

# **Analysis of Exchequer Pay and Pensions Bill**

**2003 - 2008**

**JULY 2008**

## Review

This booklet examines trends in Net Exchequer Pay and Pensions (the “Paybill”) since 2003 based on data in the Revised Estimates for 2008. It also includes public service employment data and Central Statistics Office earnings data. The booklet is prepared annually and its purpose is to analyse developments in the Paybill with a view to clarifying the main factors underpinning those developments. A review of developments in Public Service Pay in 2007 is also included.

Details of developments in the Paybill since 2003 are shown in the accompanying tables and charts. In summary these are:

### In the period 2003 to 2008

- the net Pay and Pensions bill is projected to increase by 47.3% (Table I);
- the average Pay and Pensions bill as a percentage of GNP and GDP has stayed fairly constant over this period at around 11% and 9.4% respectively. (Table II);
- increases over the period due to general rounds total €3,217m (or 25.2%), “special” pay increases (including Benchmarking) total €604m (or 4.7%), and other factors (such as extra numbers) total €2,215m (or 17.3%)(Table III);
- the net Pay and Pensions bill as a percentage of net non-capital Exchequer spending having risen from 50% in 2003 to 51% in 2004 has been decreasing and is 47% in 2008 (Table XIV);
- the education sector has shown the greatest increase over the period at 55% (compared to a 43.8% rise in the rest of the Pay and Pensions bill), and is expected to account for 32.5% of the total Paybill in 2008 as opposed to 31% in 2003. The proportion accounted for by the health sector and the civil service has remained the same at around 41% and 13% respectively over the period. There has been a slight decrease in the proportions accounted for by the security service and the non-commercial State sponsored body sectors (Table VI);
- the number of Exchequer-funded public service employees (excluding local authorities) was 281,928 at 1 January 2008 (whole-time equivalents), an increase of 35,480 or 14.4% over 2003 mainly in Health and Education (Table X);

- pensions now account for 9.8% of the total Pay and Pension Paybill, up from 8.7% in 2003. Overall, the pensions bill has increased from €1,107m in 2003 to €1,844m in 2008 representing a 66.6% increase over the period (pay in contrast rose by 45.4%); the increase in the health sector pension bill has been 62% over the period (Tables VI and VIII).

## **In 2008**

- the net Pay and Pensions bill will amount to €8,809 million , an increase of 6.9% over the 2007 figure of €17,600 (Table I);
- increases arising from *Towards 2016* in 2008 account for an increase of 4% (or 58% of the overall increase) (Table III);
- other factors account for an increase of 2.9% (or 42% of the overall increase) (Table III);
- the health sector accounts for 41% of the total Pay and Pensions bill, the education sector 33%, the civil service 13%, the security sector 10% and the non-commercial State Bodies 3% (Table VI);
- Public service numbers including pensioners based on an annual average measurement (Table 5 Revised Estimates Volume) increased to 369,328 from 356,448 in 2007 (due mainly to additional numbers in Health, Education and Gardai) (Table XII).

## **Review of developments in 2007 and 2008 update**

### **Towards 2016**

The current national pay deal – the first pay agreement under *Towards 2016* – expires at the end of September 2008 in the public service but at various dates in the private sector with the end of March 2008 being the most common. Negotiations on the next agreement commenced on 24 April and are ongoing. Employment rights issues dominated the talks on the first pay agreement under *Towards 2016* and have featured prominently again particularly in the wake of the Supreme Court decision on the union representation issue in the Ryanair case.

Two increases under the pay agreement have been paid in the period since 2007 as follows:

- 2% from 1 June 2007 [except for those earning up to and including €400 per week (€20,859 per annum) where a 2.5% increase applied] and,
- 2.5% from 1 March 2008.

The final increase of 2.5% is due to be paid on 1 September 2008.

Under the *Towards 2016* agreement payment of any pay increases in the public service is contingent on co-operation with a robust agenda of measures to modernise and improve the effectiveness, efficiency and user friendliness of public services and to the maintenance of industrial peace.

As regards the overall framework agreement, *Towards 2016* provides that a formal review will take place during 2008. This will provide an opportunity to take stock of outcomes achieved in relation to the overall goals and to consider any opportunities arising to refocus and reprioritize the goals set out in the agreement.

### **Benchmarking**

Benchmarking is a process for determining public service pay rates through comparison of specific roles, duties and responsibilities in the public service by reference to comparable positions in the economy generally. In this way, appropriate, grade-specific salary levels may be determined for the public service that are grounded in the rates applicable to comparable jobs in the private sector.

The Public Service Benchmarking is an independent Body which was first established under the terms of the Programme for Prosperity and Fairness to examine public service pay and jobs by comparison with the private sector. That Body reported in June 2002 and recommended varying levels of pay increases for the grades examined, with the average increase being 8.9%. The increases were introduced on a phased basis and the cumulative cost of implementing the recommendations of the Report was approximately €1.2bn in a full year.

The increases in the first benchmarking report reflected the acute tightness of labour market conditions around the 1999/2001 period which saw a substantial number of private sector firms concluding pay deals significantly in excess of the standard terms of the national agreements then applicable. These conditions did not apply in relation to the second benchmarking exercise. The second report, published in December 2007, concluded that when account is taken of the more valuable pension arrangements in the public service relative to private sector arrangements (the superior value was assessed as 12% of salary) the vast majority of grades in the public service have not fallen behind private sector rates.

Increases are recommended for just 15 of the 109 grades examined with increases ranging from 1% to 15%. The annual cost of the increases recommended by the Body is in the region of €50 million on full implementation which represents about 0.3% of overall pay costs.

*Towards 2016* provides that the implementation of the recommendations of the Benchmarking Body should be discussed in the negotiations of the next pay agreement.

### **Parallel Benchmarking**

Traditionally, the pay of about 5,000 public service craft workers has been determined on the basis of the “craft analogue”. The pay rates of craft workers in comparator companies, normally about 20 companies employing around 800 craft workers, were identified, the average calculated and that rate applied to the public service. The pay of about 13,000 public service general operatives (GOs) and about 27,000 Support Staff grades in the health sector was linked to the craft rate on the basis of applying 80% of the cash increase.

