

**Eleventh meeting of the Public Service Pay Commission
11th April 2017 at 8.30 am, St. Stephen's Green House.**

In attendance

Mr. Kevin Duffy (Chairman)

Ms. Marian Corcoran

Mr. Ultan Courtney

Ms. Ruth Curran

Mr. Noel Dowling

Mr. Seán Lyons

Mr. Peter McLoone

Mr. David Denny (Secretary)

Ms. Susan McKiernan (Secretariat)

Ms. Karen Murphy (Secretariat)

Mr. Evan Coady (Secretariat)

Mr. Brian Cahill (Secretariat)

Mr. James Maher (Secretariat)

11.05am- 11.40am

Ms. Aisling Barrett, Milliman.

Mr. Michael Culligan, Milliman.

8.30 am- 11.05 am

Members agreed the minutes of the previous meeting. The Secretary provided an update on actions taken since the last meeting. The Commission discussed the terminology to be used in the report, deciding to generally replicate the style used in the 2007 Report.

The Commission discussed the revised report structure and how it should correspond with the terms of reference. The Commission emphasised the need to clarify in the introduction that it was not possible to address aspects of the terms of reference in the initial report, particularly comparing identifiable groups. The Commission discussed the range of non-FEMPI measures raised in submissions, which need to be included in the report. The Commission noted how the current report differs from previous exercises in that the analysis contained in this report will be used to facilitate a collective agreement rather than recommend specific pay rates.

The Chairman informed the other Commission members of a request from DPER to expedite completion of the report by the end of April. The Secretary talked through a revised schedule to facilitate completion of the report within this timeframe. The Commission requested that the secretariat prepare a draft executive summary covering the key messages of the report by the end of the week (13th). The Commission agreed to change the date of the next meeting from Thursday 20th to Friday 21st April. The secretariat were asked to provide a draft version of the full report for this meeting.

The Secretariat presented the revised FEMPI chapter and the Commission made suggestions regarding the content of this chapter. The Secretariat then presented the revised economic context chapter. The Commission suggested including the National Competiveness Council's definition of competitiveness along with other slight changes.

The Secretariat presented the revised recruitment and retention chapter. The Commission discussed the language to be used in this chapter. The Commission discussed how pay is not the only issue impacting recruitment and retention, and how restoring the flexibility that existed hitherto may help alleviate some of the current difficulties. The Commission suggested moving some of the charts relating to the health sector to the appendix section and potentially removing the INMO's WRC agreement from the appendices.

The Secretariat began presenting the pay comparisons chapter and the Commission suggested shortening the sections on pay principles and historic context.

11.05am- 11.40am

The Commission's actuarial advisers from Milliman joined the meeting at this point. Milliman presented the executive summary of their report on the relative value of public service pensions. Their draft report had examined the assumptions and methodology used in the pensions submissions received to date from DPER, ICTU, AGSI, RACO and the teaching unions.

Milliman explained how average to average cross-sector comparisons were possible but comparing the average of one sector with a particular grade was problematic. Milliman commented on how DPER's report had assumed no change to the state pension above inflation, which was an unusual approach given stated Government policy.

The Commission enquired about how including private sector companies with no pension coverage would alter the differential. Milliman explained how the private sector costs used in the report were weighted to take account of DB and DC coverage, but excluded private employers who did not provide pension benefits.

Milliman stated that they had no fundamental issue with DPER's calculations but commented that DPER may be slightly overstating costs for fast accrual schemes and described how the discount rates suggested in the Milliman report coincided more closely with ICTU's assumptions. Further submissions from representative groups will be incorporated into Milliman's final report before the next meeting.

11.40am- 12pm

The Commission discussed the draft pensions report and the potential implications of the differential between public and private pension costs on the future of the Pension-related Deduction. The Commission resumed their discussion on the pay comparisons chapter. The Commission suggested including a profile of the public service by pay bands and moving some charts/tables to the appendix section.

Action points

- Secretariat to provide draft key messages/executive summary before end of week.
- Secretariat to issue draft chapter on pensions in advance of next meeting.
- Secretariat to prepare draft version of entire report for next meeting.
- Milliman to provide final report by 20th April.