended Rate €	Reduction €
Taoiseach*	285,583	228,466	57,117 (-20%)
Minister*	225,196	191,417	33,779 (-15%)
Secretary General, Level I	300,358	255,304	45,054 (-15%)
Secretary General, Level II	266,985	226,937	40,048 (-15%)
Assistant Secretary	138,683 – 144,986 – 151,816 – 158,644	127,588-133,387- 139,671-145,952	11,095-11,599- 12,145-12,692 (-8%)
County Manager, Level III	157,967	145,330	12,637 (-8%)
Head of University, Level I	250,300	212,755	37,545 (-15%)
CEO of a sample middle-ranking, non-commercial state-sponsored body	136,581	125,655	10,926 (-8%)
National Director, Level II, HSE.	163,158	150,105	13,053 (-8%)

*In proposing revised rates for these positions, we took account of the fact that it was decided that the Taoiseach and Ministers (along with Ministers of State and parliamentary office-holders) would not take the increase of 5%, based on the Review Body's Report No. 42, that was applied elsewhere in the higher public service.

As noted previously, under revised pension arrangements, persons recruited to the civil service since 6 April 1995 make an employee contribution for personal superannuation benefits. In such cases, salary scales were increased by 20/19ths of the scales of employees who were recruited before 6 April 1995. Similar arrangements apply in some other areas of the public service. In keeping with the practice adopted in Report No. 42, the rates quoted above are, where relevant, the higher, post-1995, rates. In many instances, individual post-holders in situ today will

have been recruited before 6 April 1995 and they will be on the lower rates, which equate to 19/20ths of the rates quoted in this report.

The Department of Finance shall apply the above reductions, pro-rata, to other relevant groups, subject to the qualifications and clarifications set out at 4.22 below.

Implementation of our recommendations

4.22 The Review Body makes the following additional recommendations in the context of the implementation of the above salary adjustments:

- The recommended percentage reduction for Secretary General, Levels I and II would apply to Secretary General, Level III also.
- The Review Body considers it appropriate that the 10% voluntary contributions from salary made by members of the Government, Ministers of State, officers at Secretary General level and others, as outlined at 2.7 above, should cease once the reductions recommended in this report are implemented for the groups in question.
- In Report No. 42, we noted that a number of the posts that we had been asked to examine were linked to the salary of Principal Officer (higher scale) in the civil service. On that occasion we expressed the view that the salaries of the posts in question should be determined by the outcome of the Benchmarking exercise as it applies to the grade of Principal Officer (higher scale).¹⁸ In line with this view, the above recommendations should only be applied to posts with a current scale maximum greater than that of Principal Officer (higher), currently €120,382.
- We recommend that, in the event that any anomalies arise in the implementation of these recommendations, the Department of Finance should have the discretion, in consultation with other relevant departments and agencies, as necessary, to make such adjustments to our recommendations as may be required to remove any such anomalies.
- If Government should decide on any across-the-board reduction in the salaries of public servants on account of economic and fiscal difficulties, it is our view

¹⁸ Report No. 42, p. 46.

that it would be inequitable to impose such adjustment in addition to the reductions recommended in our report. However, if such reduction were greater than that recommended by the Review Body, the greater reduction would apply.

Other recommendations: performance-related award schemes in the future

4.23 In Report No. 42 we expressed the view that “it follows from our view that the reference point in determining the remuneration of top public servants should be private sector rates, that performance-related awards, which are a growing proportion of overall remuneration in the private sector, should form part of the remuneration of top public servants also.”¹⁹

4.24 In the period since the completion of Report No. 42, two major developments have taken place in relation to performance awards, as a consequence of the growing economic difficulties:

- In the private sector, there has been a dramatic reduction in bonus payments. As already noted, such payments have, for the lower quartile of the private sector equivalents of the public service posts under review, reduced from a range of between €9,000 and €63,000 in January 2009 to nothing in the six months to July.
- In the public service, the Government has decided that performance-related awards should be abolished and the Department of Finance are deliberating on the longer-term policy in respect of such payments.

4.25 The Review Body remains in favour of moderate, performance-related award schemes, where bonus payments reflect the achievement of challenging targets, as motivators of excellence. However, we consider that, in the light of the very serious economic and fiscal environment, the developments in relation to such schemes in the private sector and our recommendations that reductions in remuneration are warranted, the continuation of performance-related awards cannot be justified in the current climate. Having said that, it remains our view that such awards will have an important role to play in the future when economic stability has been restored.