As part of the first benchmarking exercise, the pay of craft and related grades was dealt with in a “parallel benchmarking” process which was similar to the craft analogue system with some adjustments. That parallel process produced increases of about 17%, compared to the average increases of 8.9% under the first main benchmarking process.

A further parallel process was agreed as part of the current benchmarking exercise with some changes to the terms of reference. A consultant’s report, an initial stage in the process, was presented to the employers and unions in mid June 2007. After a series of meetings the central issue of pay was referred to the Labour Court and an initial hearing took place in January 2008. A further hearing was held on 21<sup>st</sup> May on superannuation issues. The Labour Court decided to commission an actuarial study of the value of the craftworkers’ pension. It is expected that the Court will issue a recommendation once this has been completed.

### **Review Body on Higher Remuneration in the Public Sector**

The pay of the most senior positions in the public service is not determined by benchmarking, but by the Review Body on Higher Remuneration in the Public Sector. The Government published Report No 42 of the Review Body in October 2007. In line with the established Government policy of accepting the recommendations of this independent review body, the Government decided to accept the recommendations on levels of remuneration of top public servants in the report.

In the case of the generality of public service groups covered by the Review Body's recommendations, the Government initially decided that the increases recommended by the Review Body would be implemented on the following phased basis:

- 5% from 14 September 2007, the date of the Report, or where the total increase is less than 5%, the full increase from that date;
- half the balance from 1 September 2008; and
- the remaining balance from 1 March 2009.

In the case of Ministerial and parliamentary office holders, it was decided in December last that the increases would be deferred and would be phased as follows:

- 4% from 1 September 2008;
- half the balance from 1 September 2009; and
- the balance from 1 September 2010.

In the light of the changed economic circumstances since the earlier Government decisions and the budgetary consolidation measures which must be taken to address the deterioration in the public finances, the Government decided in July 2008 that all of the pending increases recommended by the Review Body will not be implemented. The issue will be reviewed in September 2010 but without commitment at this stage to the outcome. The effect of the Government decision is that increases for groups other than Ministerial and Parliamentary office-holders which would have been due for payment with effect from 1 September 2008 and 1 March 2009 will not now be paid. No Review Body increase has been applied to Ministerial and Parliamentary office-holders.

### **Chief executive officers of commercial State companies**

The Government decided in 2006 that consultants should be appointed to advise on the pay of Chief Executives of commercial State companies. The last such review was undertaken by Hay consultants in 1998. Following a competitive tendering process, Hay was again appointed to conduct the review which was completed in July 2007. Their review involved 'sizing' the jobs of 29 CEOs of commercial State companies.

Based on an analysis of rates across the private sector for jobs of comparable size, Hay found that the pay of the CEOs of commercial State bodies was on average 14% behind the median for the private sector with larger roles being up to 19% behind the market. The Government decided that the pay of chief executives of commercial State bodies should continue to be fixed within a range running from 80% of the market median identified by Hay to the median.

## **Industrial Relations**

One of the main principles underpinning *Towards 2016* is the maintenance of industrial peace in the Public Service. There was a reasonable degree of industrial relations stability during 2007. The verification process contained in *Towards 2016* was successful in securing commitment to co-operation with flexibility, ongoing change and implementing of the modernisation agenda. In general, where disputes arose, these were dealt with in accordance with the processes outlined in the *Towards 2016* agreement.

## **Nurses**

Following a number of interventions by the National Implementation Body (NIB), established under *Towards 2016*, a formula for the resolution of the nurses' 2007 dispute was agreed. This consisted of proposals dealing with the reduction in working hours and a referral of the nurses pay claims to the Benchmarking Body.

### *Reduced Hours - Phase One*

The NIB proposal was for an initial reduction of 1 hour and 30 minutes in the working week of nurses from 1 June 2008 to be implemented on a cost neutral basis and without diminution of service to patients. The Health Sector Performance Verification Group provides an independent validation process to confirm that the changes planned for each location are sufficient to support the reduction and to verify delivery of these changes in advance of the target date for the reduction. The initial reduction would then be implemented in each location on foot of such verification.

It has proved difficult in practice to reduce working hours in line with the NIB criteria. While progress has been made on the introduction of the reduction for some half of the nursing cohort to date, there is still difficulty in achieving a reduction on the agreed basis for the remainder of nurses. The process is ongoing.

### *Reduced Hours - Phase Two*

The NIB recommended the establishment of a Commission to produce an independent assessment of how a 35 hour week for nurses could be achieved. The *Commission on Nurses' Working Hours*, chaired by Professor Tom Collins, is due to report at the end of the year.

## *Pay Claims*

The nursing unions put their various pay claims to the Benchmarking Body. The Benchmarking Body found that the salary of the vast majority of nurses was not below

private sector rates when account is taken of the pension discount. It did, however, recommend increases for four senior nursing grades.

The unions have requested the Labour Court to re-examine the claims.

### **Hospital Consultants**

Following lengthy negotiations on the terms and conditions of a new contract for consultants employed in the public health service, agreement on the terms of a new contract have now been agreed. The key elements of the new contract include the following:

- A new public only contract – Type A contract.
- Extended span to the working day of 8 a.m. to 8 p.m.
- Working hours increased from 33 hour to 37 hours per week.
- Structured on-site week-end working and on public holidays, up to 5 hours each day, as the needs of the service dictate.
- New clinical management structure with consultants reporting to Clinical Directors.
- Consultants will now, as part of their contract, work in teams to deliver consultant-provided rather than consultant-led services to patients.
- Consultants will be scheduled for duty in line with a Clinical Directorate Service Plan
- Local agreements to facilitate more flexible working in hospitals.
- Common waiting lists for outpatient and diagnostic services on the basis of clinical need.
- New Disciplinary Procedure.

### **Non-consultant hospital doctors**

Talks, under the auspices of the Labour Relations Commission (LRC) have been taking place between the IMO and the management side for some considerable time in relation to a new contract for Non-Consultant Hospital Doctors (NCHDs). The impetus for a new contract and associated new rosters is the need to comply with the Working Time Directive, which requires that the current level of weekly hours worked by NCHDs be reduced significantly.

