

Decision on secretary general's pay shouldn't lead to claims, says McGrath

MARTIN FRAWLEY

The Minister for Public Expenditure and Reform, Michael McGrath, has admitted that there may well be 'knock-on' claims from his decision to approve a salary of €292,000 for the position of Secretary General in Health – some 40% above the highest paid secretary general at €211,000.

Fielding a number of questions at the Committee on Finance, Public Expenditure and Reform and the Taoiseach on Tuesday, the Minister said that while he was concerned at such a possibility, there would be “no justification for it”.

Asked about Tánaiste Leo Varadkar's comments that the new salary would lead to knock-on claims, Minister McGrath said: “I wouldn't accept that there is a comparable position that would be able to make an equivalent case ... I do not envisage this decision placing any pressure or resulting in any change to general pay policy at senior level.”

As DPER and the Government comes under mounting pressure to justify the new salary for the incoming secretary general in Health, Minister McGrath recalled that two years ago there was a failed attempt to fill the role of head of the HSE.

“That's a pretty sobering fact which, I think, we all have to bear in mind. When I look now at the current incumbent and the fantastic leadership that is provided. While I'm sure you don't agree with that salary, I think the value of that leadership is immense”, said the Minister.

Mr McGrath was referring to the appointment of Paul Reid as chief executive of the HSE on a salary of €350,000 – a significant increase on the €200,000 paid to his predecessor, Tony O'Brien.

“CRUCIAL ROLES” - FRASER

In one of a series of documents sent to the Committee ahead of Tuesday's meeting and published by DPER, the secretary general to the Government/Taoiseach, Martin Fraser, said that enhanced salaries had been successful in attracting strong candidates for “crucial roles such as the Financial Regulator, Governor of the Central Bank, Garda Commissioner and the CEOs of NTMA and NAMA, all of which had an improved remuneration significantly in excess of the secretaries general pay scale”.

“RACE TO THE TOP”

However, Senator Alice-Mary Higgins said that while Minister McGrath believes that the enhanced salary will not spark knock-on claims, the fact that the pay for the head of the HSE had to be raised meant the secretary general's salary had to be similarly enhanced. “This is a knock-on,” claimed the Senator, adding that the decision has created a “race to the top”.

Considering the impact across the wider public sector, Deputy Michael Barry and Senator Marie Sherlock questioned the wisdom of the Minister sanctioning a 40% pay increase for the secretary general in Health, while public servants are voting on a new pay deal, which they say will yield a 1% increase per year.

The Minister pointed out that the pay deal currently being balloted on by public servants is weighted in favour of the lower paid, while it also addresses allowances and overtime rates cut under the Haddington Road Agreement. Meanwhile, €150m is being provided to address the additional hours issue.

The Minister added that the sectoral bargaining clause would also most likely benefit lower to middle income public servants.

However, he did express “concern” at the potential knock-on effects, but said it was up to himself as Minister to “defend that”.

HOW DECISION WAS MADE

Sinn Féin’s Pearse Doherty asked the Minister why, at a meeting of October 30, 2020 between the Ministers for Health, DPER, the Taoiseach and the secretary general to the Government, to discuss the position in Health, it couldn’t have been decided to appoint Robert Watt to the secretary general position in Health on a permanent basis. (Mr Watt is currently acting secretary general in the post, on his ‘old’ DPER general secretary salary).

That meeting came up with 4 options: asking current acting secretary general to continue; transfer a serving secretary general; open competition on existing salary; or open competition on enhanced salary. The latter option was the one agreed and the DPER Minister agreed to look at an enhanced salary on the basis that it would be set at below €300,000.

Robert Watt was then appointed to the position on an interim basis. Meanwhile, the TLAC process to appoint a permanent secretary general got underway.

PREFERRED POLICY

With regard to the process leading up to the Government’s decision, Minister McGrath said that the cabinet was informed in early January of the move to go for an open competition on an enhanced salary and Mr Watt was appointed on an interim basis. Asked whether this took the form of a memo to Government, the Minister said that the cabinet was informed “verbally” by the Taoiseach of the decisions taken and this then became a Government decision.

This has already been detailed by DPER, which also stressed that Robert Watt had no input into the setting of the salary for the secretary general. (See [IRN 03/21](#))

Deputy Doherty argued that had Mr Watt been appointed to the post on a permanent basis in October, the appointment would have been on the old lower salary and there would have been no need for an enhanced salary for the post.

But Minister McGrath pointed out that the Government’s preferred policy is for an open competition for such senior roles.

Mr Doherty also asked whether the salary of €292,000 was benchmarked against comparable international jobs.

In this regard, several committee members pointed out that the Director General of the World Health Organisation is on a salary of €199,000.

Mr McGrath said that while Cabinet approved the appointment of secretaries general, the Minister for Public Expenditure and Reform sets the pay levels provided in legislation.

ATTRACTED KEY PEOPLE

The Minister said that while people may not like it, they would not have got Paul Reid or Drew Harris to head the HSE and Gardai, respectively, without an enhanced salary on offer. “That’s the reality”, he said.

Concluding the meeting, the chairman of the Finance Committee, John McGuinness, claimed there is a “cosiness” about the whole process that he didn’t like and that it needs to be reformed.

The previous week, the Public Accounts Committee also expressed concern at the salary approved and how it was arrived at.

Deputy Matt Carthy said it was “clearly a source of concern” that this would lead to a situation whereby other high-level public servants would seek significant pay increases in line with what has been proposed for the secretary general in Health. “There is no rationale, economic or political, for this decision. The silence has been deafening in the official response to the issue”, claimed Carthy.

Because the PAC is unable to investigate the matter further, its chairman, Brian Stanley, said it had agreed to request the Committee on Procedure, to examine the processes by which high level remuneration in the public service is determined.