¹⁹ Report No. 42, p. 154.

Accordingly, we recommend that schemes of performance-related awards in the public service should be formally suspended, with the issue to be reviewed by Government before the end of 2012.

Other recommendations: pay policy for senior public servants into the future

4.26 In the light of the prevailing economic downturn and the projections for the economy as set out in Chapter 3, the Review Body is of the view that it would not be appropriate to consider any further upward adjustment in the pay of the groups under its remit, including adjustment by way of any general round increase, until 2012 at the earliest.

Impact of Review Body's recommendations

4.27 As already stated, the salary cost of all the posts within our ambit represents a very small fraction of the total public service paybill. The Review Body is aware that the adjustments recommended in this Report will not, in themselves, have an appreciable effect in terms of reducing the public service paybill, but they will have a demonstration effect.

Tony O'Brien, Chairman

Brian Hillery

Vivienne Jupp

Peter Malone

Paul Byrne, Secretary

30 September 2009

Appendix 1

Current Salary Levels for Sample Posts Chosen for Examination

Post	Current Rate €
Taoiseach	285,583
Minister	225,196
Judge of High Court	243,080
Secretary General, Level I	300,358
Secretary General, Level II	266,985
Assistant Secretary	138,683 - 144,986 - 151,816 - 158,644
County Manager, Level III	157,967
Head of University, Level I	250,300
CEO of a sample middle-ranking non-commercial state-sponsored body	136,581
National Director, Level II, HSE	163,158

As noted previously, under revised pension arrangements, persons recruited to the civil service since 6 April 1995 make an employee contribution for personal superannuation benefits. In such cases, salary scales were increased by 20/19ths of the scales of employees who were recruited before 6 April 1995. Similar arrangements apply in some other areas of the public service. In keeping with the practice adopted in Report No. 42, the rates quoted above are, where relevant, the higher, post-1995, rates. In many instances, individual post-holders in situ today will have been recruited before 6 April 1995 and they will be on the lower rates, which equate to 19/20ths of the rates quoted in this report.

Appendix 2

Previous Reports of the Review Body

PREVIOUS REPORTS OF THE REVIEW BODY

The following reports have been submitted to date by the Review Body:

	<i>Report relating to remuneration of</i>	<i>Date of Report</i>
No. 1	Local Authority Engineers and County Accountants	26 September 1969
No. 2	(First General Review) Civil servants, local authority and health board officers outside the scope of conciliation and arbitration schemes and chief executive of state-sponsored bodies Members of the Oireachtas, Members of Government, etc. Judiciary	11 July 1972
No. 3	Property Arbitrator	13 July 1973
No. 4	Labour Court Chairman and Ordinary Members	29 January 1975
No. 5	Commissioner ranks in the Garda Síochána	5 March 1975
No. 6	Chief Executive of Radio Telefís Éireann	25 April 1975
No. 7	Secretary of the Department of the Public Service	1 July 1975
No. 8	Former Managing Director of Bord na Móna (anomaly claims)	28 November 1975
No. 9	Chairman of Bord Iascaigh Mhara (anomaly claim)	10 December 1975
No. 10	Director General of the Institute for Industrial Research and Standards	26 January 1976
No. 11	Manager of the Irish National Stud Co. Ltd	28 September 1976
No. 12	Managing Director of Nítrigin Éireann Teoranta	24 November 1976
No. 13	County Registrars	11 February 1977
No. 14	Secretary and Deputy Secretary, Department of Economic Planning and Development	1 May 1978
No. 15.	Chief Executive of Córas Tráchtála	25 July 1978
No. 16	Chief Executive of the Agricultural Credit Corporation	14 November 1978