Pilot projects involving reduced hours have been taking place in a number of hospitals throughout the country since 2006. Some have been completed and some are still on-going. All such pilots are subject to evaluation to ensure, inter alia, that services are being delivered and that medical training is not negatively affected. Talks are ongoing.

**Outlook for 2008**

The initial pay agreement of *Towards 2016* was for twenty seven months and expires at the end of September 2008 for the public service. Talks on a new pay agreement are ongoing.

<b>(I) Exchequer Pay &amp; Pensions Bill</b>								
Year		2003	2004	2005	2006	2007	2008	2003-2008 increase
<b>Gross*</b>	€m	12,946	14,094	15,493	16,780	18,161	19,391	49.8%
<b>Net</b>	€m	12,773	13,746	14,973	16,218	17,600	18,809	47.3%
<b>% increase in Net Exchequer Pay &amp; Pensions Bill</b>			7.6%	8.9%	8.3%	8.5%	6.9%	

<b>(II) Net Exchequer Pay &amp; Pensions Bill as a Percentage of GDP and GNP</b>								
Year		2003	2004	2005	2006	2007	2008	2003 - 2008 increase
<b>GDP</b>	€m	139,413	148,502	161,498	174,706	185,788	196,006	40.6%
<b>Pay &amp; Pensions Bill as a % of GDP</b>		9.2%	9.3%	9.3%	9.3%	9.5%	9.6%	
<b>GNP</b>	€m	117,691	125,286	135,723	149,130	157,899	166,426	41.4%
<b>Pay &amp; Pensions Bill as a % of GNP</b>		10.9%	11.0%	11.0%	10.9%	11.1%	11.3%	

\* Gross figures include appropriation-in-aid (mainly pension contributions and ESF funding)

### (III) Reasons for increases in the Exchequer Pay and Pensions Bill

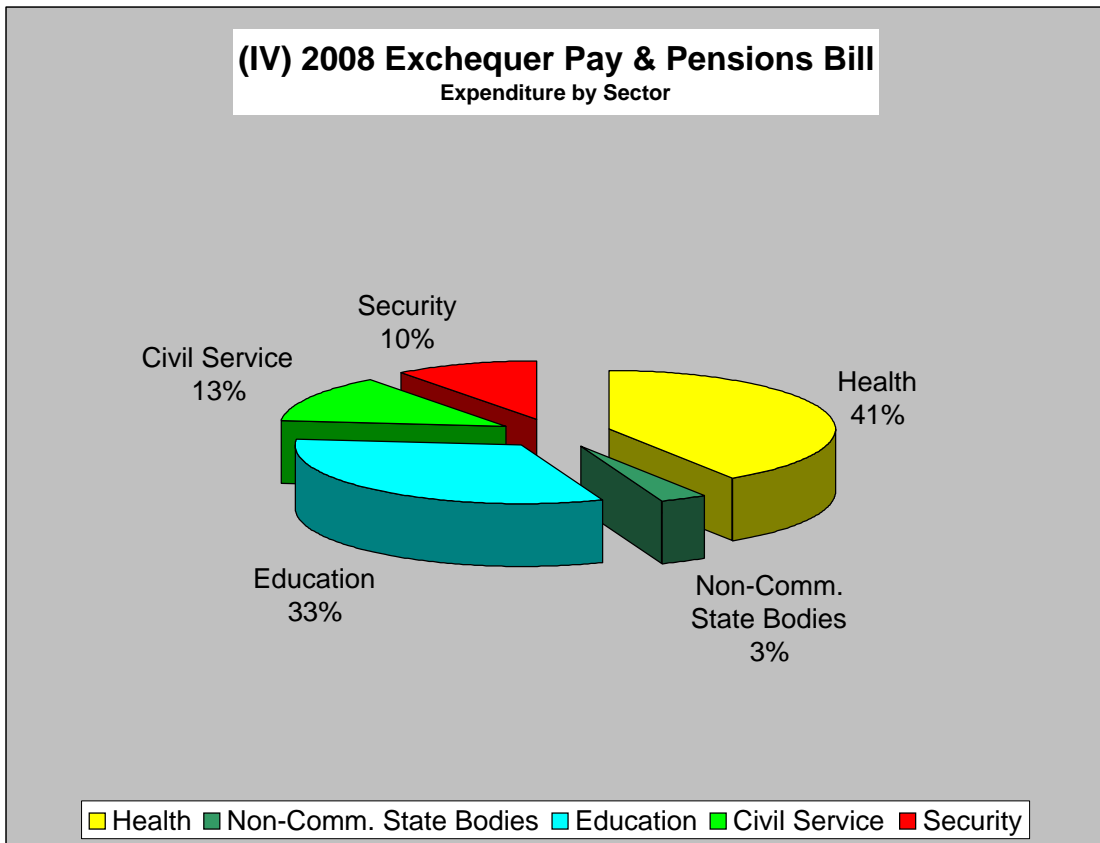
Year	2003	2004	2005	2006	2007	2008	2003-2008 increase
(a) Exchequer Pay and Pensions Bill	€m 12,773	13,746	14,973	16,218	17,600	18,809	
(b) Increase over previous year	€m	973	1,227	1,245	1,382	1,209	6,036
	%	7.6%	8.9%	8.3%	8.5%	6.9%	47.3%
(c) Increase due to general rounds	€m	538	542	562	873	702	3,217
	%	4.2%	3.9%	3.8%	5.4%	4.0%	25.2%
(d) Increase due to special / local bargaining increases (Including Benchmarking)	€m	310	166	128	0	0	604
	%	2.4%	1.2%	0.9%	0.0%	0.0%	4.7%
(e) Change due to other factors (Residual)	€m	125	519	555	509	507	2,215
	%	1.0%	3.8%	3.7%	3.1%	2.9%	17.3%

#### Notes

1. The percentage figures at (b) show the overall increase in the Paybill for each year, the cumulative effect of which is 47.3% over the period.

The sum of the percentage figures for each year at (c), (d), and (e) equals the percentage at (b) for that year but these figures cannot be used to calculate a total increase for each factor over the entire period (see footnote 2, page 13). The estimated cumulative effect over the period for each individual factor is 25.2% ( general rounds ) 4.7% (local bargaining & Benchmarking) and 17.3% ( other ).

