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Mr Brendan Duffy  
Secretary  
Review Body on Higher Remuneration in the Public Sector  
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Copy to:  
Mr Brian Cowan TD  
Minister for Finance  
Government Buildings  
Upper Merrion Street  
Dublin 2

Tuesday, 07 March 2006

Dear Mr Duffy

I wish to make a general submission to the Review Body.

On 13<sup>th</sup> February 2006, the Irish Times published a letter from me headed “Political and public sector pay” which suggested that the Review Body should take account of and publish international comparisons when it devises new salary levels. This letter is reproduced below.

As a taxpayer and citizen, I wish to formally submit this suggestion to the Review Body for consideration. Basically, the proposed comparative assessment should consider salaries paid for comparable public sector jobs in other countries. This should be a relatively straightforward task for the Review Board or consultants using a combination of the Internet and international contacts open to the Review Board.

In making comparisons based on the normal criteria for such an exercise (experience, know-how etc.), particular consideration should be given to the following:

- Economic comparisons based on Ireland’s GNI and not its overstated GDP.
  - Relative sizes of population, client and/or constituency bases.
  - Budgets to be managed and discretionary elements over which real influence can be exercised.
  - Span and depth of control in terms of numbers of “report ins” and major grades within organisations’ hierarchies.
  - Basic terms and conditions e.g. hours worked, sitting days, leave entitlements.
  - Ratios of highest to lowest salaries within major organisations and numbers of major intervening grades.
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- Performance-related payments and their incidence as “normal” or “truly exceptional” payments.
  - Basis for determining pension benefits e.g. service required, percentage of final pay and basis for increases (cost of living or linked to current pay).

I wish to respectfully suggest that, for the Review Body to do a professional job, such a survey is critical and its finding should be used, alongside domestic private sector comparisons, to help determine appropriate salaries for top public sector posts. Indeed, there are good grounds for suggesting that an international comparison would be far more relevant than any comparison with the private sector on account of the uniqueness of most public sector jobs and their isolation and insulation from “market” forces that apply within the private sector.

Finally, given that virtually all the data needed for the international comparison already exists in the public domain, the proposed study should be constructed so that, in the interests of accountability and transparency, the full results can be published by the Review Body. This will enable taxpayers to see for themselves that remuneration of our senior public servants is adequate, equitable and, by international standards, reasonably competitive.

Yours sincerely

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Copy of letter published by the Irish Times:

Madam

The Government is continually emphasising the importance of competitiveness to the social partners as they start negotiations on a new national wage agreement. Are similar exhortations being made to the Review Body on Higher Remuneration in the Public Service which has just commenced a major review?

In the past, this Review Body made comparisons with the domestic private sector jobs but this time around it should also consider similar public sector jobs in other comparable economies. Much of the data required for this work is published on the Internet. But there are gaps. For example, to compare current salaries of British MPs and TDs, copious material can be found on the Westminster website but the Oireachtas website contains no relevant information. For the record and to illustrate the problem, TDs now earn between 2% and 9% more than their UK counterparts notwithstanding that the Dail meets for only about 60% of the sitting time of Westminster and TDs effectively serve only a quarter the number of constituents covered by MPs. Likewise, Irish Cabinet Ministers and Ministers of State earn between 1% and 5% more than their UK counterparts notwithstanding that they preside over a country that is no larger than some counties in the UK. Is it any wonder that the Irish information is hard to find.

If broader study confirms that other top-level salaries are also completely uncompetitive, the Review Body must confront the "appalling vista" of salary reductions to maintain competitiveness. Of course, they must take account of our recent economic progress. In doing so, it should also take cognisance of the fact that many key public services - health,

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law and order, transport and infrastructure - has been so ineptly lead and inefficiently managed that major achievements in other areas have been negated.

When establishment figures speak of international competitiveness, they should practice it. For starters, the Review Body on Higher Remuneration should be instructed to take account of and publish international comparisons when it devises new salary levels. This approach should also apply to the forthcoming benchmarking review. Additionally, the negotiators of the next national wage agreement should review the practice of setting percentage rather than absolute wage increases. This only widens the gap between the top and bottom grades and can result in senior officeholders receiving wage increases as large as average wages earned at the bottom.

A race to the top can be just as destructive for the national interest as the race to the bottom.