No. 17	Certain higher civil service grades (interim increase)	25 May 1979
	<i>Report relating to remuneration of</i>	<i>Date of Report</i>
No. 18	Groups covered by terms of reference for second general review other than civil servants (interim increase)	25 May 1979
No. 19	Higher civil service grades not covered by Report No. 17 (interim increase)	25 May 1979
No. 20	(Second General Review)	30 October 1979
	Civil servants, local authority officers and health board officers outside the scope of conciliation and arbitration schemes, commissioner ranks in the Garda Síochána, Comptroller and Auditor General, chief executives of state-sponsored bodies, chief officers of harbour authorities, Members of the Oireachtas, Members of Government, etc. Judiciary	
No. 21	State Solicitors	2 April 1980
No. 22	Assistant Principals and Principals in the civil service (whether an inequity arose in their pay in the period 12 July 1976 to 25 June 1978)	28 May 1980
No. 23	Property Arbitrator	23 July 1980
No. 24	Chief Executive of Local Government Staff Negotiations Board	5 November 1980
No. 25	University Presidents	21 October 1981
No. 26	Directors of NIHEs, Limerick and Dublin, National College of Art and Design and Thomond College of Education	3 November 1981
No. 27	Higher departmental and professional civil service grades	27 November 1981
No. 28	Chief Executive of Bord Gáis Éireann	29 July 1982
No. 29	Groups covered by terms of reference for third general review (interim report)	24 November 1986
No. 30	(Third General Review)	30 November 1987
	Civil servants, local authority officers and health board officers outside the scope of conciliation and arbitration schemes, commissioner ranks in the Garda Síochána, Comptroller and Auditor General, chief executives of state-sponsored bodies, chief officers of harbour authorities, Members of the Oireachtas, Members of Government, etc, Judiciary	
No. 31	Ministerial Pensions	22 June 1988

No. 32	Hospital Consultants <i>Report relating to remuneration of</i>	15 June 1990 <i>Date of Report</i>
No. 33	Presidents of St. Patrick's College, Drumcondra and Mary Immaculate College, Limerick and Principal, Church of Ireland College of Education	14 June 1989
No. 34	Chief Executive of the Legal Aid Board	14 June 1989
No. 35	(Fourth General Review) Part 1: Civil servants, local authority officers and health board officers outside the scope of conciliation and arbitration schemes, commissioner ranks in the Garda Síochána, Defence Forces officers of General Rank, Comptroller and Auditor General, chief executives of state-sponsored bodies, chief officers of harbour authorities and the Judiciary Part 2: Remuneration, superannuation and severance arrangements for Members of the Oireachtas and Members of Government, etc.	30 January 1992 30 April 1992
No. 36	Hospital Consultants	12 January 1996
No. 37	(Fifth General Review) Civil servants, local authority officers and health board officers outside the scope of conciliation and arbitration schemes, commissioner ranks in the Garda Síochána, Defence Forces officers of General rank, Comptroller and Auditor General, chief executives of state-sponsored bodies, chief officers of harbour authorities, Members of the Oireachtas, Members of Government, etc, Judiciary and Hospital Consultants	20 December 1996
No. 38	(Sixth General Review) Civil servants outside the scope of the conciliation and arbitration scheme, senior staff of local authorities and health boards, commissioner ranks in the Garda Síochána, Defence Forces officers of General rank, Comptroller and Auditor General, chief executives of non-commercial state-sponsored bodies, Members of the Oireachtas, Members of Government, etc, Judiciary, State Solicitors and Hospital Consultants	25 September 2000
No. 39	Higher posts in the Third Level Education Sector	5 March 2001
No. 40	Interim Report	27 June 2005
No. 41	The remuneration of certain posts in the Health Service Executive	16 December 2005

	<i>Report relating to remuneration of</i>	<i>Date of Report</i>
No. 42	(Seventh General Review) Civil servants outside the scope of the conciliation and arbitration scheme, senior staff of local authorities and the HSE, commissioner ranks in the Garda Síochána, Defence Forces officers of General rank, Comptroller and Auditor General, chief executives of non-commercial state-sponsored bodies, Political Office Holders, the Judiciary, Regulators, Members of the Garda Síochána Ombudsman Commission, Deputy Chairperson and Ordinary members of An Bord Pleanála, Director of Public Prosecutions, Deputy Director and Chief Prosecution Solicitor, County Registrars, Directors of Public Health Medicine and Specialists in Public Health Medicine, Specialist Orthodontists, Prison Doctors, and Higher Posts in the Third Level Education Sector	14 September 2007
No. 43	Posts in the Labour Court, the CEO of the Labour Relations Commission, State Solicitors and certain posts in universities	1 July 2008