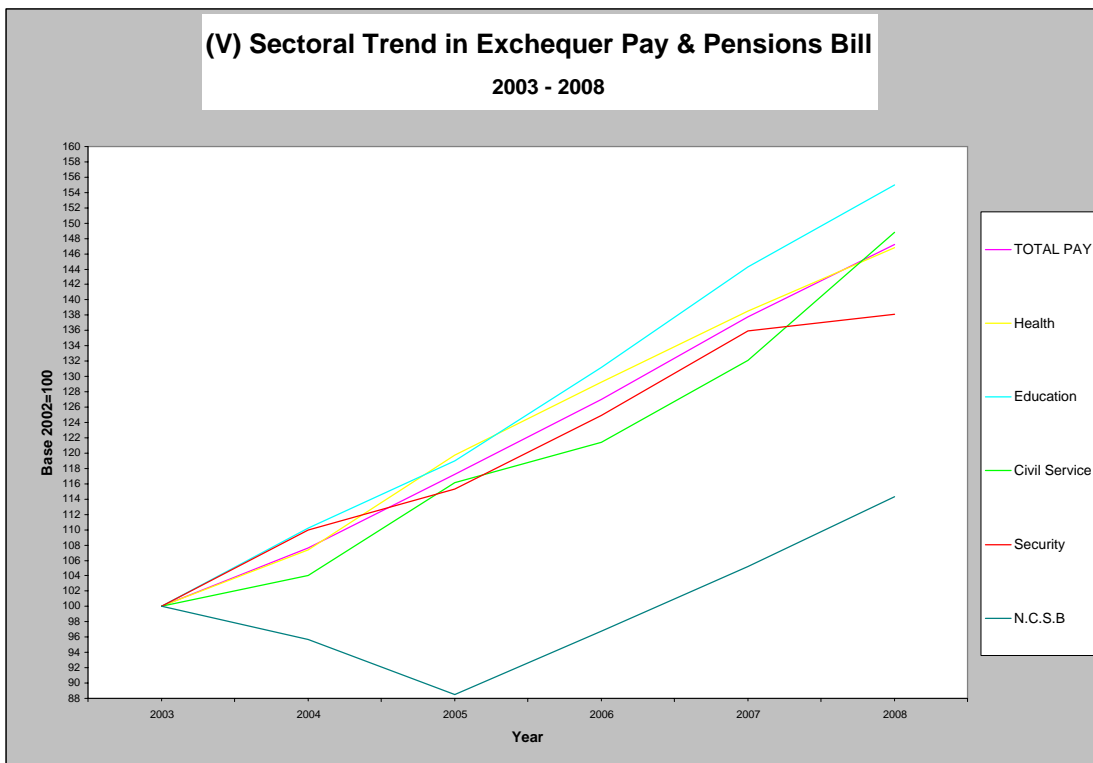
2. The Residual figure in 2008 of €507m includes €412m for increase in numbers employed and €95m for other developments, which includes additional funding for centres for young offenders in Justice, additional pay day in Justice - Prisons, carryover of payment to Special Needs Assistants and for an extra pay day in Education (second level) and, for an increase in pensions etc.



**Note**

Since 2003, Health has accounted for an increasing proportion of the Exchequer Pay and Pensions Bill, growing from 41% in 2003 to a high of 42% in 2005 although falling this year to 41%.

The proportion accounted for by Education has risen slightly from 30.9% to 32.5% in the period, Civil Service has remained the at around 13% in the period, while the Security sector has fallen slightly from around 11% to 10.3% over the period. The Non-commercial State Bodies has fallen from 4% in 2003 to 3.2% in 2005 remaining constant at around 3.2% for the remaining period.



<b>(VI) Sectoral Breakdown of Exchequer Pay and Pensions Bill 2003 - 2008</b>							
YEAR	2003	2004	2005	2006	2007	2008	% increase 2003 - 2008
Health	€m 5,217	€m 5,603	€m 6,249	€m 6,746	€m 7,229	€m 7,660	46.8%
Education	3,947	4,352	4,696	5,177	5,697	6,118	55.0%
Civil Service	1,654	1,720	1,921	2,008	2,184	2,461	48.8%
Security	1,409	1,549	1,625	1,760	1,915	1,946	38.1%
Non-Comm. State Bodies	546	523	483	528	574	624	14.3%
<b>TOTAL PAY AND PENSIONS</b>	<b>12,773</b>	<b>13,746</b>	<b>14,973</b>	<b>16,218</b>	<b>17,600</b>	<b>18,809</b>	<b>47.2%</b>
% increase over previous year		7.6%	8.9%	8.3%	8.5%	6.9%	

<b>(VII) Sectoral Breakdown of Exchequer Pay Bill 2003 - 2008</b>							
<b>(FIGURES INCLUDED IN TABLE (VI) ABOVE)</b>							
YEAR	2003	2004	2005	2006	2007	2008	% increase 2003 - 2008
Health	€m 4,910	€m 5,246	€m 5,814	€m 6,295	€m 6,762	€m 7,163	45.9%
Education	3,646	3,981	4,210	4,637	5,141	5,526	51.5%
Civil Service	1,469	1,527	1,685	1,764	1,917	2,168	47.6%
Security	1,122	1,232	1,281	1,397	1,534	1,517	35.2%
Non-Comm. State Bodies	519	505	464	508	549	591	13.9%
<b>TOTAL PAY</b>	<b>11,666</b>	<b>12,490</b>	<b>13,453</b>	<b>14,600</b>	<b>15,904</b>	<b>16,965</b>	<b>45.4%</b>
% increase over previous year		7.1%	7.7%	8.5%	8.9%	6.7%	

<b>(VIII) Sectoral Breakdown of Exchequer Pensions Bill 2003 - 2008</b>							
<b>(FIGURES INCLUDED IN TABLE (VI) ABOVE)</b>							
YEAR	2003	2004	2005	2006	2007	2008	% increase 2003 - 2008
Health	€m 307	€m 357	€m 435	€m 451	€m 467	€m 497	61.9%
Education	301	371	486	540	556	592	96.7%
Civil Service	185	193	236	244	267	293	58.4%
Security	287	317	344	363	381	429	49.5%
Non-Comm. State Bodies	27	18	19	20	25	33	22.2%
<b>TOTAL PENSIONS</b>	<b>1,107</b>	<b>1,256</b>	<b>1,520</b>	<b>1,618</b>	<b>1,696</b>	<b>1,844</b>	<b>66.6%</b>
% increase over previous year		13.5%	21.0%	6.4%	4.8%	8.7%	

