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Extract from Rigsrevisionen's report on

**salary and severance packages
for the management board and
other managers at DR (Danish
broadcasting corporation)**

submitted to the Public Accounts Committee

STATSREVISORERNE
RIGSREVISIONEN



1849
147.281
237
1976
114.6
22.480
908

1. Introduction and conclusion

1.1. PURPOSE AND CONCLUSION

1. This report concerns salary and severance packages for the management board and other managers at DR (Danish Broadcasting Corporation) in the period from 2012 to 2017. The Danish Public Accounts Committee asked Rigsrevisionen to carry out the study in September 2017. A study of salary and severance packages at DR involves three bodies: 1. The Ministry of Culture is responsible for DR and is as such approving DR's financial statements and appointing members to the DR executive board, among other things. 2. The executive board hires and determines salary and severance packages for the members of the management board of DR and 3. The DR management board determines salary and severance packages, and other employment terms and conditions for all other managers at DR.

DR is not encompassed by the Danish government's ownership policy from April 2015 concerning remuneration of staff and management. Thus, salaries at DR are not subject to any overall remuneration framework – other than the general principle that due financial considerations should be taken into account in the administration of public funding.

Rigsrevisionen's access to data on salaries from other media corporations in Denmark and the other Nordic countries has been limited, and we have therefore benchmarked salary levels and salary trends at DR against central government bodies and selected enterprises.

The purpose of the study is to assess whether the Ministry of Culture has ensured that the executive board of DR have set up a remuneration framework for the management board and whether the management board has managed remuneration for other managers at DR in a satisfactory manner. The report answers the following questions:

- Has the Ministry of Culture ensured that the executive board of DR have set up a remuneration framework for the management board that ensures that they do not top the pay scale?
- Has the executive board of DR set up a remuneration framework for the management board that ensures that they do not top the pay scale?
- Has the management board of DR set up a remuneration framework for other managers, and has the board developed benchmarks that show that the other managers' salaries do not top the pay scale?
- Are benefits and severance packages offered to the management board and other managers at DR different from what is generally offered in the public sector, and are the severance packages more expensive than dismissal?

SALARY PACKAGE

A salary package includes salary and other benefits.

Salary level refers to the employee's base salary, pension contribution, fixed and temporary supplements, and elements of performance-related pay/one-off remuneration.

The value of **benefits** has not been calculated for the purpose of this study.

THE DR MANAGEMENT BOARD

In this report, reference to the DR management board includes the director general of DR and the directors appointed by the executive board. One of the directors currently on the management board has not been appointed by the executive board and is therefore not part of this study.

OTHER MANAGERS

In this report, other managers include assistant directors, heads of departments and area managers.

CONCLUSION

It is Rigsrevisionen's assessment that the management board has managed salaries at DR in a satisfactory manner. However, the executive board of DR has not set up a written remuneration framework for the management board that contributes to ensuring that management board salaries are not at the top of the pay scale, and the Ministry of Culture has failed to ensure that such a framework was set up.

In principle, the Ministry of Culture is not of the opinion that the fact that the Ministry of Culture is responsible for the area means that it has a specific responsibility to oversee the management of salaries. Rigsrevisionen finds that the Ministry of Culture, being responsible for the area, should have ensured that the executive board of DR set up a framework for management board salaries, for instance in the form of a remuneration policy. It would have been appropriate to do so following Rigsrevisionen's comment on the increase in pay for the director general in 2014, or when TV 2's remuneration policy was approved in 2016.

The executive board of DR has not set up a written framework for management board salaries nor has it developed a benchmark for the salary level of the management board. Rigsrevisionen finds that the executive board should establish a written framework, for instance, in the form of a remuneration policy, and benchmark relevant enterprises to ensure that salaries for the management board do not top the pay scale.

Rigsrevisionen has compared the level of salary and trends in salaries for the management board of DR with central government bodies, selected media corporations and independent public enterprises. The comparison shows that the salary paid to the director general of DR is higher than the average salary paid to the highest earning permanent secretaries. Compared with other media corporations, the salary paid to the director general is higher than the salary paid to the chief executive officer (CEO) of the NRK, but lower than the salary of the CEO of the TV 2. Compared with the independent public enterprises, the salary paid to the director general is higher than that paid to the CEO of Naviair, on level with the salary of the CEO of Energinet, but lower than the salary of the CEO of the DSB. Relative to comparable CEOs selected by Rigsrevisionen, the director general enjoyed the second highest growth rate in salary in the period from 2012 to 2016.

The comparison also shows that the average salary paid to the other members of the DR management board is higher than the average salary paid to heads of public-sector agencies. Compared with other media corporations, the average salary paid to other members of the NRK top management is lower, whereas the salary of a comparable member of the TV 2 top management is higher. Compared with the independent public enterprises, the salary paid to a comparable member of the top management of Naviair is lower, whereas the average salary of other members of the top management of the DSB and Energinet is higher than the average salary paid to other members of the DR management board. In the period from 2012 to 2016, the percentage increase in salary for other members of the DR management board is at the lower end of the scale, compared with the enterprises we have looked at.

TV 2 - Danish broadcasting corporation

NRK - Norwegian broadcasting corporation

Naviair - Danish air navigation services

Energinet - Agency with responsibility for Denmark's electricity and natural gas transmission systems

DSB - Danish State Railways

Rigsrevisionen's study shows that the management board of DR has managed remuneration for other managers at DR in a satisfactory manner; the management board has ensured that a framework has been set up in the form of collective agreements covering the majority of other managers employed at DR. Furthermore, the study shows that salaries paid to other managers are not at the top of the pay scale.

Benefits and severance terms for the management board of DR and other managers do not deviate from the terms agreed with managers employed by central government. In the period of examination, the cost of most of the severance agreements made with members of the DR management board and other managers are either lower than or on level with the cost of dismissal.

The comparison with severance terms in central government bodies is based on the terms prescribed in the *Framework agreement on employment of managers in central government bodies*.