

**Opening Statement by Robert Watt, Secretary General, to the Committee on Public****Accounts**

I would like to thank the Committee for my invitation here today. I am accompanied by my colleagues Ms Oonagh Buckley, Ms Aoife Collier and Mr Nicholas Meehan.

I briefed you last week on the overall aims of the Review of Public Service Allowances and the next steps proposed in each sector. The allowances review conducted by my Department was the first comprehensive, public service wide attempt to address outdated allowance-based pay structures across the public service. The review done to date is just the first step of what will be an ongoing process. It is also just one element of a sustained programme of cost reduction and productivity increases across the public service.

My purpose here today is to speak on the Review as it relates to the very small number of Civil Service allowances common to two or more Departments.

You have also asked me to discuss Allowances paid to Members and Parties of the Oireachtas.

It is important to point out that the term “allowances” covers a wide variety of payment types, for example, reimbursement of expenses, qualifications held and or allowances which were introduced in recognition of particular duties being undertaken.

In the context of the review, it was evident that many allowances were used or retained as a supplement to basic salary for particular groups. They may once have been introduced for a valid purpose, particularly to resolve a particular dispute in the era of pay relativities. Due to the “stickiness” of pay, as economists call it, they continued to be paid even though the original justification is no longer there.

It is our view that allowances should only be payable in circumstances that meet the criteria set out for the review. Those criteria were that

- they should reflect the arduous nature or unsocial hours, including the need to remain on call at weekends and other times, clearly associated with the duties of posts,
- they should ensure work of additional value is actually received by an employer, or
- they should cover an actual cost accruing to the employee derived from their employment.

The common civil service allowances are those in payment on the same basis in two or more Departments across the civil service. The common civil service allowances are a very small part of the civil service pay bill. Based on the data submitted to my Department, they cost an estimated €4.7 million in 2011 representing a minute element - 0.35% - of the €1.34 billion paid in 2011 to the administrative Civil Service.

Allowances do not normally form a part of the pay of Civil Servants generally, who generally receive basic salaries only. No duty based allowance is payable to senior management such as Secretaries General or Assistant Secretaries.

One group of allowances was paid to management grades, primarily Principal and Assistant Principal Officers, and Higher Executive Officers, for attendance at overseas meetings. The Chairpersons' and Delegates' allowances comprised almost 17% of the overall cost in the Civil Service in 2011 of the common allowances or nearly €800,000. That cost was expected to increase during the course of the forthcoming EU Presidency in 2013. The Government decided to abolish that allowance for both current incumbents and new beneficiaries following the review and that decision has been notified to Departments.

The largest number of the common civil service allowances, 14 of the 20, are paid to a group of low paid civil servants – service officers. The wages of service officers vary from €398.74 a week to a maximum of €495.55 a week. Like the pay in some other sectors, over many decades, their basic pay rates have been supplemented by allowances. The allowances are payable for specific additional tasks. The review concluded that a more medium term review and restructuring of the pay arrangements for these grades is merited.

The review also found that the retention of a part of the allowances paid to Ministers' Private Secretaries after they completed their duties was not merited.

Other than those, the review found that the majority of the common civil service allowances in payment are justified, as you might expect with such a modest number of allowances. They provide value to the employer, apply to small numbers of personnel and are mostly paid to staff at the lower end of the salary scale.

My Department will engage with civil service staff interests through the respective industrial relations tribunals, General Council and Joint Industrial Council for State Industrial Employees, with a view to securing their early agreement to the changing or elimination of certain allowances.

You also in this session intend to examine the allowances paid to Members and Parties in the Oireachtas. While the Minister for Public Expenditure and Reform is the regulatory authority with regard to the Oireachtas Allowances regime, the amounts paid under this regime to members of the Oireachtas are administered and paid for by the Houses of the Oireachtas Commission. The Accounting Office is present to speak to the payment of these allowances.

The only allowance paid directly by the Department to Members or Parties is the Party Leaders Allowance. The Minister has indicated his intention to review the Party Leaders Allowance. It cost over €7.92 million in 2011.

Finally, I welcome the Committee's interest and assistance in furthering the work of the review.

Thank you, Chairman.