**(IX) Breakdown by Vote of Exchequer Pay and Pensions Bill - Net**

Source: Table 3A from annual Revised Estimates for Public Services

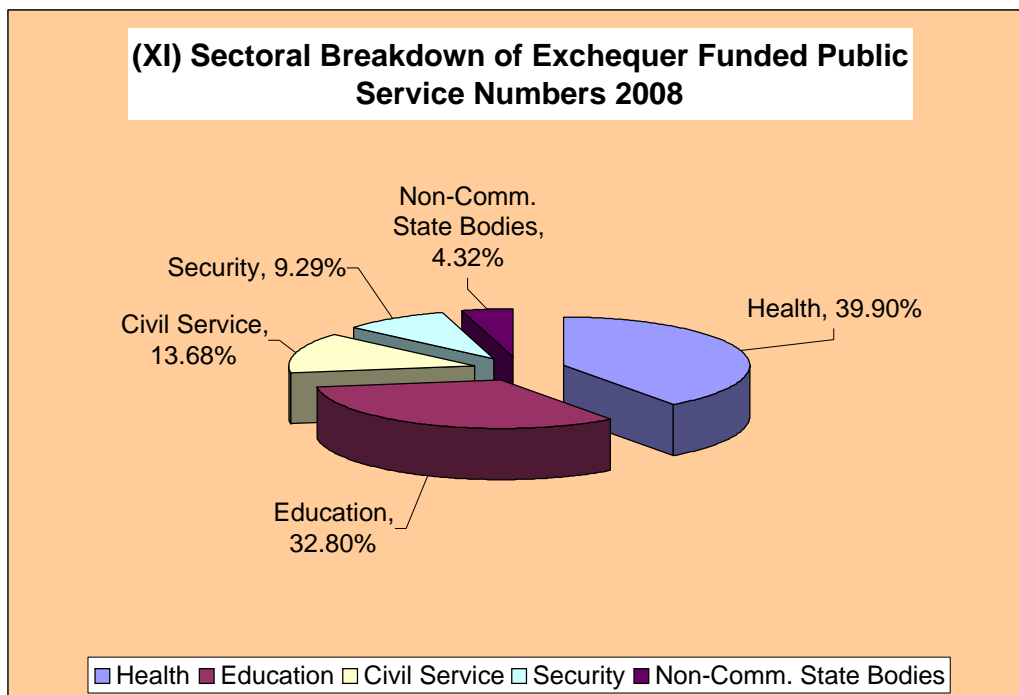
VOTE / DEPARTMENT	2007 Outturn €000	2008 Estimate €000	Increase/ Decrease €000	Increase/ Decrease %
01 President's Establishment	1,427	1,605	178	12%
02 Department of the Taoiseach	16,554	19,033	2,479	15%
03 Office of the Attorney General	10,868	13,367	2,499	23%
04 Central Statistics Office	36,304	38,109	1,805	5%
05 Office of the Comptroller & Auditor General	9,896	11,607	1,711	17%
06 Finance	41,333	43,715	2,382	6%
07 Superannuation and Retired Allowances	241,588	265,039	23,451	10%
08 Office of the Appeal Commissioners	392	518	126	32%
09 Office of the Revenue Commissioners	320,582	342,929	22,347	7%
10 Office of Public Works	104,546	112,305	7,759	7%
11 State Laboratory	5,277	6,094	817	15%
12 Secret Service				
13 Chief State Solicitor's Office	13,936	16,161	2,225	16%
14 Director of Public Prosecutions	11,559	14,406	2,847	25%
15 Valuation Office	8,558	10,071	1,513	18%
16 Public Appointments Service	6,685	7,336	651	10%
17 Office of the Commission for Public Service Appts.	445	757	312	70%
18 Office of the Ombudsman	4,927	6,761	1,834	37%
19 Justice, Equality and Law Reform	147,114	163,889	16,775	11%
20 Garda Síochána	1,197,099	1,348,021	150,922	13%
21 Prisons	249,040	286,702	37,662	15%
22 Courts Service	54,131	58,677	4,546	8%
23 Property Registration Authority	30,363	32,622	2,259	7%
24 Charitable Donations and Bequests	327	405	78	24%
25 Environment, Heritage & Local Government	110,247	117,794	7,547	7%
26 Education and Science	5,771,790	6,117,959	346,169	6%
27 Community, Rural and Gaeltacht Affairs	43,919	47,404	3,485	8%
28 Foreign Affairs	84,700	91,082	6,382	8%
29 International Co-operation	15,396	17,430	2,034	13%
30 Communications, Marine & Natural Resources	54,217	53,487	-730	-1%
31 Agriculture & Food	341,422	367,417	25,995	8%
32 Transport	54,783	65,390	10,607	19%
33 National Gallery	5,813	6,524	711	12%
34 Enterprise, Trade and Employment	321,046	346,317	25,271	8%
35 Arts, Sport & Tourism	77,756	80,011	2,255	3%
36 Defence	555,800	597,662	41,862	8%
37 Army Pensions	181,677	183,720	2,043	1%
38 Social and Family Affairs	203,640	221,446	17,806	9%
39 Health and Children	35,404	34,692	-712	-2%
40 Health Service Executive	7,229,018	7,660,256	431,238	6%
41 Office of the Minister for Children				
<b>TOTAL :-</b>	<b>17,599,579</b>	<b>18,808,720</b>	<b>1,209,141</b>	<b>7%</b>

