

## **Public Service Pay Reductions**

### **1. In what areas of the Public Service will the pay cut apply?**

The pay cut will apply to all public servants across all areas of the public service - the civil service, local government, health sector, education sector, Garda Síochána, the Defence Forces, non-commercial semi-State bodies and political office-holders. Exceptions are made for those whose pay is protected by the Constitution, namely the President and Judges.

### **2. How much will pay be cut by?**

Reductions in remuneration will range from 5% for the lowest paid to 8% in the case of salaries up to €125,000.

Salaries above this level will be adjusted in line with the recommendations of the Review Body on Higher Remuneration in the Public Sector. In those cases the entire salary will be reduced by a percentage of 8% on salaries from €125,000 up to €165,000, 12% on salaries from €165,000 to €200,000 and 15% on salaries of €200,000 or more.

### **3. What percentage of the pay bill will be saved?**

These measures will lead to savings of about €1 billion in 2010 – around 6% of the public sector pay bill.

### **4. Why are the lower paid not exempt?**

Most public servants earn around €50,000 or less and, in order to achieve the level of saving necessary, it was not possible to exclude any group from the pay cut. However the rates by which pay is being cut are progressive so that the lowest paid will be affected least by the pay cut.

### **5. How were the rates of reduction decided upon?**

For those earning less than €125,000, it was decided to apply a progressive rate of reduction, so that the lowest paid will be affected least by the pay cut.

Reductions in rates of pay for public servants earning above €125,000, including persons such as Hospital Consultants, are in line with those recommended by the Review Body on Higher Level Remuneration. The Review Body recommended on the appropriate reductions for a sample number of posts. The recommendations have been extended and adapted, as necessary, to cover groups that were not specifically examined.

### **6. How do I work out what the effect will be on my payrate?**

For annual salary rates below €125,000 the rates of reduction are as follows:

- 5% on the first €30,000 of salary
- 7.5% on the next €40,000 of salary
- 10% on the next €55,000 of salary

For annual salary rates in excess of €125,000 the rates of reduction are as follows:

8% on all salary from €125,000 up to €165,000,  
 12% on all salary from €165,000 to €200,000, and  
 15% on salaries of more than €200,000.

The following table may be used to assist in working out what the effect will be at a particular payrate:

<b>Salary</b>	<b>Deduction</b>	<b>%</b>
€30,000	€1,500	5.0%
€35,000	€1,875	5.4%
€40,000	€2,250	5.6%
€45,000	€2,625	5.8%
€50,000	€3,000	6.0%
€55,000	€3,375	6.1%
€60,000	€3,750	6.3%
€65,000	€4,125	6.3%
€70,000	€4,500	6.4%
€75,000	€5,000	6.7%
€80,000	€5,500	6.9%
€85,000	€6,000	7.1%
€90,000	€6,500	7.2%
€95,000	€7,000	7.4%
€100,000	€7,500	7.5%
€105,000	€8,000	7.6%
€110,000	€8,500	7.7%
€115,000	€9,000	7.8%
€120,000	€9,500	7.9%
€125,000	€10,000	8.0%
€175,000	€21,000	12.0%
€200,000	€30,000	15.0%
€250,000	€37,500	15.0%

**7. Is the percentage cut on my gross or net pay?**

The percentage cut will apply to gross rates of pay.

**8. Will overtime rates and other premium rates of pay be affected?**

Any element of remuneration, such as overtime, premium rates of pay or allowances, that is based on the basic salary or wage will be reduced proportionately to the reduction to the basic rate of pay.

**9. Will the rate of fixed allowances be cut?**

Fixed allowances, those that are not based on the basic salary or wage, will be reduced by a fixed percentage. Fixed rate allowances for public servants in receipt of basic pay not exceeding €125,000 will be reduced by 5%; fixed rate allowances for those in receipt of basic pay of €125,000 or more will be reduced by 8%.

**10. How are increments affected?**

The appropriate rates of reduction will be applied across the incremental scales.

**11. Will travel and subsistence be affected?**

Travel and subsistence rates will not be affected by this pay reduction. Civil service travel and subsistence rates were already reduced earlier this year by 25%.

**12. What is the impact on the pension related deduction?**

The pension related deduction will continue to apply to public servants as before.

**13. Why is the pay of judges not being cut?**

The pay of judges is specifically protected under the Constitution and cannot be cut by the Government or Oireachtas. That was recognised by the Review Body on Higher Level Remuneration in the Public Sector. For the same reason the pension levy was not applied to the judiciary, though many judges have contributed an amount on a voluntary basis. The Chief Justice and Presidents of all the Courts have urged all Judges to make the appropriate pension contribution. Provision will be made in the Finance Bill to facilitate these payments. The Minister has also announced that no increases in judicial salaries will take place during the life of this Government

**14. How will the pay cuts affect the voluntary deductions from pay made by some groups?**

The Review Body specifically recommended that the pay cuts it proposed should replace the existing voluntary deductions of 10% of salary made by Parliamentary office-holders, Secretaries General and some others and that therefore the voluntary deductions should cease when the recommended deductions are implemented.

**15. My payrate is set out in my contract. How can it be cut?**

Legislation will be published shortly to make provision for the payout. It will apply to all relevant pay rates, whether those are set out in legislation, statute, contract or any other instrument.

**16. When will it apply?**

It is intended that the pay cut will apply from 1 January 2010.

**17. Is the pay cut temporary?**

The pay reduction will apply a general reduction in all pay rates on 1 January 2010; it is not designed as a temporary reduction. The matter will be kept under review and it is intended that the Minister will report to the Oireachtas on the operation, effectiveness and impact of the pay reduction by mid 2011.

**18. I am due to retire in 2010. What effect will the pay cut have on my pension?**

To manage any increase in the number of retirements before the end of 2009, the draft legislation on pay adjustments in the public service provides that any retirements in 2010 would be on existing, pre-cut pay terms. This balances the needs of the public service and gives assurance to staff who may retire shortly. The legislation also gives the Minister for Finance power to extend the period if necessary – this will give Departments and Offices scope to plan for and deal with the effects of increased retirements.

**20. What will happen to those retiring after 2010?**

The draft legislation on pay adjustments in the public service proposes that that the Minister may, by statutory instrument, extend the period within which the cut has no effect on pensions. For existing public servants retiring after 2010 (or any longer period authorised by statutory instrument), the Minister will consider what legislative changes, if any, will be appropriate and bring forward proposals as part of the legislation introducing the new single scheme for new entrants to the public service.