<b>( X ) PUBLIC SERVICE NUMBERS EMPLOYED (Wholetime equivalents)</b>							
<b>2003 - 2008</b>							
<b>( at the 1st of January each year )</b>							
	2003	2004	2005	2006	2007	2008	% Increase 2003 - 2008
Health	95,679	95,800	98,723	101,978	106,273	112,500	17.6%
Education	77,070	76,989	79,881	83,435	89,263	92,480	20.0%
Civil Service	37,796	37,276	36,867	36,533	37,156	38,572	2.1%
Security	24,292	24,332	24,828	24,712	25,438	26,202	7.9%
Non-Comm. State Bodies	11,612	11,367	11,095	11,391	11,700	12,175	4.8%
<b>Exchequer Funded</b>	<b>246,449</b>	<b>245,764</b>	<b>251,394</b>	<b>258,049</b>	<b>269,830</b>	<b>281,929</b>	<b>14.4%</b>
Increase over previous year		-685	5,630	6,655	11,781	12,099	
% Increase over previous year		-0.3%	2.3%	2.6%	4.6%	4.5%	
Local Authorities	34,175	33,845	33,394	34,067	34,681	34,926	2.2%
<b>Total Public Service</b>	<b>280,624</b>	<b>279,609</b>	<b>284,788</b>	<b>292,116</b>	<b>304,511</b>	<b>316,855</b>	<b>12.9%</b>
Increase over previous year		-1,015	5,179	7,328	12,395	12,344	
% Increase over previous year		-0.4%	1.9%	2.6%	4.2%	4.1%	

Source: Central Section, Sectoral Policy Division, Department of Finance

The increase in Exchequer-funded numbers employed is caused mainly by additional staff in the Health Sector and additional primary and special needs assistants in the Education sector.

These numbers differ from the numbers published in the annual Revised Estimates Volumes (see table XIII - Page 16). This is because the Revised Estimates Volume uses average public service numbers over the year and includes pensioners in Vote 7 and other Votes whereas the above table uses the numbers at the 1st of January each year and does not include pensioners.



**(XII) Average Public Service Employee and Pensioner Numbers  
underpinning the Exchequer Pay and Pensions Bill**

Source: Tables 5 from the Revised Estimates Volume.

VOTE / SERVICE	2004	2005	2006	2007	2008 Estimate
01 President's Establishment	27	27	25	27	27
02 Department of the Taoiseach	274	270	249	271	276
03 Office of the Attorney General	138	143	138	146	168
04 Central Statistics Office	686	814	904	840	813
05 Office of the Comptroller & Auditor General	177	162	155	152	175
06 Office of the Minister for Finance	786	629	652	639	659
07 Superannuation and Retired Allowances	14,047	14,086	14,483	15,060	15,660
08 Office of the Appeal Commissioners	4	5	4	4	5
09 Office of the Revenue Commissioners	6,444	6,445	6,442	6,574	6,618
10 Office of Public Works	1,955	2,044	2,174	2,128	2,169
11 State Laboratory	92	92	94	92	98
12 Secret Service					
13 Chief State Solicitors Office	220	224	234	239	249
14 Director of Public Prosecutions	169	170	174	182	203
15 Valuation Office	182	157	155	163	192
16 Public Appointments Service	155	144	139	147	149
17 Office of the Commission for Public Service Appointments	6	8	8	9	12
18 Office of the Ombudsman	77	75	76	82	102
19 Justice, Equality and Law Reform	1,700	1,692	1,921	2,275	2,403
20 Garda Síochána	20,816	21,486	22,486	23,642	24,869
21 Prisons	3,652	3,691	3,500	3,502	3,680
22 Courts Service	1,030	1,029	1,032	1,050	1,080
23 Property Registration Authority	655	647	645	695	727
24 Charitable Donations and Bequests	8	8	8	8	8
25 Environment, Heritage & Local Government	2,118	1,997	1,968	2,044	2,097
26 Education and Science	96,785	101,328	106,353	109,282	114,226
27 Community, Rural and Gaeltacht Affairs	850	889	909	941	989
28 Foreign Affairs	1,449	1,283	1,323	1,362	1,377
29 International Co-operation	190	197	209	213	230
30 Communications, Marine & Natural Resources	1,829	1,866	1,781	1,378	1,278
31 Agriculture & Food	6,726	6,639	6,774	7,191	7,523
32 Transport	705	704	974	1,497	1,635
33 National Gallery	103	101	105	116	130
34 Enterprise, Trade and Employment	6,278	6,229	6,118	6,196	6,435
35 Arts, Sport & Tourism	1,347	1,280	1,303	1,634	1,650
36 Defence	12,014	11,879	11,804	11,623	11,815
37 Army Pensions	11,794	11,690	11,754	11,665	11,671
38 Social and Family Affairs	4,414	4,428	4,457	4,527	4,613
39 Health and Children (3)	688	680	612	640	568
40 Health Service Executive (3)	114,362	115,736	125,656	138,212	142,749
39 Office of the Minister for Children					
<b>TOTAL :-</b>	<b>314,952</b>	<b>320,974</b>	<b>337,798</b>	<b>356,448</b>	<b>369,328</b>
<b>Increase over previous year</b>		<b>6,022</b>	<b>16,824</b>	<b>18,650</b>	<b>12,880</b>
<b>% Increase over previous year</b>		<b>1.91%</b>	<b>5.24%</b>	<b>5.52%</b>	<b>3.61%</b>

1. The average public service numbers quoted above include the number of pensioners covered by the Exchequer Pay and Pension Bill for the various bodies under the aegis of Departments. Civil Service pensioners are paid from Vote 7 - Superannuation and Retired Allowances.

2. The average public service employment figures included in this table are not fully compatible with the Exchequer pay and pensions figures shown in Tables 3A (page 28) and 4 (page 21) of the Revised Estimates Volume. The figures in Tables 3A and 4 of the Revised Estimates Volume may include some expenditure which is classified as pay but which has no corresponding public service numbers in the table above. In addition, pensions costs are included in some votes (such as Garda, Health and Children, Education and Science) whereas they are not included in Government Departments (all civil service pensions being covered in Vote 7). This distorts average figures derived and as a result the data in Tables 3A, 4 and 5 of the Revised Estimates Volume should not be used to derive average public service costs.

**(XIII) 2008 EXCHEQUER NET PAY AND PENSIONS BILL and AVERAGE PUBLIC SERVICE NUMBERS**

VOTE / DEPARTMENT	Public Service Pay €000	Public Service Pensions €000	Total Pay & Pensions €000	Public Service Numbers	Pension Numbers	Total Numbers
Source: 2008 Revised Estimates Volume						
01 PRESIDENT'S ESTABLISHMENT	1,605		1,605	27		27
02 TAOISEACH	19,033		19,033	276		276
03 ATTORNEY GENERAL	13,367		13,367	168		168
04 CSO	38,109		38,109	813		813
05 C&AG	11,607		11,607	175		175
06 DEPT. OF FINANCE	43,715		43,715	659		659
07 SUPERANNUATION		265,039	265,039		15,660	15,660
08 APPEAL COMMISSIONERS	518		518	5		5
09 REVENUE COMMISSIONERS	342,929		342,929	6,618		6,618
10 OFFICE OF PUBLIC WORKS	112,305		112,305	2,169		2,169
11 STATE LABORATORY	6,094		6,094	98		98
13 CSSO	16,161		16,161	249		249
14 DPP	14,406		14,406	203		203
15 VALUATION OFFICE	10,071		10,071	192		192
16 PUBLIC APPTS. SERVICE	7,336		7,336	149		149
17 CPSA	757		757	12		12
18 OFFICE OF THE OMBUDSMAN	6,761		6,761	102		102
19 MINISTER FOR JUSTICE	163,396	493	163,889	2,334	69	2,403
20 GARDA SIOCHÁNA	1,096,934	251,087	1,348,021	17,045	7,824	24,869
21 PRISONS	286,702		286,702	3,680		3,680
22 COURTS	58,677		58,677	1,080		1,080
23 PROPERTY REGISTRATION AUTHORITY	32,622		32,622	727		727
24 CHARITABLE DONATIONS	405		405	8		8
25 ENVIRONMENT	115,178	2,616	117,794	1,983	114	2,097
26 EDUCATION AND SCIENCE	5,526,131	591,828	6,117,959	91,811	22,415	114,226
27 COMM. RURAL & GAEL. AFF	47,404		47,404	840	149	989
28 FOREIGN AFFAIRS	91,082		91,082	1,377		1,377
29 INTERNAT. CO-OPERATION	17,430		17,430	230		230
30 COMMUNICATIONS, MARINE	53,487		53,487	975	303	1,278
31 AGRICULTURE AND FOOD	338,043	29,374	367,417	6,040	1,483	7,523
32 TRANSPORT	63,187	2,203	65,390	1,093	542	1,635
33 NATIONAL GALLERY	6,524		6,524	130		130
34 ENTERPRISE TRADE & EMPLOYMENT	319,415	26,902	346,317	5,367	1,068	6,435
35 ARTS, SPORT & TOURISM	80,011		80,011	1,650		1,650
36 DEFENCE	597,662		597,662	11,815		11,815
37 ARMY PENSIONS	6,666	177,054	183,720		11,671	11,671
38 SOCIAL & F/AFFAIRS	221,446		221,446	4,613		4,613
39 HEALTH AND CHILDREN	34,692		34,692	568		568
40 HEALTH SERVICE EXECUTIVE	7,163,256	497,000	7,660,256	113,200	29,549	142,749
<b>TOTAL :-</b>	<b>16,965,124</b>	<b>1,843,596</b>	<b>18,808,720</b>	<b>278,481</b>	<b>90,847</b>	<b>369,328</b>

**(XIV) Trends in Paybill and Public Service Numbers**

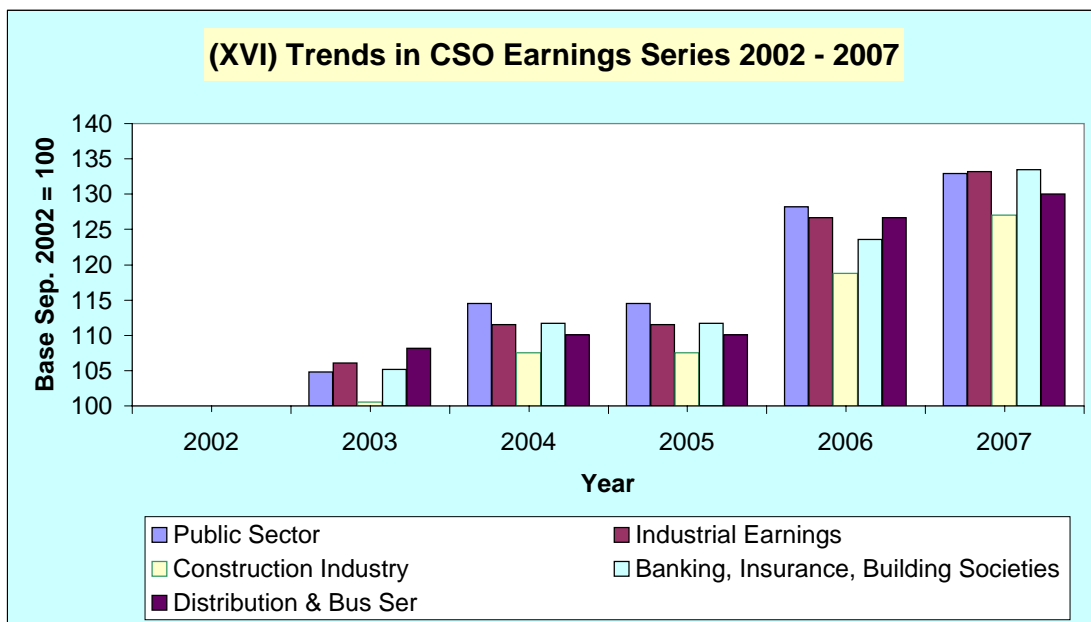
Year	2003	2004	2005	2006	2007 O/Turn	2008 REV
<b>1. GROSS and NET CURRENT PAYBILL</b>						
	€m	€m	€m	€m	€m	€m
<b>(a) Gross Current</b>	<b>33,013</b>	<b>36,032</b>	<b>39,285</b>	<b>43,404</b>	<b>48,793</b>	<b>52,819</b>
(b)Gross Exchequer Pay & Pensions	13,032	14,094	15,493	16,780	18,161	19,391
Pay as % of Gross current spending	39%	39%	39%	39%	37%	37%
<b>(c) Net Current</b>	<b>25,444</b>	<b>27,149</b>	<b>29,724</b>	<b>32,905</b>	<b>37,044</b>	<b>40,400</b>
(d) Net Exchequer Pay & Pensions	12,773	13,746	14,973	16,218	17,600	18,809
Pay as % of Net current spending	50%	51%	50%	49%	48%	47%
<b>Year-on-year per cent increase</b>	<b>11.2%</b>	<b>7.6%</b>	<b>8.9%</b>	<b>8.3%</b>	<b>8.5%</b>	<b>6.9%</b>
<b>2. Paybill (Gross v Net)</b>	€m	€m	€m	€m	€m	€m
(a) Gross	13,032	14,094	15,493	16,780	18,161	19,391
(b) Net	12,773	13,746	14,973	16,218	17,600	18,809
A in A (1)	259	348	520	562	561	582
<b>3. Average Public Service Numbers (excluding Local Authorities)</b>	314,990	314,952	320,974	337,798	356,448	369,328
Year-on-Year increase	9.76%	-0.01%	1.91%	5.24%	5.52%	3.61%
<b>Average Public Service numbers (excluding Pensioners)</b>	243,294	244,045	248,950	261,705	269,668	278,174
Year-on-Year increase	9.40%	0.31%	2.01%	5.12%	3.04%	3.15%
Average Pensioner numbers	71,696	70,907	72,024	76,093	86,780	91,154
	11.01%	-1.10%	1.58%	5.65%	14.04%	5.04%

**(1). 2008 A in A breakdown**

	€m
Pay - mainly Education ( ESF receipts and fees)	55
Pensions - Civil Service, Health, Education, Guards and Army	527
<b>Total</b>	<b>582</b>

**(XV) Central Statistics Office Earnings Data**

	<b>% Annual Increase to Dec 2006</b>	<b>% Increase Dec-01 to Dec 2006</b>	<b>Average Weekly Earnings Dec-07</b>
<b>Public Sector</b> ( excluding health )	3.6%	26.7%	€ 931.38
Civil Service	6.2%	30.7%	889.80
Defence	9.4%	32.5%	807.18
Garda	-1.9%	31.5%	1262.10
Education	5.2%	24.0%	921.63
Regional Bodies	5.8%	37.4%	830.41
Semi-State	0.8%	23.7%	1008.10
<b>Industrial Earnings</b> All Industrial Workers	5.2%	46.7%	788.32
<b>Construction Industry</b> Skilled Operatives	19.6%	20.3%	946.67
Unskilled Operatives	5.6%	29.2%	838.42
Total Clerical and Operatives	6.9%	26.4%	848.56
<b>Banking, Insurance &amp; Building Societies (total)</b>	8.0%	27.0%	886.34
<b>Distribution and Business Services (total)</b>	2.7%	20.2%	729.50



## **(XVII) GENERAL BACKGROUND NOTE**

### **1. Exchequer Pay and Pensions Bill Definition**

The Exchequer Pay and Pensions Bill (the 'Paybill') covers:

- i. the actual cost to the Exchequer of the pay and pensions of Civil Servants, Teachers, Gardaí and the Defence Forces;
- ii. the amounts which are included for pay and pensions in grants to health boards and other health agencies (such as voluntary hospitals), universities and other third level colleges, and non-commercial state-sponsored bodies; and
- iii. the cost of employers' PRSI contributions.

It does not include the pay costs of local authority staff because these costs are not directly funded by the Exchequer and neither the former Rates Support Grant nor the current Local Government Fund include an identifiable pay element.

### **2. Published Exchequer Pay and Pensions Information**

The 2008 Revised Estimates Volume includes:-

- i. a summary line in each vote showing its total pay and pensions provision
- ii. a table ( Table 3A ) summarising the pay and pensions provision in each Vote ( see table IX in this booklet )
- iii. a table ( Table 5 ) of average public service numbers underlying the pay and pensions provision in each vote ( see table XII in this booklet ) and
- iv. the total Paybill outturn and estimate, in net and gross terms, for 2007 and 2008 (Tables 3A and 4 respectively) (see table XIV of this booklet for years 2003 to 2008 inclusive).

The analysis contained in this booklet is based on a subhead by subhead breakdown of pay and pensions.

In general, it is not possible to determine changes in the earnings of public servants from changes in the Paybill. The best source of data in this respect is the Public Service Average Earnings Index produced by the Central Statistics Office. Details are provided in Table XV.

### 3. Categories used in this Booklet

The following points should be noted in relation to the sectoral categories used in this analysis:

- i. the Civil Service category includes the costs of established and unestablished civil servants, civil service industrial employees, and a number of other groups such as members of the Oireachtas; and
- ii. the Security category includes the costs of both the Garda Síochána and the Defence Forces ( including civilian employees in the Defence Forces).

### 4. Reasons for Increases in the Exchequer Pay and Pensions Bill

Increases in the Paybill from one year to another are attributable to a combination of increases in the pay rates of public servants (both general round and local bargaining increases) and a variety of other factors. The latter include changes in the numbers employed, changes in overtime earnings, variations in the number of pay days in the calendar year, increments, drift due to structural changes, the ongoing impact of the application of full PRSI and in some cases a contributory pension scheme to public servants recruited since April 1995, and variations in the timing of European Social Fund and other offsetting receipts.

### 5. Public Service Numbers

Table XII contains information from Table 5 in the 2003 to 2008 Revised Estimates Volumes. This sets out the average Public Service employee and pensioner numbers underlying the Exchequer Pay and Pensions Bill.

### 6. Gross/Net Paybill

Details of the **gross** total Exchequer Pay and Pension Bill were published, for the first time, in the 2000 Revised Estimates Volume (Table 9). These figures are shown in Table I of this booklet but all other figures in the booklet are net figures, i.e. after deduction of appropriation-in-aid (mainly pension contributions and ESF funding).

### 7. Contact Names

This booklet has been produced by the Central Pay Policy Section of the Personnel and Remuneration Division, Department of Finance. The booklet is also available on the Department's Website at [www.finance.gov.ie](http://www.finance.gov.ie). We would welcome any feedback comments, suggestions, etc. on the booklet.

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